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CENTRAL
HIGHLANDS
WATER

29 July 2010

Local Government and Water
Essential Services Commission
Level 2, 35 Spring Street
Melbourne 3000

Dear Sir/ Madam

Issues Paper - Developing a Hardship Related GSL Measure

Thank you for the opportunity to make a submission on the above issues paper.

Central Highlands Water supports the proposal to create a Guaranteed Service Level (GSL) against the requirement for a water business to undertake reasonable endeavours to contact a customer to test for hardship prior to instigating a restriction of supply or the taking of legal action for non-payment of accounts.

There are however some aspects relating to the proposal, discussed within our submission, where we have sought further clarification or where we have made suggestions on the application of the GSL.

If you require further information on our submission please contact Stephen Carter, Customer Relations Officer on 5320 3123.

Yours sincerely,

Neil Brennan
Managing Director

Central Highlands Water

Submission to Essential Services Commission

on

Issues Paper - Developing a hardship related
guaranteed service level measure (2010)



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Background

Central Highlands Water recognises that there are members of our community that will experience some form of financial hardship from time to time and may therefore need understanding and support during such a period. With this in mind, the key objectives of our program for assisting customers in financial hardship are to:

- assist customers experiencing financial hardship to manage their payments to ensure that they remain connected;
- create an informative, respectful and engaging environment where customers requiring support can identify themselves to CHW; and,
- increase the opportunity for customers in financial hardship to move back into normal payment arrangements.

Central Highlands Water has also been a strong supporter of Guaranteed Service Levels (GSL's) Schemes, having voluntarily implemented GSL's with our first Customer Charter in 1997.

Submission

The Commission is interested in stakeholder views regarding the proposed \$200 threshold for the amount owed, below which a water business could not commence legal action or take steps to restrict service.

Central Highlands Water (CHW) notes that Clause 7.2 (a) of the Commission's Customer Service Code (CSC) provides that "a Water Business must not commence legal action or take steps to restrict a customer's service due to non-payment if the amount owed by the customer is less than \$120, unless the customer has failed to pay consecutive bills in full over a period of not less than 12 months".

CHW supports the Commission raising the threshold, provided for under clause 7.2 (a) of the CSC, from \$120 to \$200.

It is noted however that the Commission has not suggested any amendments to the other component of Clause 7.2 (a) that provides that restriction may occur for smaller amounts where the customer has failed to pay consecutive bills in full over a period of not less than 12 months.

Whilst recognising that customers in financial hardship would be still be shielded from restriction or legal action, CHW would prefer that this part of the clause remain as there are instances, particularly for tenanted properties, where a \$200 account could take several years to accumulate. CHW therefore requests that the Commission clarify whether there will be further amendments, in addition to the increase to \$200, to Clause 7.2 (a) of the CSC.

The Commission is seeking stakeholder views on the proposed check list for minimum “reasonable endeavours” to contact a customer. This may be in terms of additional or substitute steps that may be worthwhile (and why)?

It is noted that the Commission’s suggested “Reasonable Endeavours Checklist” is aligned with the processes currently undertaken at CHW.

CHW supports the premise that any assessment of reasonable endeavours be objective and auditable, and we believe the proposed checklist provides a mechanism to achieve this.

Notwithstanding, we note there is no specified timeframe identified for undertaking the steps. That is, it is not clear whether all steps need to be undertaken within a single billing cycle or what may be considered to be a reasonable maximum period after completing the steps before undertaking a restriction.

CHW therefore suggests that the Commission give consideration to setting a maximum period between the final contact under the steps in the checklist and the application of a restriction or legal action.

Stakeholders may wish to comment on the proposed GSL, or propose an alternative GSL measure (and provide rationale as to the strengths of the suggested alternative approach).

The proposed GSL:

Restricting the water supply of, or taking legal action against, a customer prior to taking reasonable endeavours (as defined by the Essential Services Commission) to contact the customer to test for hardship.

CHW supports the proposed GSL, and that the test against it be undertaken in the first instance by the Water Business, and if the customer is not satisfied with the outcome they may then have the issue investigated by the Energy & Water Ombudsman.

The Commission is interested in views from Stakeholders regarding the proposed coverage of the GSL, and intent to review the proposed approach after one year of operation in order to inform broader roll-out.

CHW agrees with the proposed approach to initially implement the scheme with the Metropolitan businesses and other businesses with high rates of domestic restrictions and legal actions, with a review of this position proposed after the first year to inform broader implementation.

Whilst it is not proposed by the Commission at this time that CHW be covered by the GSL in its first year, we will endeavour to comply with it in readiness for the broader implementation.

Stakeholders may wish to comment on the proposed payment amount and process that would apply in the event of a breach of the proposed GSL.

CHW believes it is appropriate that Water Businesses undertake reasonable steps to test if a customer is in financial hardship when considering the imposition of a restriction to their supply or the taking of legal action. CHW therefore believes the Commission's proposal to set the GSL at \$300 is appropriate.

CHW also supports the Commission's position that, at the sole discretion of the water business, the payments can be used to credit customer accounts.