

21 June 2004

Essential Services Commission  
Level 2, 35 Spring St  
Melbourne VIC 3000  
By email : [water@esc.vic.gov.au](mailto:water@esc.vic.gov.au)

**Submission to Consultation Papers: No. 2 Draft Performance Reporting Framework  
and No. 3 Draft Customer Service Code**

The following represents the views of the Consumer Utilities Advocacy Centre Ltd, St Vincent de Paul, the Consumer Law Centre Victoria, Tenants Union of Victoria, Consumers Federation of Australia and the Financial and Consumer Rights Council.

We believe that access to water is an essential human right. It is also an integral part of the Victorian rural and regional economy and vital to the health of Victoria's environment. The long-term environmental, social and economic sustainability of this sector has therefore rightly become a high priority for Government.

Time pressures, other regulatory demands and a lack of resources have precluded the preparation of a comprehensive response by the above agencies to the Consultation Papers. The following comments and recommendations however represent our views on the key issues.

**Draft Performance Reporting Framework**

It remains unclear how, when or where prices may change across the State, with the business' Water Plans still in development and the likelihood of an environmental levy to be imposed on residential households to be announced in the Government's White Paper.

Issues around affordability must therefore be tracked appropriately, given the likelihood that prices will increase and credit management practices in some water authorities will change. Ensuring access and affordability fall directly within the ESC's mandate to protect the interests of Victorian consumers, including low-income and vulnerable consumers.

While we recognise that performance indicators must be rigorous, the current range proposed by the ESC does not provide sufficient information to enable affordability and access to be monitored thoroughly.

The difficulties water businesses are having in delineating accurately between residential consumers and concession-holders is of concern – concessions-holders may not be a perfect indicator of those in hardship, but it is a group that remains vulnerable to price changes, and is also a group which businesses should be able most easily to identify from their billing data.

To the list the ESC has proposed in the draft paper, we would therefore recommend the adoption of the following:

- average bill, divided by household and concessions-holders: this would enable stakeholders to collect information about consumption patterns between the two groups
- the imposition of interest charges on late accounts: while the right of regional water businesses to charge interest is still contained in the Act, some businesses have rightly decided not to charge interest on a ‘best practice’ basis. Competition by comparison would encourage others to do the same. There is also a question of equity between rural and regional and metropolitan customers, as the latter cannot be charged interest.
- Number of utility relief grants (URG) made, average grant and expenditure;
- Number of restrictions made as a percentage of restrictions warnings issued; and
- Use of debt deferment.

We support the ESC proposal to conduct separate and more comprehensive research into affordability issues in conjunction with water businesses, customer reps and relevant government agencies, but this does not replace the need for each business and the ESC to track affordability so the performance of individual businesses can be compared across the state.

### **Draft Customer Service Code**

We strongly support the inclusion of the principles of a substantive hardship policy in the Code, which can then be used to monitor individual business programs. Robust programs for those in hardship are particularly important given that the concessions framework to assist customers with water bills is not well-targeted. Affordable payment plans will clearly be the most important mechanism for addressing needs of low-income and vulnerable water consumers.

We would strongly recommend the introduction of a higher threshold under which restrictions cannot be applied and would propose the ESC consider a threshold of \$200.00. There are better ways of managing customers in hardship than restrictions, a fact recognized by those companies who have ‘no restrictions’ policies in place.

We do not support the introduction of a 2-tier threshold (one for tenants and one for owner-occupiers) given tenants’ lack of authority to require the landlord to replace or upgrade inefficient appliances. CUAC has been informed by some water businesses that those in public housing can be particularly vulnerable, as the Office of Housing does not necessarily place a priority on water-related repairs.

We recommend that the Code not allow restrictions for households claiming concessions. During the Working Group consultations, many water businesses said that they would recognize such an act as a failure of their hardship programs, and it would appear that there would not be wide opposition to such an initiative.

Similarly, some water businesses have decided on principle not to impose a fee for de-restriction, rightly acknowledging that it is equally in their interests if customers de-restrict.

The definition of 'complaint' used in the Code should directly refer to AS 4269.

We would support the use of the term 'best endeavours', rather than 'reasonable endeavours' – the term needs to reflect the intent of the Code which is that while the obligation is not binding upon a water business, there is an expectation that it will give the issue appropriate priority. The term 'best' has been used in the Energy Retail Code without imposing undue burdens upon a business, and there does not appear to be any substantive reasons to amend it in this Code.

Please do not hesitate to call me or any of the other signatories should you have any questions about the above.

Yours sincerely

Kerry Connors  
Executive Officer