



City West Water

Response to Essential Services Commission

on

**Issues Paper (June 2010): Developing a hardship related
guaranteed service level
measure**



City West Water
LIMITED
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City West Water endeavours to provide quality water and sewerage services to our customers at an affordable price. When customers are experiencing difficulty paying their bill, we try to assist them in a number of ways that include:

- Allowing more time to pay the water bill, or making a part-payment
- Making regular weekly, fortnightly or monthly payments
- Assistance in applying for the Utility Relief Grants scheme
- Offering financial assistance
- Referral to a financial counsellor free of charge.

Therefore, City West Water supports the proposal by the Essential Services Commission (Commission) to introduce a guaranteed service level (GSL) measure related to customers in hardship.

This submission will provide our views on the questions raised in the Commission's Issues Paper¹.

Threshold for which restrictions or legal action for non-payment cannot be undertaken

The customer service code currently does not allow a water authority to restrict a customer's supply or commence legal action for non-payment if the amount owed is less than \$120. The Commission proposes to increase this threshold to \$200 to account for the increases in water bills since the current threshold was set.

City West Water does not currently restrict a customer's supply or commence legal action where the debt is less than the proposed \$200 threshold. Therefore we support the Commission's proposed amendment to the customer service code to increase the threshold to \$200.

Reasonable endeavours to contact a customer

The Commission proposes to introduce a checklist that sets out the minimum requirement a water authority needs to ensure that reasonable endeavours have been undertaken to contact a customer who has not paid their water bill. It is proposed that this checklist be used as a basis to determine whether a GSL payment is required to be paid to a customer who has had their water supply restricted or legal action taken against them inappropriately.

The checklist contains five steps, of which the first three are currently required by the customer service code, and relate to the issuing of a bill, the sending of a reminder notice and a final warning notice. The final two steps are new and require the water authority to attempt to make personal contact with the customer at least twice by telephone and once in person.

City West Water takes the decision to restrict a customer's supply or commence legal action very seriously. We currently make every effort to contact a customer prior to taking this necessary, but least-preferred action. Therefore, City West Water supports the checklist as proposed by the Commission.

¹ Essential Services Commission 2010, *Issues Paper: Developing a Hardship Related Guaranteed Service Level Measure*, June.

Proposed GSL

The Commission proposes the following 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.

It also proposes that water authorities test for compliance with the GSL measure themselves, and if a customer is not satisfied with the outcome, the matter be investigated by the Energy and Water Ombudsman of Victoria (EWOV).

City West Water supports the proposed GSL, and agrees that compliance be tested internally by water authorities before a payment is made, as is the case for all other GSL events.

We request the Commission confirm that the proposed GSL measure only applies to residential customers. Page 6 of the Commission's Issues Paper states:

"In developing the GSL, the Commission has deliberately focused on developing a measure that relates to water supply and legal action against residential customers..."

However, the GSL proposed by the Commission in the Issues Paper does not indicate that it only applies to residential customers.

Coverage and timing issues

The Commission is proposing that the hardship GSL be implemented initially by only some of the water authorities in Victoria. It has recommended the Melbourne retailers and those water authorities that have high rates of domestic restrictions and legal actions, resulting in 9 of the 16 water authorities being subject to the GSL measure. This therefore includes City West Water.

The Commission has also proposed reviewing the GSL measure after 12 months so as to inform a decision to implement the scheme more broadly.

City West Water supports the proposed GSL and has no objection to being amongst the first water authorities to implement it. We would also welcome the opportunity to further inform the debate regarding broader implementation after experiencing the scheme for 12 months.

Payment amount for breach of GSL

The Commission proposes a payment amount of \$300 for a breach of the hardship GSL. This is designed to provide an appropriate incentive for water authorities to undertake reasonable endeavours to contact customers to find out if they're experiencing hardship.

As previously stated, City West Water takes the decision to restrict a customer's supply or commence legal action very seriously. We are of the view that if for whatever reason we fail to make every effort to assist a customer who may be experiencing hardship, that a payment of \$300 is quite appropriate.