



Trim 040/045/001  
Trim 180/070/027

26 July 2010

Andrew Chow  
Director, Local Government and Water  
Essential Services Commission  
Level 2 35 Spring Street  
MELBOURNE 3000

Attention: Dean Wickenton

**Re: LOWER MURRAY WATER'S RESPONSE to ISSUSE PAPER:  
HARDSHIP RELATED GUARANTEED SERVICE LEVEL MEASURE**

This submission should be read in conjunction with the Issues Paper: Developing a Hardship Related Guaranteed Service Level Measure, June 2010, put out by the Essential Services Commission.

The Issues Paper follows the Metropolitan Melbourne Water Price Review 2009 where the Essential Services Commission (ESC) determined it would work with stakeholders to develop a hardship related Guaranteed Service Level (GSL) whereby water Corporations who fail to comply with certain standards would be required to compensate customers.

Corporations have been asked to provide a written submission on this Issues Paper by COB 30 July 2010.

Lower Murray Water (LMW) has had a representative attend at 2 working party meetings called by the ESC which allowed the opportunity for Corporations to have input into the development of a hardship related GSL.

Robust discussion from many Corporations has altered the original views and concepts of the ESC in developing a Hardship GSL from a subjective process of identifying hardship to a more appropriate method of assessing hardship customers by using a set of "Reasonable Endeavours". This represents a quantum shift in approach by ESC in respect to the original GSL concepts.

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## Lower Murray Water Submission and Comments

### 1. Hardship GSL Support

LMW in principle is not opposed to a Hardship GSL being implemented although we do oppose the application of a customer compensation monetary amount. This introduces an unfair expense on corporations that inturn will be passed on to our customers.

It has been policy in the past for LMW not to apply monetary compensation to GSL service standards and this decision is reflected in the LMW Urban and Rural Customer Charters. Both charters, which exclude monetary amounts to Service Standards, have been approved by the ESC. The option for Corporations to include or exclude monetary compensation for Service Standards should remain.

### 2. Threshold Amount.

The ESC is proposing to lift the amount owed threshold from \$120 to \$200 by which Corporations cannot commence legal action or take steps to restrict a customer's service due to non-payment.

LMW consider that the amount of \$120 should be retained, especially in the case of tenants who may take longer i.e. more account quarters, to reach the threshold. Any increase in tenant debt may exacerbate customer tension due to debt recovery action commenced once the threshold is reached.

For most property owners the \$200 threshold would be acceptable.

LMW would recommend that the threshold remain at \$120.

### 3. "Reasonable Endeavours"

The ESC, in conjunction from input of working party, has developed a check list that LMW would need to follow, as a minimum requirement, to demonstrate that they have used "Reasonable Endeavours" to make contact with a customer in response to non-payment of bills.

Consult table 1, page 9 of Issues Paper.

### **Reasonable Endeavours Ramifications for LMW**

LMW agree with the principles of Reasonable Endeavours as contained in steps 1 to 5 in table 1 but it is our perception that steps 4 and 5 would require a significant increase and some shift of resources required to carry out "Reasonable Endeavours". In addition these costs would eventually be passed on to our customers.

Costs involved with specialised training for customer service staff, including visiting field staff, in the identification and assessment of customers in hardship may be partially offset by less involvement of meter staff installing restrictive meters.

### **4 The Proposed GSL**

The ESC is proposing that the following GSL measures be implemented by LMW:

*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.*

The ESC is planning on having the Energy and Water Ombudsman, Victoria (EWOV) as the appropriate resourced and independent body to investigate and resolve issues of wrongful restriction or legal action against a customer by LMW.

LMW consider that the ESC should audit our restriction process as a part of their required annual audit and not involve EWOV. EWOV should only become involved when a customer makes contacts with them due to restriction or other dispute issues.

ESC is encouraging all Corporations to implement the GSL, however in the first instance has proposed that the 3 Metro and only 6 regional urban Corporations trial the GSL for 12 months (commencing by the end of 2010).

LMW is not one of the regional urban Corporations identified (see page 12 & 13 of Issues Paper) but do believe that all Corporations should commence the Hardship GSL at the same time.

**26 July 2010**

**Lower Murray Water**

## **5 Payment Amount for Breach of GSL**

The ESC proposes that a fixed payment of \$300 will apply for a breach of GSL. The ESC believes this amount provides appropriate incentive to Corporations to undertake "Reasonable Endeavours" to contact a customer.

LMW appose the mandatory application of a monetary value to a GSL, but do agree that a fixed amount is preferred and the nominated sum of \$300 is reasonable for those Corporations who decide to apply a monetary amount.

Any wrongful restriction or legal actions against a customer would need to be addressed within 24 hours as mandated in the Customer Service Code.

If Corporations acted as per the "Reasonable Endeavours" wrongful restriction or legal action would be a very rare occurrence and the 24 hour reconnection would be met as LMW do not restrict on a Friday or the day before a public holiday.

Queries on this submission should be directed to Keith Thomson, Executive Officer Customer Services on ☎(03) 5051 3420.

Yours Faithfully



**RON LEAMON  
MANAGING DIRECTOR**