

2 August 2010

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

By email: water@esc.vic.gov.au

Dear Sir/Madam

Re: Developing a hardship related guaranteed service level measure

Thank you for the opportunity to provide comment on the Essential Services Commission's (ESC's) Issues Paper on *Developing a hardship related guaranteed service level measure* (the Issues Paper), in the Victorian water sector.

The Energy and Water Ombudsman (Victoria) (EWOV) welcomes the ESC's decision to design and implement a hardship related guaranteed service level (GSL) measure in times where affordability of essential services is an issue for more and more customers.

The following comments are based on our experience as an independent complaint handling body.

Threshold for legal action and restriction

In view of rising water prices, EWOV supports the suggestion to increase the threshold for the amount owed, below which a water business cannot commence legal action or take steps to restrict a customer's service due to non-payment, to \$200.00.

Reasonable endeavours to contact a customer

During the working group meetings, water businesses stated that they would much rather offer assistance to customers experiencing payment difficulties than send restriction notices but that it is also important to prevent customers from accruing unmanageable debt. EWOV acknowledges that it sometimes can prove difficult for a water business to engage customers experiencing financial hardship. However, EWOV agrees with the ESC's view that restrictions and legal action should not be used as the main means of getting a customer to react; they should be a last resort when other methods have failed.

The checklist defining ‘reasonable endeavours’ set out on page nine of the Issues Paper seems easy to understand and comprehensive. Following these steps will hopefully allow water businesses to establish contact with customers and minimise instances of restriction and legal action. Based on EWOV’s experience in handling wrongful disconnection complaints in the energy sector, the importance of good record keeping cannot be emphasised enough. This should put water businesses in the position to resolve any disputes directly with the customer.

The proposed GSL

The ESC 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.’

EWOV supports the ESC’s approach to developing a GSL event that is easy to understand and based on objective criteria.

The Issues Paper sets out that the test against the GSL would be undertaken by, in the first instance, the relevant water business. If customers remain dissatisfied after having discussed the issue with the water business they can contact EWOV. This is a right customers already have when they have been unable to resolve a complaint directly with their water company. Given the relatively small number of water restriction cases EWOV currently receives (three cases per month on average), there is no reason to think that the introduction of the GSL measure will lead to a dramatic increase in complaints.

We trust the above comments are helpful. Should you require further information or have any queries, please contact Kristina Schmieg, Policy and Research Officer, on (03) 9649 7599 or by email at Kristina.Schmieg@ewov.com.au.

Yours sincerely



Fiona McLeod
Energy and Water Ombudsman (Victoria)