



Listen Assist Resolve

31 August 2012

Mr Shaun Cox
Managing Director
2013 Water Plan
Melbourne Water
PO Box 4342
MELBOURNE VIC 3001

By email: david.hill@melbournewater.com.au and 2013waterplan@melbournewater.com.au

Dear Mr Cox

Re: Melbourne Water Draft 2013 Water Plan Addendum

Thank you for the opportunity to provide comment on Melbourne Water's Draft 2013 Water Plan Addendum (the Draft Water Plan).

As an industry-based external dispute resolution scheme, the Energy and Water Ombudsman (Victoria) (EWOV) provides alternative dispute resolution services to Victorian energy and water customers by receiving, investigating and facilitating the resolution of complaints.

EWOV's jurisdiction does not extend to the setting of prices or tariffs. Therefore, we will not make comments in relation to the pricing options proposed by the water corporations as part of the Draft Water Plan. However, EWOV considers it relevant that water corporations are made aware of EWOV's experience in dealing with customer complaints about affordability and related issues, particularly given the impact of the proposed price increase on customer affordability.

EWOV has experienced a 163% growth in the number of water cases between the 2008-09 and 2011-12 financial years. This includes a combined increase of 133% for the credit, high bill and price increase issue categories which are impacted by a number of cost of living pressures, including annual water price increases.

The steady increase in these cases demonstrates that customer affordability and financial hardship are increasingly areas of concern and drivers of complaints for Victorian water customers. This growth also correlates with the price increases over the same period. Tariffs

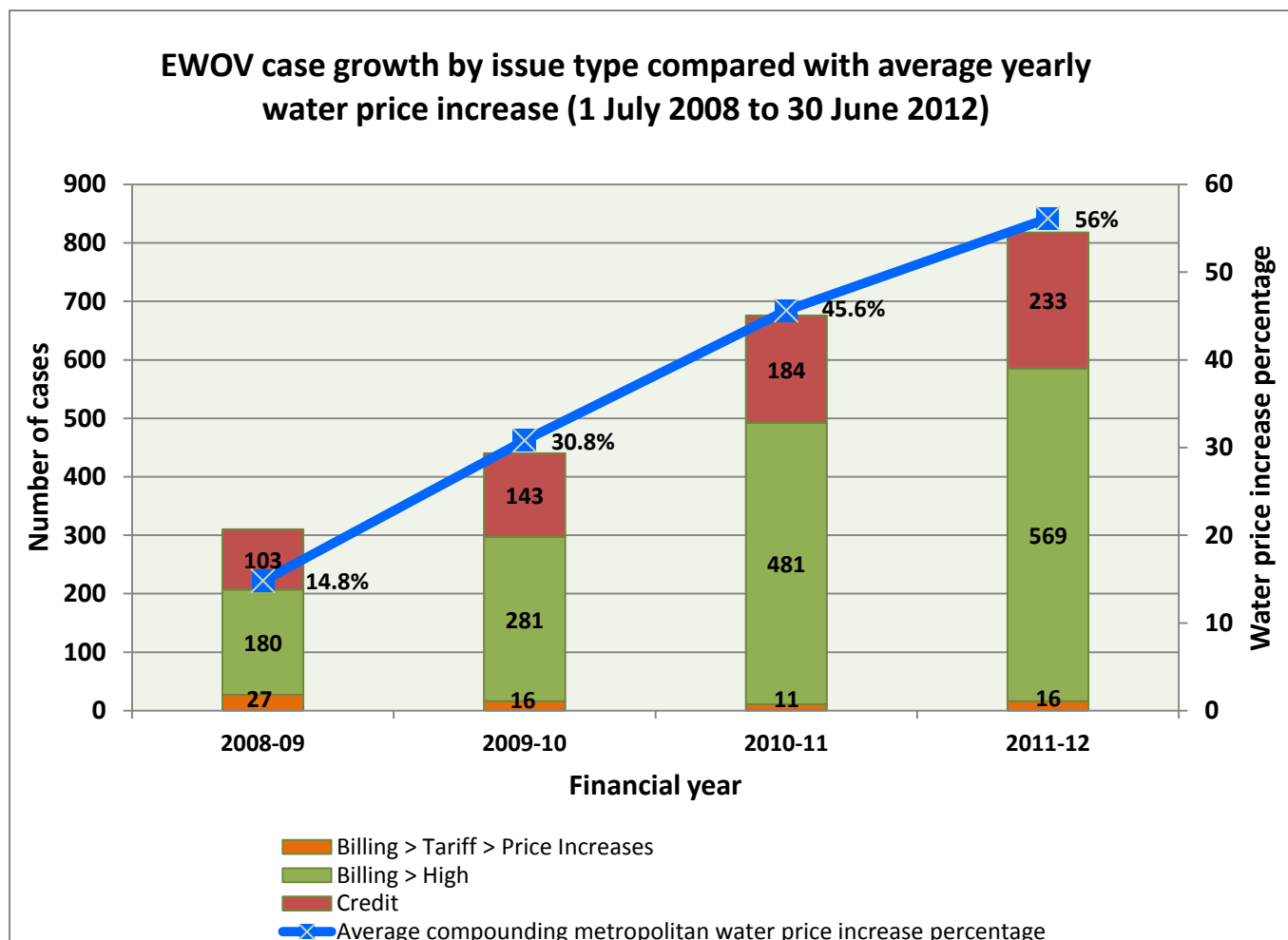
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have increased by an average of 56%¹, to the end of the 2011-12 financial year, compared with the tariffs customers were paying prior to 2008-09.

The graph below illustrates the correlation between water price increases and the number of credit, high bill and price increase complaints received by EWOV.



EWOV’s experience with handling these types of cases suggests that there are opportunities for water corporations to:

- improve the early identification of customers in hardship
- have early conversations with customers to discuss affordability and payment options before hardship becomes a long-term issue
- ensure front line staff are equipped and trained to deal with customers who are experiencing financial difficulty and/or have special customer circumstances

¹ Using data from Table 3 and Table 8.4 of Essential Services Commission 2009, *Metropolitan Melbourne Water Price Review 2008-09—Final Decision*, June.

- strengthen relationships with community organisations
- engage with customers who need assistance
- ensure that eligible customers receive concessions and grants (where applicable)
- improve the exchange of information between their credit and hardship departments
- improve record keeping to ensure that the details of customer contacts and assistance provided to customers is available².

Given the size of the proposed price increases, EWOV stresses the need for water corporations to give these opportunities due consideration.

We trust the above comments are helpful. Should you require further information or have any queries, please contact Chris Stuart-Walker, Research and Communications Officer, on (03) 8672 4252 or at Chris.Stuart-Walker@ewov.com.au.

Yours sincerely



Cynthia Gebert
Energy and Water Ombudsman (Victoria)

² EWOV notes that this is particularly important for any restriction/legal collection activity to ensure that it was compliant with the requirements for the Hardship Water Guaranteed Service Level (GSL).