



23 October 2013

Essential Services Commission
Level 37
2 Lonsdale Street
MELBOURNE VIC 3000

Emailed to: water@esc.vic.gov.au

Dear Sir/Madam

Re: Essential Services Commission Staff Paper – Developing an Approach to Measure the Effect of Additional Hardship Allowances

Thank you for the opportunity to comment on the Essential Services Commission (ESC)'s *Staff Paper – Developing an Approach to Measure the Effect of Additional Hardship Allowances* (the Paper).

The Energy and Water Ombudsman (Victoria) (EWOV) is an industry-based external dispute resolution scheme that helps Victorian energy and water consumers by receiving, investigating and facilitating the resolution of their complaints. EWOV's interest in responding to the Paper is based on our extensive experience in handling customer complaints. Our experience means that we can reasonably anticipate when industry changes will impact customers and generate complaints to water corporations.

The ESC invited responses to seven questions posed in the Paper. EWOV's comments in reply to each of these questions are set out below.

Are the issues listed the issues the water businesses should address? Are there other issues water businesses should address with the allowances?

EWOV welcomes the ESC's explanation of the financial hardship issues to be addressed by the allowances. The Paper sets out how these issues were formulated after appropriate research, consultation and workshops. Based on our complaint handling, we have also observed an area not covered where some water corporations could improve their engagement with customers experiencing financial hardship – customer service relationships. In the 2012-13 financial year, EWOV received 124 cases from customers having difficulties paying their water bills or facing

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imminent or actual water restriction. In many of these cases, customers told EWOV that they were dissatisfied with the customer service from call centre staff at their water company or that staff were unskilled to help with their payment difficulties.

In one case, a community worker contacted EWOV because her elderly clients were having problems paying their water bills. The customers were making fortnightly payments of \$75 which they felt they could not afford - the water corporation had not offered financial hardship support. The water corporation asked for the payments to be increased to \$105 a fortnight, after the customers experienced a high quarterly bill resulting from a water leak. The customers contacted a community organisation to help them. The community worker told EWOV that the staff she dealt with were unhelpful and did not offer hardship support, so she contacted EWOV for assistance¹.

EWOV believes that it is important for water corporations to invest in equipping and training frontline staff to deal with customers who are experiencing financial difficulty.

Which qualitative indicators would be most useful to measure the outcomes of businesses' financial assistance programs?

Of the four measures listed in the Paper, EWOV believes that the following two are the most useful:

- *Explanations by businesses of what new programs had been implemented or what changes to programs had been made.*

Regular reporting by water corporations about new hardship programs, directly to the ESC, allows greater scrutiny of the appropriateness and success of hardship initiatives. The programs should be publicised so that low income and vulnerable customers are aware of the further support that may be available to them. This may be by publishing the programs on the water corporations' websites or by producing a flyer to include in water restriction warning notices to inform customers that hardship assistance is available. The water corporations should keep a record of the number of flyers distributed.

- *Discussions with financial counsellors on their views of the water businesses' hardship programs.*

Financial counsellors have regular contact with EWOV to help their clients negotiate sustainable payment outcomes and ongoing hardship support with their water corporations. EWOV believes that financial counsellors are very well placed to inform the ESC about the availability and success of the new hardship programs being funded by the water corporations. These discussions could be documented and made publically available.

¹ EWOV case reference 2013/17202

Which quantitative indicators would be most useful to measure the outcomes of businesses' financial assistance programs?

EWOV believes that the following quantitative indicators set out in the Paper are the most useful measures:

- *Surveys of customer awareness of financial support available.*
- *Surveys of customer experience of financial support programs.*

EWOV supports the use of independently produced customer surveys as a good way to measure consumer awareness and experience of the new hardship programs. The surveys should accurately account for a cross-section of the community and different demographic groups.

- *Number of customers requesting to be put on payment plans.*

This should be a standard part of a water corporation's internal record keeping. However, the number of requests may indicate a combination of several factors, including the level of customer awareness of assistance, the extent of customer payment difficulties, and the characteristics of the corporation's customer base.

- *The levels of customer debt when beginning a financial assistance program.*

This measure is important because it will indicate those water corporations that are engaging with their customers early before an unmanageable debt has accrued.

EWOV has sometimes found that water corporations have not made a successful early detection of customer financial hardship with the consequence that in 2012-13, EWOV received 15 residential water restrictions cases based on debts of more than \$1,000. EWOV believes that early customer engagement and commitment is fundamentally related to the effectiveness of the hardship support.

In one EWOV case example, a customer was not identified as requiring financial hardship assistance which resulted in him accruing account arrears of about \$2,700 and leading to a water restriction. The customer had only made one payment of \$200 over a three year billing period. He had three discussions with the water corporation during this period, offering to pay the amount in full, a \$1,000 payment and a \$750 payment during the conversations, but he did not make any of these payments. EWOV's investigation did not find any records to show that the water corporation had offered a payment plan or discussed financial hardship support with the customer².

² EWOV case reference 2013/12546

- *Percentage of customers in financial assistance programs who are not meeting ongoing water and sewerage costs.*

The evaluation of this measure will help the ESC to gauge the number of customers whose payment plans are unsustainable without assistance either monetarily, by water use savings, or both. This can help water corporations and the ESC formulate policy plans to help customers meet the cost of their ongoing water use.

- *The number of customers leaving payment plans.*
- *A reduction in the failure of payment plans.*
- *Average length of participation in a hardship program.*

These measures would suggest whether the new programs are working effectively by showing the number of customers who remain on sustainable ongoing payment plans and therefore accessing the benefits of the support.

- *Number of meetings between water businesses to discuss best practice.*
- *Number of water businesses using similar programs or techniques with success.*

EWOV believes that collaboration and information sharing between water corporations about the successes and difficulties of their programs will help to predict, and reduce the impact of, any challenges in providing low income and vulnerable customers the best hardship support. It will also engender the development of industry best practice methods to implement the new programs. The conclusions drawn from these meeting should be documented and made available to all water corporations.

Propose measures that you think would be useful to measure the outcomes of businesses' financial assistance programs.

EWOV welcomes and supports the proposed measures outlined in the Paper, however, we also propose that the ESC consider the quality of the water corporations' internal processes concerning the new programs.

EWOV suggests that water corporations update their internal 'best practice' procedure documents and hardship checklists to detail the further support provided by the new allowances. This will help staff provide consistent and useful financial hardship information to customers who need support. Further, water corporations should keep comprehensive records to demonstrate the internal training given to call centre staff about customer financial hardship and the new support available to customers. These procedure documents and internal records could be provided to the ESC upon request.

How should the data or results be reported?


EWOV welcomes the ESC's suggestion to report the results of the new support programs in a publically available annual December report.

Are there any other areas of concern?

EWOV does not have any other specific concerns for discussion.

We trust that these comments are useful. Should you require further information or have any queries, please contact Justin Stokes, Senior Research and Communications Advisor on (03) 8672 4272.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cynthia Gebert', with a stylized flourish at the end.

Cynthia Gebert
Energy and Water Ombudsman (Victoria)