



13 November 2014

Marcus Crudden
Acting Director, Water
Essential Services Commission
Level 37, 2 Lonsdale Street
MELBOURNE VIC 3000

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

Dear Mr Crudden

Re: Proposed Hardship Related Guaranteed Service Level Checklist Amendment - Further Advice Sought

Thank you for the opportunity to comment on the Essential Services Commission (ESC)'s *Proposed Hardship Related Guaranteed Service Level Checklist Amendment - Further Advice Sought* (the Further Amendment).

The Energy and Water Ombudsman (Victoria) (EWOV) is an industry-based external dispute resolution scheme which assists Victorian energy and water customers by receiving, investigating and facilitating the resolution of complaints. EWOV's comments are based on our case handling experience in water affordability and restriction cases and assessing whether the Hardship Related Guaranteed Service Level (GSL) is payable.

EWOV welcomes the ESC's Further Amendment to include a 20 business day timeframe in the Minimum 'Reasonable Endeavours' Checklist (the Checklist). However, it is also important that water corporations engage early with customers who have affordability concerns, which means not allowing account arrears to accumulate and not waiting to contact customers merely days before restricting supply. We also suggest that the ESC consider an update to *Diagram 1 – Hardship Related GSL Process Flow*¹ to reflect the changes to the Checklist.

¹ See page 8 - <http://www.esc.vic.gov.au/getattachment/454fcbdd-b465-48bd-9a17-2b3d3b8f7864/Final-Decision-Hardship-related-guaranteed-service.pdf>

EWOV's previous submission

We previously provided our comments to this consultation in our submission dated 10 September 2014². In this submission, we provided EWOV case data, case analysis and explained our view that the 20 business day timeframe in Checklist should consistently apply to all customers so they are contacted within a reasonable time before the restriction of their water supply. It should also include those customers who have had two or more previous interactions with their water corporation, particularly when Step 5 of the Checklist can take place on the day of the water restriction.

EWOV welcomes the Further Amendment

The ESC proposes to further amend the Checklist to include the following requirement:

'At least two attempts at personal contact (by phone, personal visit or registered post) must be made within the 20 business days before any water restriction or the commencement of legal action, noting the condition that at least one of these attempts at personal contact must take place prior to the day of any water restriction or the commencement of legal action. The attempts at contact within the 20 business days may include, or be in addition to, an attempt made at steps 4, 4(a) or 5 of the check list.'

EWOV welcomes the ESC's intent behind including the 20 business day timeframe in the Checklist and supports its work with water corporations to increase customer engagement in the payment process before restricting supply.

This timeframe also helps to align the water sector with the energy industry so that the Checklist's underlying procedural principles are comparable to the 'reasonable endeavours' requirements under the harmonised *Energy Retail Code (version 11)*³ — all Victorian customers should be contacted within a month before the disconnection of their energy supply.

Need for early customer engagement

In analysing the 83 water restriction cases EWOV received between 1 July 2012 and 30 June 2014, we found that customer account arrears when we opened an Investigation varied from \$248 to \$7,082. This suggests the importance of water corporations acting early to engage with

² See http://www.ewov.com.au/_data/assets/pdf_file/0014/13037/EWOV-comments-ESC-proposed-amendment-to-the-water-GSL-minimum-reasonable-endeavours-checklist.pdf

³ See <http://www.esc.vic.gov.au/getattachment/8b714a10-87c5-4178-b82a-3627186b5c4c/Energy-Retail-Code-version-11.pdf>

customers by providing the support outlined in section 5 of the *Customer Service Code*⁴ before arrears accrue to an unmanageable level.

EWOV believes that the end-to-end water restriction process (from bill to restriction) should not become protracted – such as where a water corporation has a period of inaction allowing customer arrears to accumulate, then later tries to re-engage with the customer. A sole attempt to contact a customer within 20 business days before a restriction (perhaps the day before restriction) after a period of inaction, might still lack immediacy for a customer and not give enough time to arrange a sustainable payment plan.

Updates to *Diagram 1 – Hardship Related GSL Process Flow*

EWOV believes that the ESC's *Diagram 1 – Hardship Related GSL Process Flow*⁵ provides procedural clarity to the Checklist process and should be updated to include the Further Amendment and 20 business day timeframe. The flow diagram assists EWOV in making GSL assessments and, while the number of payable GSLs is few⁶, EWOV believes that it also has value for water corporations as it show all the possible outcomes from each step in the Checklist and helps to identify any potential gaps in procedures.

Should you require further information or have any queries, please contact Justin Stokes, Senior Research and Communications Advisor on (03) 8672 4272.

Yours sincerely



Cynthia Gebert
Energy and Water Ombudsman (Victoria)

⁴ See <http://www.esc.vic.gov.au/Water/Codes-and-Guidelines/Code-Customer-Service-Codes/Code-Customer-Service-Code-for-Victorian-metropoli>

⁵ See page 8 - <http://www.esc.vic.gov.au/getattachment/454fcbdd-b465-48bd-9a17-2b3d3b8f7864/Final-Decision-Hardship-related-guaranteed-service.pdf>

⁶ In the 35 cases where we assessed the GSL between 1 July 2012 and 30 June 2014, it was payable in eight cases and voluntarily paid by the water corporation without an admission of liability in 10 cases. EWOV takes a resolution-focused approach to complaint handling, which means that the GSL can be voluntarily paid by a water corporation without EWOV investigating all the steps taken in the Checklist.