

Two years in review – water sector response to coronavirus

Covering weekly data from 26 April 2020 to 1 May 2022

This report marks two years since we began collecting weekly data and reporting on the water sector's response to support customers throughout the coronavirus pandemic. This special edition report takes a broader look at trends across the past twelve months in comparison to the year before. It also includes comparisons of the level of support customers accessed from individual water businesses in April 2022 and the change in the level of support accessed from May 2020 to April 2022 for each of the following indicators:

- Hardship program participation
- Government utility relief grant applications
- Water business hardship grants
- Instalment payment plan uptake

Our primary focus as a regulator is to promote the long-term interests of Victorians. We continue to work closely with water businesses to ensure water customers are supported, especially during the coronavirus pandemic.

We have regularly engaged with water businesses to understand the support provided to customers affected by the pandemic. Some of the ways we have done this include:

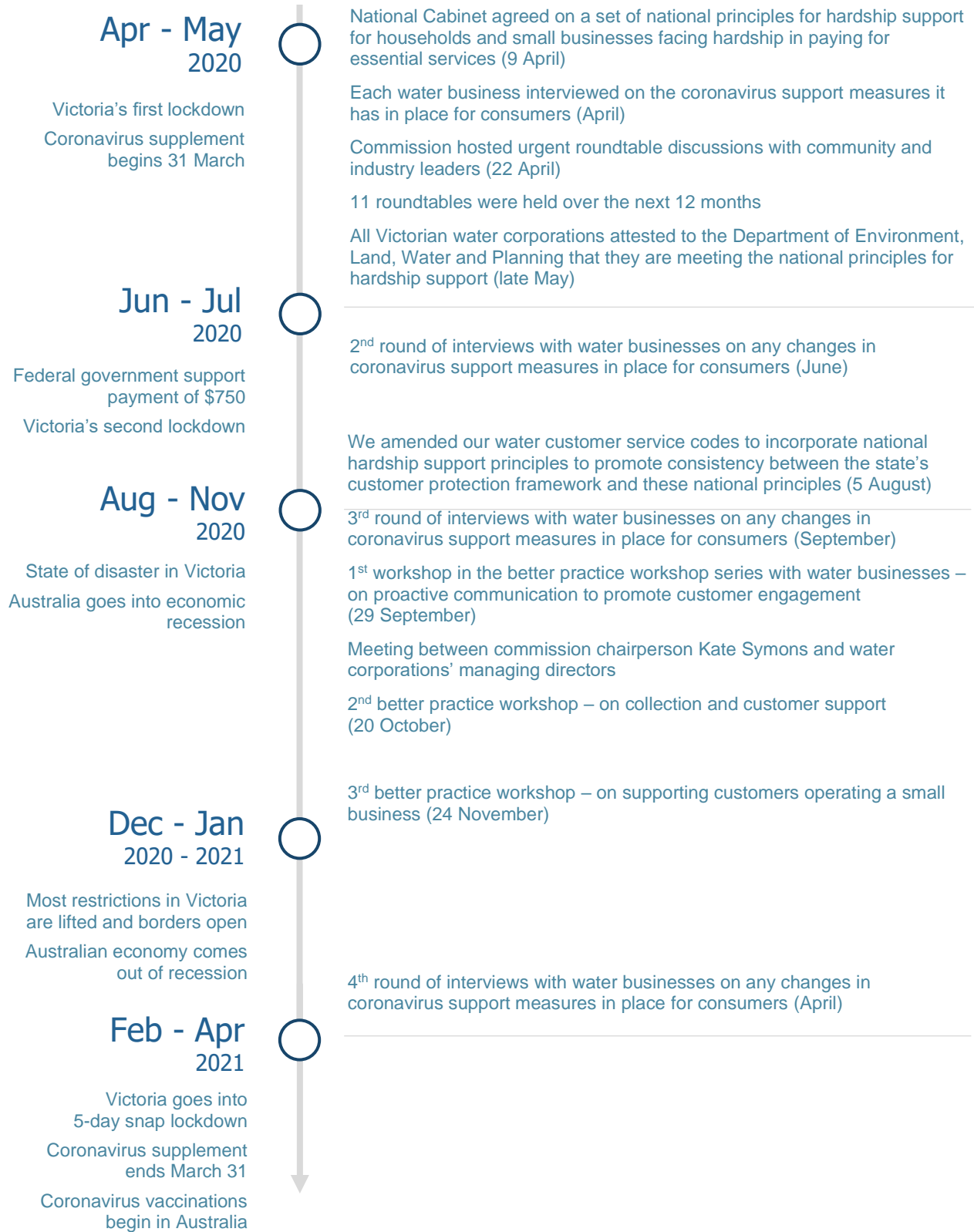
- conducting periodic interviews with water business staff
- collecting weekly data on selected hardship indicators (this data forms the basis of this report).

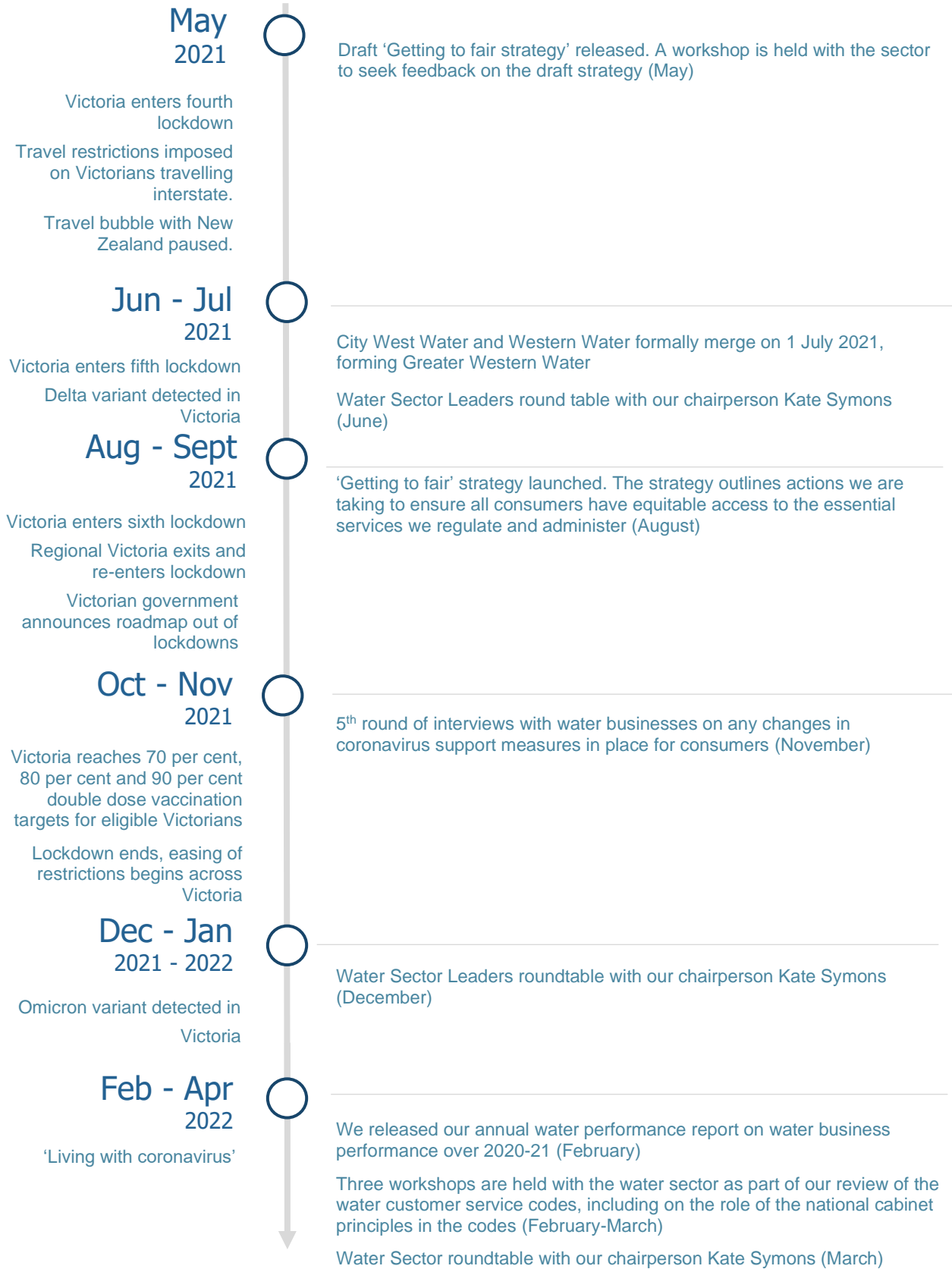
Our engagement with the sector and our performance monitoring revealed that water businesses have stepped up efforts to support their customers during the pandemic, allowing greater access to a range of financial support services. This includes extending support services to small business customers affected by the pandemic. While overall the water sector's response to support customers during the pandemic has been positive, there is variability in performance between water businesses. Many businesses have also expressed concerns about rising aged debt levels across the past year.

Reclassification of Western Water data:

As of 1 July 2021, City West Water and Western Water merged to become Greater Western Water. We continued to receive data from Greater Western Water for each of the former business areas, which we aggregate for our reporting purposes. Subsequently, we have reclassified the former Western Water business area data as metropolitan water business data. This has the impact of increasing the reported metropolitan data and pre-pandemic baseline figures and decreasing the reported regional data and pre-pandemic figures.

Timeline





Snapshot

For every 10,000 Victorian water customers:

Historical baseline ¹	At end of May 2020	At end of April 2021	At end of April 2022
555 were on instalment plans	505 were on instalment plans	556 were on instalment plans	511 were on instalment plans
71 were on hardship programs (at 26 April 2020)	71 were on hardship programs	93 were on hardship programs	96 were on hardship programs
0.9 customers were awarded a hardship grant in a week	2.0 were awarded hardship grants per week in May 2020	2.1 were awarded hardship grants per week in April 2021	1.6 were awarded hardship grants per week in April 2022
0.6 customers applied for a utility relief grant in a week	1.7 applied for utility relief grants per week in May 2020	1.4 applied for utility relief grants per week in April 2021	1.5 applied for utility relief grants per week in April 2022

Key Insights

Across the range of customer support indicators we receive data on, over the past twelve months we have observed the number of customers accessing support either settling into consistent trends and patterns within each data set, or changing at a slower rate compared to the first twelve months we collected data.

This suggests the level of support offered by the businesses remains consistent with the first twelve months of the pandemic, while the degree of uptake by customers has become relatively steady at the new levels established during the first twelve months. There were no material moves in the reported data to suggest the overall situation has significantly improved or worsened during the most recent twelve months of the pandemic.

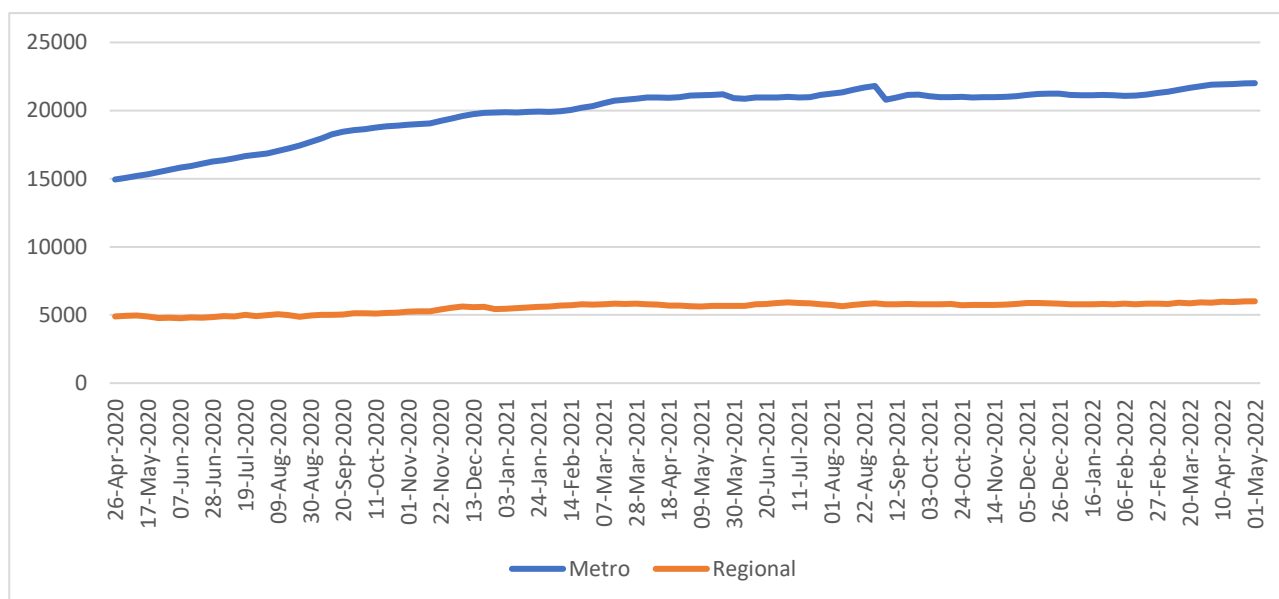
¹ For most measures, the historical baseline shows a typical weekly figure for the measure which we calculated using available data reported to us in previous years as part of normal annual performance reporting. Our methodology for calculating these historical baselines is outlined in Appendix A of this report. Since the earliest data available for customers on hardship programs was data from 26 April 2020, this is used as the baseline for this measure only.

- **Victoria’s water businesses have continued to provide additional support to customers throughout the pandemic.** Water businesses have been proactive in reaching out to customers, including small business and other non-residential customers, to ensure they are aware of existing support programs as well as new support measures developed in response to the pandemic.
- **Statewide there has been a steady increase in trust.** Customer trust in their water business has continued to improve throughout the pandemic. Over the past two years, results from our customer survey show the rating for customer trust has increased from 6.4 to 6.8. The remaining measures – value for money, reputation in the community, and overall satisfaction – have similarly improved. Further details of these results are available on our website at: www.esc.vic.gov.au/how-customers-rate-their-water-business.
- **Over the past 24 months, the total number of customers in hardship programs has increased and continues to steadily rise, although at a slower rate over the past 12 months.** The increase has been greater in metropolitan areas with 7,067 more customers now on hardship programs (a 47 per cent increase). In regional areas the number has increased at a slower rate with 1,116 more customers on hardship programs (a 23 per cent increase) since late April 2020.
- **Weekly utility relief grant applications remain high in Melbourne, and have grown in regional areas.** Since the beginning of the pandemic, the weekly application rate for metropolitan customers has remained well above the pre-pandemic baseline and has continued to follow a pattern of periodical peaks and troughs. Over the past year there have been 427 weekly metropolitan applications on average, almost four times the pre-pandemic baseline, but a similar number to the year before. In regional Victoria, the average number of weekly applications has increased to 124, a significant step change from 74 weekly applications on average in the year prior, and more than double the pre-pandemic baseline.
- **Over the past 24 months the number of customers receiving hardship grants each week has varied.** On average each week, 296 metropolitan customers are awarded a hardship grant (about 67 per cent above the pre-pandemic metro baseline of 178 customers) and 245 regional customers are awarded a hardship grant from their water business (more than three times the pre-pandemic regional baseline of 67 customers per week). Over the past 12 months, the number of metropolitan customers receiving hardship grants has trended downwards.

- **Payment instalment plans have remained relatively steady since we began collecting this data.** Customers have generally opted for other support measures during the pandemic, suggesting those customers seeking assistance are struggling with cash flow issues as opposed to money management issues. Since late April 2020 the number of metropolitan customers on instalment plans decreased by 6.9 per cent (or by 8,250 customers) and since late November 2021 has remained just below the pre-pandemic baseline. Meanwhile, throughout most of the pandemic the number of regional customers on instalment plans has remained largely in line with the pre-pandemic baseline. Noting the level of payment instalment plans granted over the past 24 months, we anticipate businesses may increase their targeted use of payment instalment plants in their hardship support strategies for customers experiencing payment difficulty, as Victoria continues its economic recovery.
- **Water businesses stopped restricting customers' water supply and have only initiated one legal action for non-payment of bills since at least late April last year.** Although there are no new restrictions, at the start of May this year 40 customers across the state still had their supply restricted (37 of which were residential restrictions), down from 104 in late April last year, and 212 in late April 2020.² Water businesses told us that the remaining residential restrictions are largely placed on vacant properties and properties with water leaks, usually at the property owner's request.

² Water businesses had commenced removing restrictions before our monitoring commenced in late April 2020.

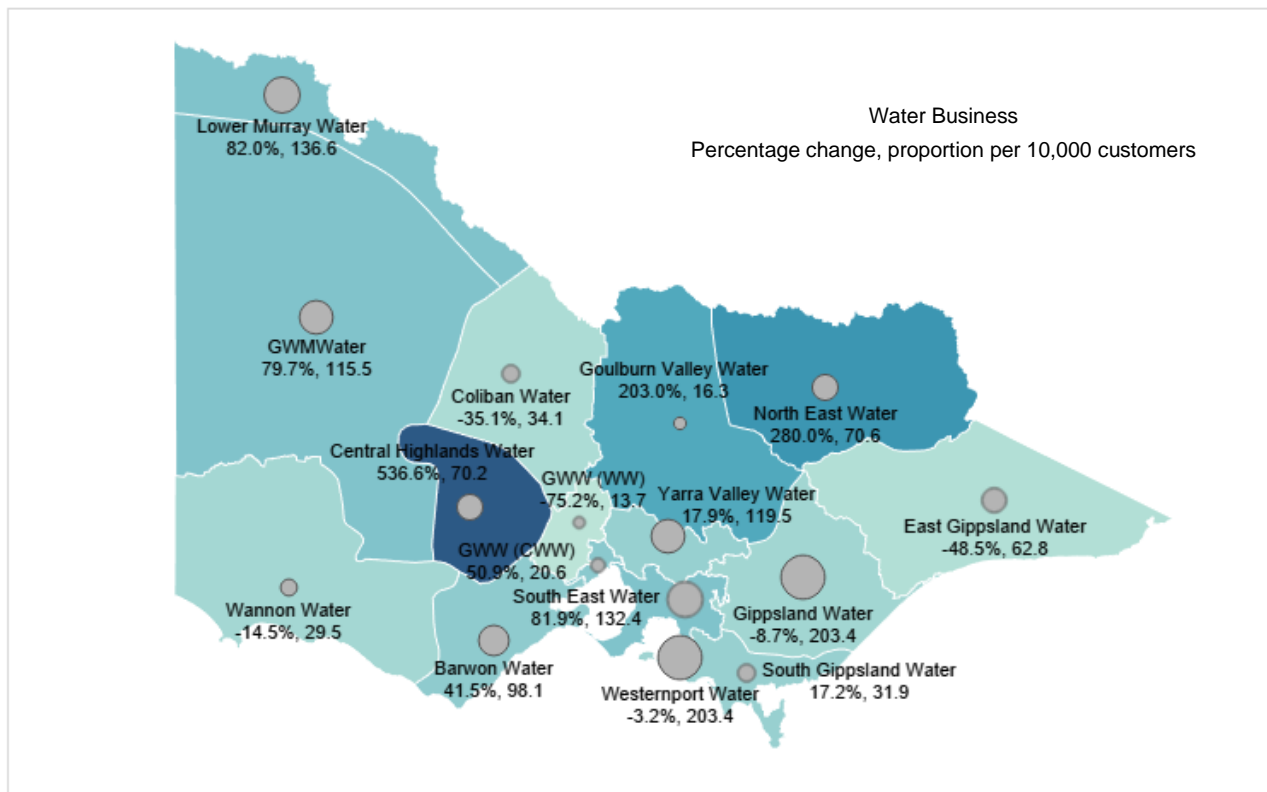
Number of customers in hardship programs at end of week



- The number of metropolitan customers in hardship programs has increased steadily throughout the pandemic, however from about December 2020 the number has increased at a slower rate. This coincides with the easing of the strictest pandemic restrictions in Melbourne. Since late April 2020 to the start of May 2022 there were 7,067 (47 per cent) more metropolitan customers in water business hardship programs.
- The number of regional customers on hardship programs has increased at a much slower rate, increasing by 1,116 customers (23 per cent) over the same time.
- On average, 431 customers have entered water business hardship programs each week across this period, while 353 customers have exited.

Customers on hardship programs at end of April 2022 (comparison to end of May 2020)

State:  37.0% Metro:  44.0% Regional:  16.7%



Percentage change in the number of customers on hardship programs compared to end of May 2020

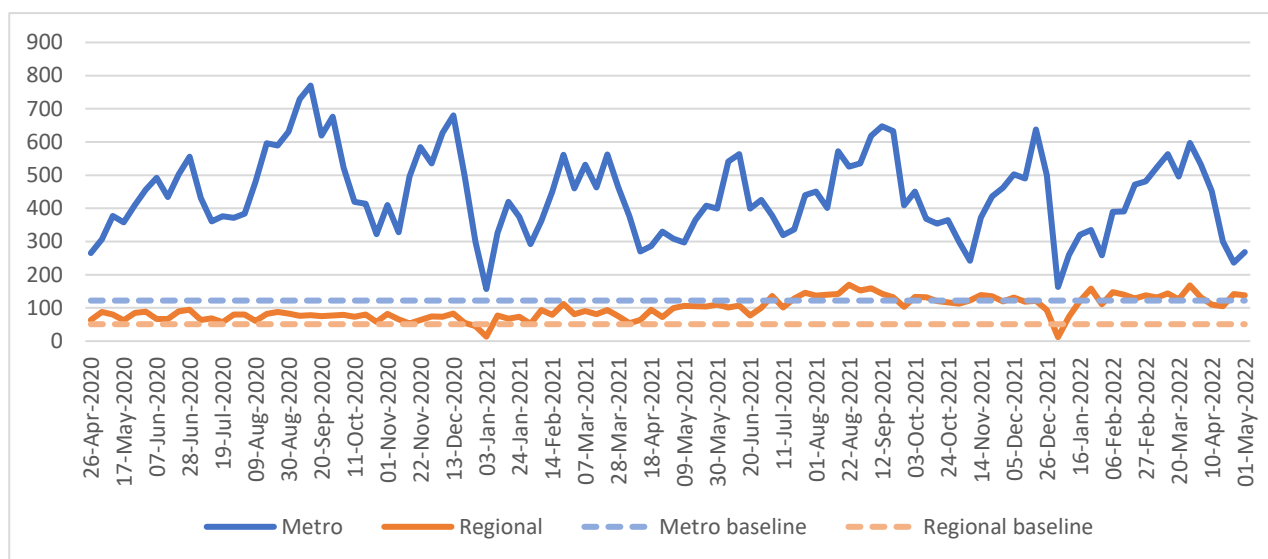


Proportion of customers on hardship programs (per 10,000 customers)



- Across both regional and metropolitan areas, the proportion of customers on hardship programs was higher at the end of April this year when compared to the end of May 2020.
- Gippsland Water and Westernport Water continue to report the largest proportion of customers on hardship programs (both with 203.4 per 10,000 customers at the end of April this year).
- Central Highlands Water had the largest percentage increase in customers on hardship programs (536.6 per cent) since the end of May 2020.
- Greater Western Water (previously Western Water area) had the smallest proportion of customers on hardship programs (13.7 per 10,000 customers), and also had the largest percentage decrease in customers on hardship programs since the end of May 2020 (75.2 per cent).
- Five other businesses (Coliban Water, East Gippsland Water, Gippsland Water, Wannon Water and Westernport Water) also reported decreases in customers on hardship programs since the end of May 2020.

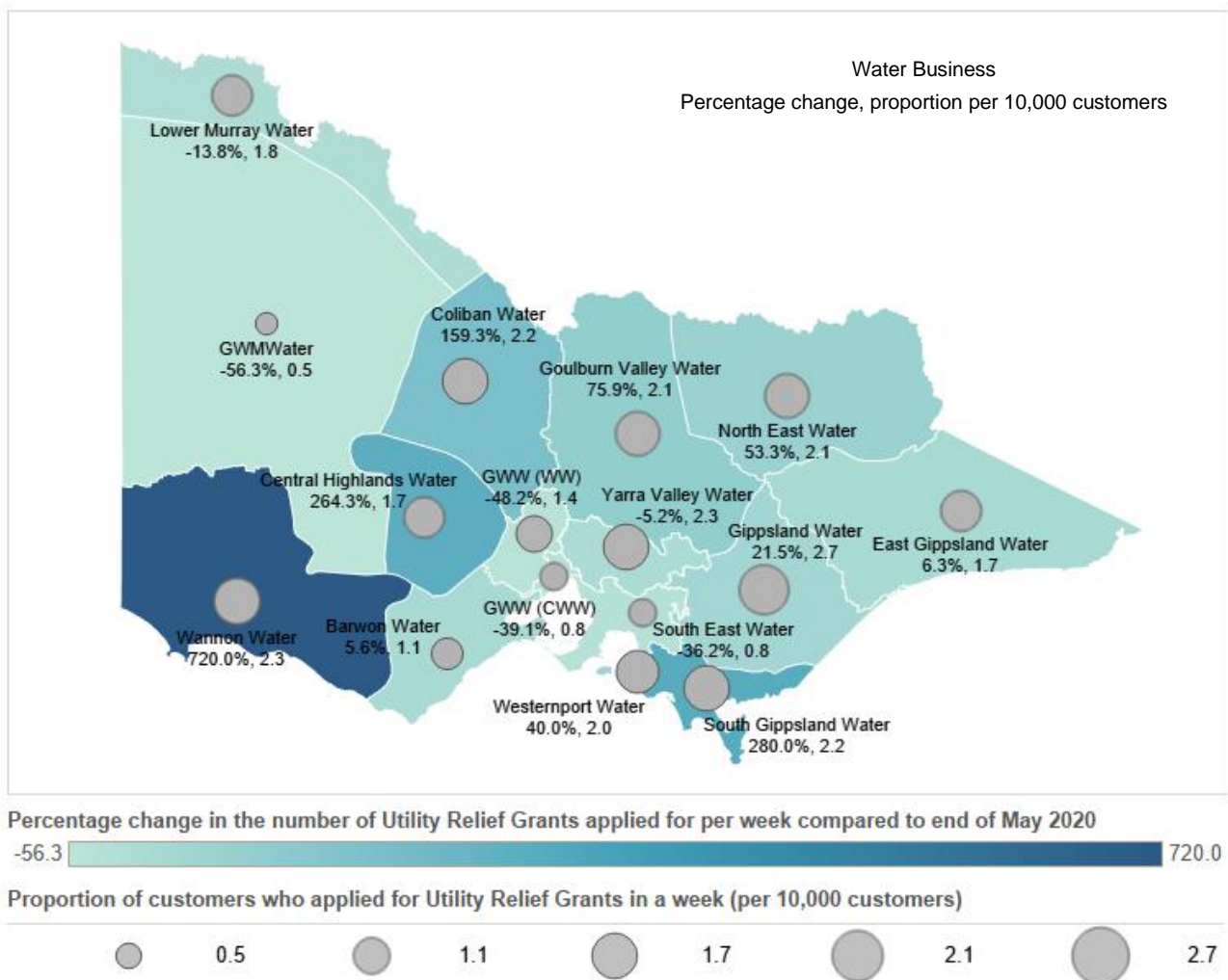
Number of Utility Relief Grants applied for each week



- Over the last 12 months, the number of weekly metropolitan utility relief grant applications continued to follow a similar trend to the previous 12 months. The periodical peaks and troughs that largely align with Yarra Valley Water's billing cycle continued, and the number of weekly applications remained well above the pre-pandemic baseline.
- Conversely, there were 124 weekly regional applications on average in the last 12 months, a significant increase from 74 weekly regional applications on average in the 12 months prior. This increase is possibly linked to the water industry's greater focus on supporting customers during the pandemic and coronavirus outbreaks and resulting stage four restrictions in a number of major regional centres throughout 2021.
- On average in the last 12 months 550 utility relief grant applications were submitted each week, 427 from metropolitan customers (just under four times the pre-pandemic metro baseline of 122 weekly applications) and 124 from regional customers (more than double the pre-pandemic regional baseline of 51 weekly applications).
- In this period, the highest number of applications submitted in a week was 790 in the week ending 12 September 2021, a year since the previous highest peak of 848 applications in a week ending 13 September 2020. Both peaks coincided with announcements of continued stage four restrictions in Melbourne and increases in coronavirus cases and deaths in Victoria.
- The lowest number of applications submitted in a week was 175 in the week ending 2 January 2022, a year since the previous lowest number of weekly applications of 171 in the week ending 3 January 2021. These troughs align with the Christmas and New Year's Day holiday period.

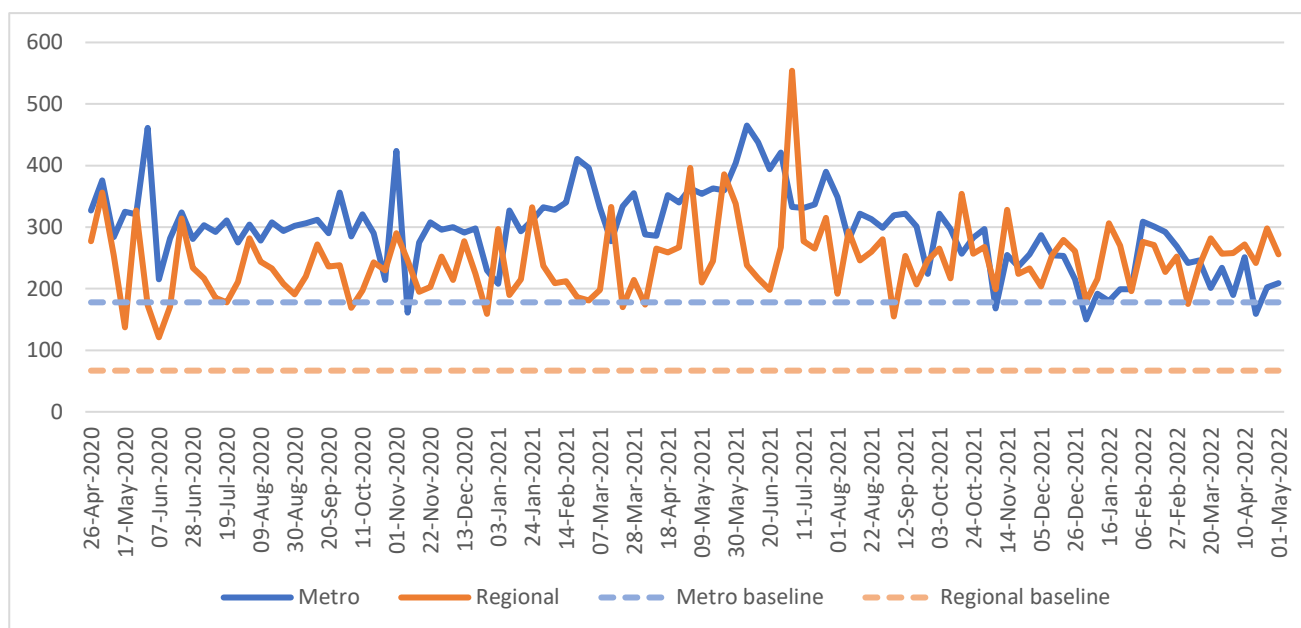
Weekly average utility relief grant applications in April 2022 (comparison to May 2020 weekly average)

State:  -8.7% Metro:  -20.1% Regional:  34.1%



- On average fewer metropolitan customers, but more regional customers applied for the utility relief grant in April this year compared to May 2020.
- In April this year, Gippsland Water (2.7 per 10,000 customers), followed by Wannon Water (2.3 per 10,000 customers), had the largest proportion of customers applying for utility relief grants each week.
- Wannon Water had the largest percentage increase in utility relief grant applications in April this year compared to May 2020 (a 720.0 per cent increase).
- GWMWater had the lowest proportion of customers applying for utility relief grants (0.5 per 10,000 customers) and the largest percentage decrease in utility relief applications (a 56.3 per cent decrease) compared to May 2020. Out of the regional water businesses only one other business, Lower Murray Water, reported a decrease in applications compared to May 2020. Meanwhile, all metropolitan businesses reported a decrease.

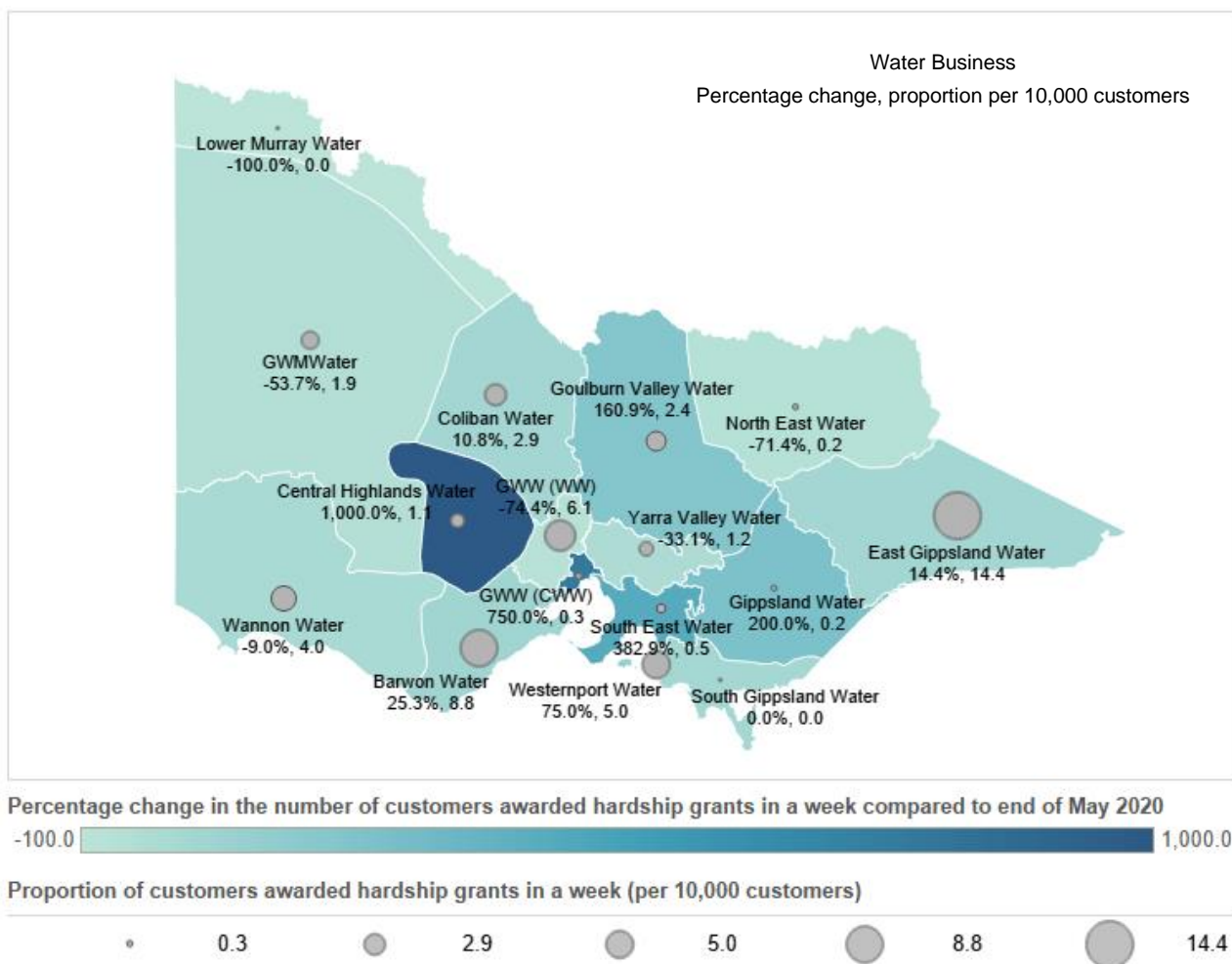
Number of customers receiving hardship grants during week



- Since late April 2020, the number of customers receiving hardship grants each week has continued to vary markedly. Despite the variation, the number of regional customers awarded hardship grants each week has remained well above the pre-pandemic regional baseline. The number of metropolitan customers awarded hardship grants has also largely remained above the pre-pandemic metro baseline.
- Since reaching a peak of 465 grants in the first week of June 2021, metropolitan customers receiving hardship grants each week has been trending downwards, dropping below the pre-pandemic baseline several times. Regional customers being awarded hardship grants peaked at 554 in one week, in the first week of July 2021.
- The highest total number of customers awarded grants in a week within this period was 887 in the week ending 4 July 2021, the same week regional numbers peaked. The lowest number was 330 in the week ending 2 January 2022, corresponding with the holiday period over late December and early January.
- On average, 296 metropolitan customers are awarded grants each week (about 67 per cent above the pre-pandemic metropolitan baseline of 178 customers each week) and 245 regional customers are awarded hardship grants each week (more than three times the pre-pandemic regional baseline of about 67 customers each week).
- The number of hardship grants being awarded to metropolitan customers each week is being driven by Greater Western Water (formerly Western Water area) and Yarra Valley Water, which have awarded 25 per cent and 22 per cent of all hardship grants since we began collecting this data. The number of regional customers being awarded grants is being driven by Barwon Water, which has also awarded 25 per cent of all grants since we began collecting this data.

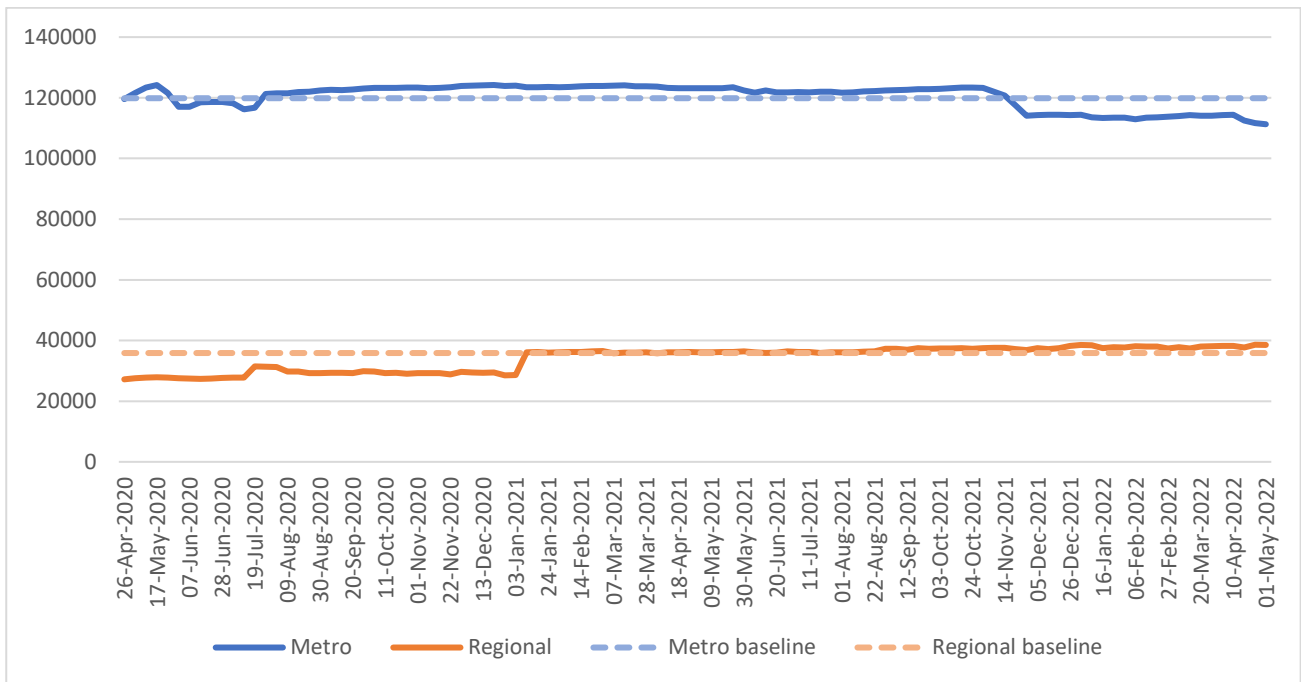
Weekly average hardship grants awarded in April 2022 (comparison to May 2020 weekly average)

State:  17.2% Metro:  3.9% Regional:  22.6%



- The number of customers awarded grants has fluctuated significantly week by week throughout the pandemic.
- Fewer regional and metropolitan customers were awarded hardship grants on average each week in April this year compared to May 2020.
- In April this year, East Gippsland Water (14.4 per 10,000 customers) and Barwon Water (8.8 per 10,000 customers) awarded hardship grants to the highest proportion of customers.
- Compared to May 2020, Central Highlands Water has had the largest percentage increase of customers awarded hardship grants (a 1,000 per cent increase).
- GWMWater, North East Water, Wannon Water, Greater Western Water (formerly Western Water area) and Yarra Valley Water all recorded a percentage decrease in the number of customers awarded hardship grants, while Lower Murray Water has not awarded any since September 2020 and South Gippsland Water has not awarded any hardship grants since August last year.

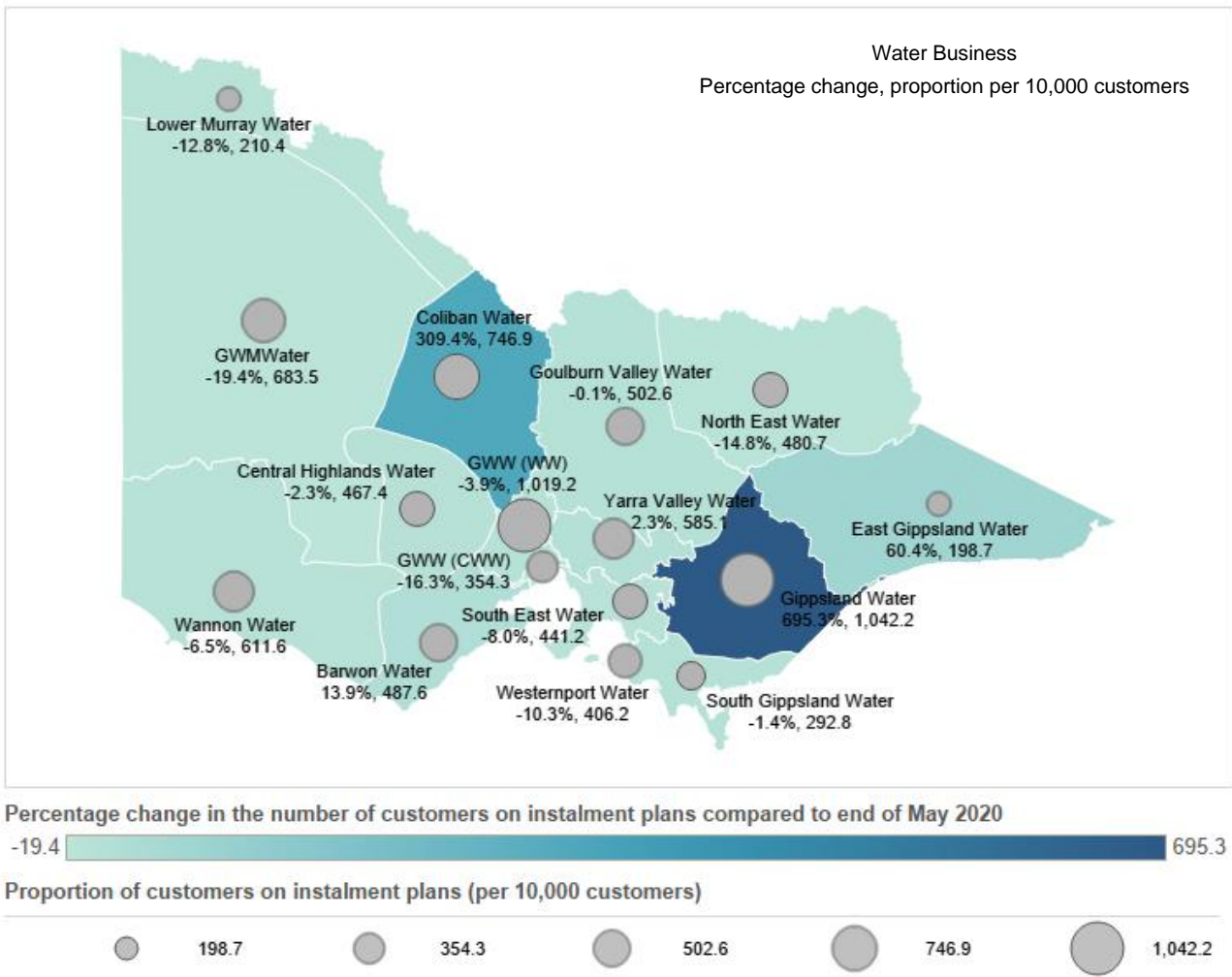
Number of payment instalment plans in place at end of week



- The number of customers on instalment plans in regional Victoria is largely in line with pre-pandemic baseline, while the metropolitan number has sat below the baseline since late November last year. This may indicate water customers have generally opted to access other support measures during the pandemic.
- Since late April 2020, the number of metropolitan customers on instalment plans decreased from 119,529 to 111,279 (a 6.9 per cent decrease).
- The number of metropolitan customers on instalment plans experienced a downward step change of 5.5 per cent at the end of November 2021, due to Greater Western Water removing 6,367 customers from instalment plans for not adhering to their payment arrangement, or for continued non-payment.
- The number of regional customers on instalment plans experienced a step change of 26.4 per cent at the beginning of 2021 in large part due to Gippsland Water making a correction to its reporting. Before this point, Gippsland Water was reporting just a subset of the total number of its customers on instalment plans and was unable to make a correction retrospectively.

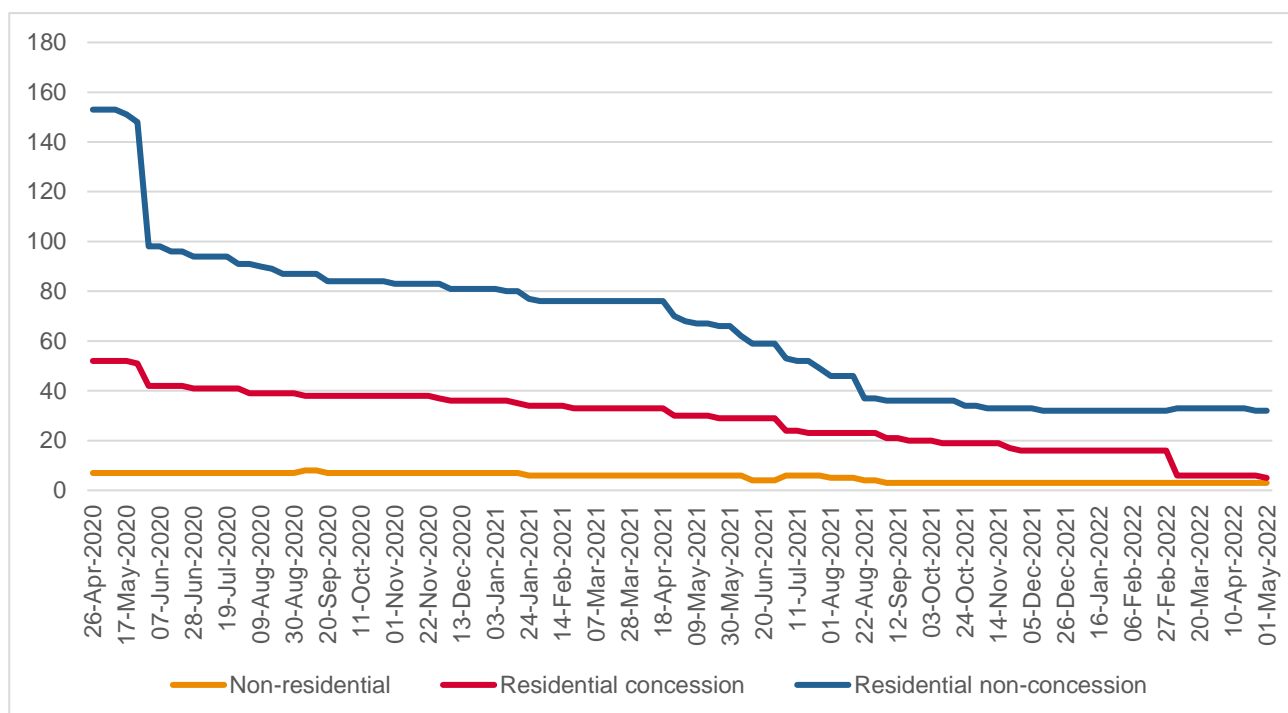
Customers on instalment plans at end of April 2022 (comparison to end of May 2020)

State:  3.6% Metro:  5.0% Regional:  29.7%



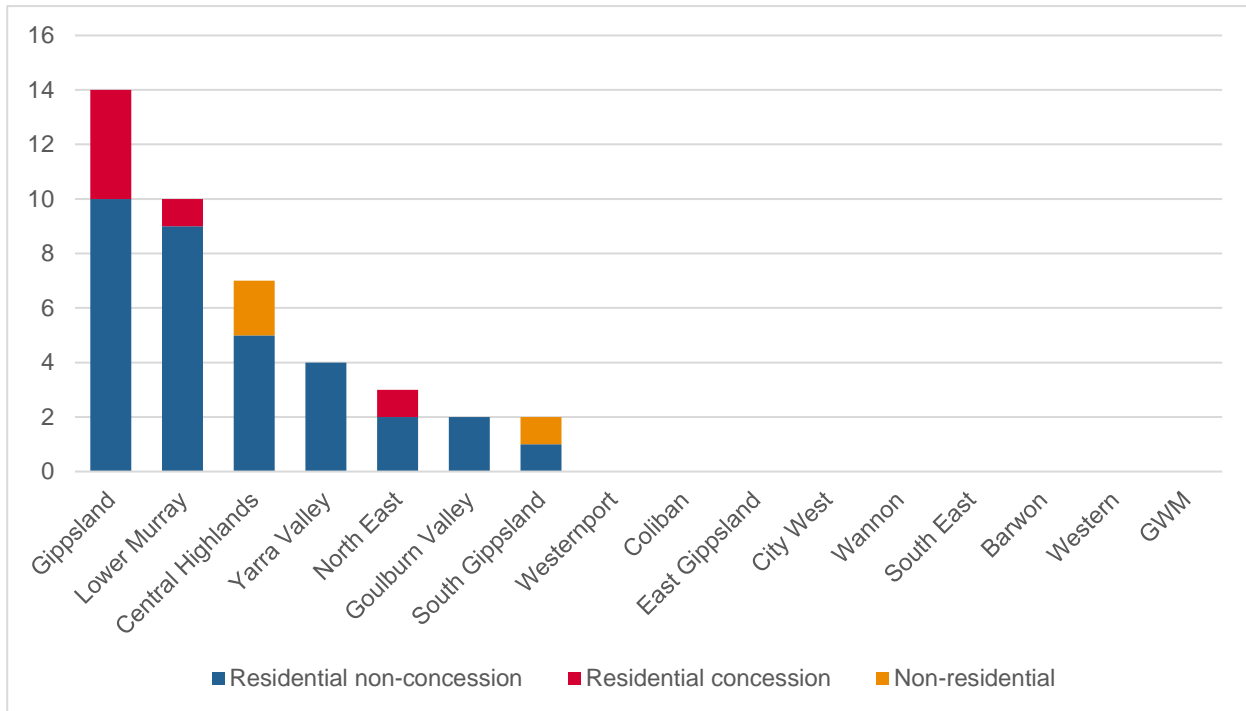
- While still largely in line with the pre-pandemic baseline, statewide the proportion of customers on instalment plans has increased at the end of April 2022 compared to the end of May 2020.
- East Gippsland Water continues to have the smallest proportion of customers on instalment plans (198.7 per 10,000 customers).
- Gippsland Water has the largest proportion of customers on instalment plans followed closely by Greater Western Water (formerly Western Water area) – both had more than 1 in 10 customers on an instalment plan at the end of April this year.
- Gippsland Water also had the largest percentage increase in customers on instalment plans since the end of May 2020 (increasing by 695.3 per cent), again noting that this large increase is due mostly to an underreporting issue that Gippsland Water corrected at the start of 2021, but was unable to correct retrospectively.
- Greater Western Water (formerly City West Water area), GWMWater, Lower Murray Water, North East Water and Westernport Water all had decreases of over 10 per cent in customers on instalment plans compared to the end of May 2020.

Number of customer water restrictions in place over past 24 months



- Water businesses stopped installing new water supply restrictions for unpaid bills since at least late April last year.
- Since April 2020, the total number of restrictions in place across the state has decreased from 212 to 40.
- The large decrease in residential customer restrictions in late May 2020 is due to Barwon Water lifting all 58 of its remaining restrictions at once.
- Water businesses voluntarily stopped putting new restrictions in place during the early stages of the pandemic, recognising the impact the pandemic had on the community and in line with the National Cabinet agreed principles for hardship support during the pandemic. In August 2020, we amended our customer service codes to include national cabinet agreed principles for hardship support during the pandemic.
- As at the end of April there were 3 non-residential, 5 residential concession and 32 residential non-concession restrictions still in place.

Current number of customer water restrictions in place



- Nine businesses (GWMWater, South East Water, City West Water, Wannon Water, East Gippsland Water, Barwon Water and Western Water) have removed all restrictions, the same number since the beginning of September 2021.
- Gippsland Water, Lower Murray Water, Central Highlands Water, Yarra Valley Water, North East Water, South Gippsland Water and Goulbourn Valley Water all have restrictions in place for at least one residential customer.
- During our third and fourth round of interviews with Victorian water businesses, we were informed that the remaining residential restrictions are largely placed on vacant properties and properties with water leaks, usually at the property owner's request.

About the data: Since 26 April 2020, each week Victorian urban water businesses provide us with data on the indicators presented in this report. The data is not audited and represents a small subset of the annual data that is included in our annual water performance report.

Throughout the course of the 12 months we have collected this data, there has been some weeks where one or two businesses have not been able to provide complete data for every indicator. On these occasions we have employed our best estimate, based on previous data the businesses have reported to us.

The baselines show a typical weekly figure for the measure which we calculated using available data reported to us in previous years as part of normal annual performance reporting.

These baselines can be viewed as pre-pandemic norms and serve as a comparison to the current weekly reported data. Our methodologies for calculating these historical baselines are outlined in Appendix A.

Appendix A: Baseline calculations – reference point for comparison with current data

Since late April 2020, we have been collecting weekly data from water businesses on several measures to understand how businesses are supporting customers during the coronavirus pandemic.

To compare the current weekly reported data with pre-pandemic norms, we have established a typical weekly figure for each of these measures using available data previously reported to us as part of normal annual performance reporting.

This allows a better understanding of the effect of the pandemic on each of these hardship support measures.

Our methodology used to establish the baseline for each measure is set out below.

Customer applications for utility relief grants

This is a well-established measure, traditionally reported to us in annual KPI data as a total annual number of grant applications submitted to government.

To derive a historical baseline for the number of customers applying for the utility relief grant per week, we have:

- used the annual reported figure for the last four years
- normalised these values to reflect the 2018-19 customer base for each business to account for customer growth
- converted this to an average weekly rate across those four years.

Customers on instalment plans

For the last three years, businesses reported the number of instalment plans in place as at 30 June each year. This measure is effectively the same as our weekly snapshot “point-in-time” reporting. Prior to this time, we collected the total number of instalment plans entered into during a year, which is not comparable to our weekly ‘point in time’ reporting.

To derive a historical baseline for the number of instalment plans in place at a point in time, we have:

- used the 30 June figure reported to us for the last three years (since the definition changed)
- normalised these values to reflect the 2018-19 customer base for each business to account for customer growth
- taken an average of the normalised figures over the three years.

Customers awarded hardship grants

This is a well-established measure, traditionally reported to us in annual KPI data as a total annual number of customers awarded hardship grants by the water business.

To derive a historical baseline for the number of customers awarded hardship grants per week, we have:

- used the annual reported figure for the last four years
- normalised these values to reflect the 2018-19 customer base for each business to account for customer growth
- converted this to an average weekly rate across those four years.

Customers in hardship programs

This is not a previously established measure, so we have no historical data to provide a robust pre-pandemic baseline reference.

Our reporting on this measure is therefore limited to showing comparisons and trends since we started collecting this data from the week ending 26 April 2020.