



26 July 2010

Dr Ron Ben – David  
Chairperson  
Essential Services Commission  
Level 2, 35 Spring Street  
Melbourne, Vic 3000

Dear Ron,

### **Developing a Hardship Related Guaranteed Service Level Measure Issues Paper**

Yarra Valley Water supports the work undertaken by the Essential Services Commission in relation the development of a hardship guaranteed service level (GSL) measure as outlined in the June 2010 issues paper. The principles under which the GSL will apply is fully supported by Yarra Valley Water as it is closely aligned to the outcomes of the Committee for Melbourne's Utility Debt Spiral project which forms the basis of our hardship policy and programs.

The intent of the GSL as outlined in page 5 of the issues paper is *"The Commission has deliberately focussed on developing a measure that relates to the restriction of water supply and legal action against residential customers"*. However in all the recommendations in the issues paper the application of the GSL to residential customers only is not explicitly stated.

The proposed increase of the threshold for the amount owed below which a water business could not commence legal action or take steps to restrict service (from \$120 to \$200) is supported. Yarra Valley Water does not currently commence legal action or restrict customers supply for debts under \$200.

The proposed checklist for minimum "reasonable endeavours" for the water retailers covers three steps which are currently part of the Customer Service Code and an additional two steps which involve the water business seeking to contact the customer prior to commencing either legal action or restriction of supply. We believe that it is important prior to instigating either legal action or restriction of service to a residential customer they are provided the opportunity to either self identify or be identified through debt collection and / or hardship support mechanisms including site visits. Yarra Valley Water supports the recommended checklist which is consistent with our current approach.

The Commission's intention is that the proposed hardship GSL payment to the customer will apply if the water retailer does not comply with the Customer Service Code and proposed reasonable endeavours checklist. The approach of the water retailer assessing its compliance is supported by Yarra Valley Water as it is both consistent with how other GSL's are managed and also reinforces the need for the water retailer to establish strong and appropriate processes to identify customers in financial difficulty. The Commission will be able to ensure that the water retailers are managing the hardship GSL as per the guidelines by assessing performance as part of its annual audit of key performance indicators and compliance with the

Customer Service Code. In addition customers retain the right to refer their situation to the Energy & Water Ombudsman of Victoria if they are not happy with how their situation is being managed by the water retailer.

The Commission is proposing that all metropolitan water businesses, as well as the regional business in the top quartile in terms of rates of restrictions and legal actions implement the GSL measure by the end of 2010. Yarra Valley Water supports this approach and is in a position to implement the proposed approach when the Commission releases its final position paper.

Given our strong focus on supporting customers in financial difficulty, Yarra Valley Water is prepared to assist the Commission in any review of this GSL prior to its broader roll out.

The Commission is proposing a payment amount of \$300 for the breach of the hardship GSL. Given the impact on customers of undertaking either legal action or restriction of supply when they are in financial difficulty and unable to pay their outstanding debt we fully support the proposed hardship GSL payment amount.

If you have any questions on Yarra Valley Water's response to the Hardship Guaranteed Service Level Measure Issues Paper please contact Allan Cole, Manager Billing and Collection on 9872 1256.

Yours sincerely

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

**Tony Kelly**  
**Managing Director**