

Your ref.

Our ref. 850/5

Contact: 1300 363 200

3 August 2010

Mr A Chow  
Director  
Local Government and Water  
Essential Services Commission  
Level 2, 35 Spring St  
**MELBOURNE VIC 3000**

Dear Mr Chow,

**Re Issues Paper: Hardship Related Guaranteed Service Level Measure**

Thank you for the opportunity to respond to this Issues Paper. I have pleasure in providing Coliban Water's formal response.

**OVERVIEW**

Coliban Water takes our responsibility to make our services available at an affordable price very seriously. We have demonstrated a long-term interest in offering consideration to customers experiencing difficulty in paying their accounts. We were actively involved in the development of the original VicWater Water Industry Hardship Guideline, which became the industry minimum standard in 2003.

**Current Approach to Customers Experiencing Difficulties**

Our current hardship program includes:

- Offering payment arrangements (including deferred payments) that are consistent with a customer's capacity to pay, and that can extend over our normal terms of 12 months, if required
- Offering a regular payment option, to assist customers with making their account payments over time
- Ensuring that all customers eligible for a concession have that applied to their account
- Encouraging customers receiving Centrelink payments to utilise the Centrepay system if appropriate
- Offering assistance in applying for Utility Relief Grants
- Ensuring that customers, once identified as in hardship, are not subject to legal fees or restriction action. Where legal fees have been applied prior to a customer entering our hardship program, they are retrospectively removed from the account.

Customers can self-identify their need for assistance, or a Coliban Water staff member can suggest the hardship program if they consider it may be warranted, or we receive referrals from financial counsellors etc.

Our current hardship brochure can be downloaded from [http://www.coliban.com.au/your\\_account/documents/CW\\_Hardship\\_6PPDL\\_200710.pdf](http://www.coliban.com.au/your_account/documents/CW_Hardship_6PPDL_200710.pdf), for further reference.

### **Need for a Hardship GSL**

It is our view that the Victorian water industry generally, and Coliban Water in particular, is very focussed on meeting customer needs, and that the incidence of hardship customers being treated inappropriately is extremely low, once they are identified as such. As was recognised in the working group meeting on this issue earlier this year, the most difficult aspect of assisting customers in hardship is getting them to self-identify their position.

Whilst we do not necessarily agree that a Hardship GSL is warranted in this industry, we accept the ESC's concern about possible inappropriate treatment of customers in hardship.

### **RESPONSE TO SPECIFIC ELEMENTS**

We have reviewed the Issues Paper, and offer the following comments:

#### **Proposed \$200 Threshold Prior To Legal Action Being Commenced**

Coliban is concerned about the proposed increase of the minimum outstanding debt to \$200, without also allowing for restricting a property where the \$200 threshold is not reached, but consecutive bills over a period of 12 months have not been paid, as is currently allowed in the ESC Customer Service Code and our Customer Charter.

For example, the current level of our tariffs in our most expensive rating district would result in a tenant accruing charges of between \$111 (60KL/yr) and \$316 (170KL/yr) for consumption. On this basis, a tenant who accrued over \$200 could have had unpaid bills for well in excess of a year. (Owner/occupiers would clearly exceed the \$200 threshold well inside 12 months.)

Our latest tariff information brochure, with examples of costs, can be downloaded from [http://www.coliban.com.au/documents/CW\\_Pricing\\_6PPDL\\_240610\\_forweb\\_000.pdf](http://www.coliban.com.au/documents/CW_Pricing_6PPDL_240610_forweb_000.pdf)

It is Coliban's view that it is important to engage with customers who have outstanding accounts sooner than 12-18 months, to ensure difficulties are identified and addressed, and in the event the customer has the capacity to pay, to ensure that payments are made and arrangements adhered to. It is not in anyone's interests to defer action for more than 12 months.

Coliban would therefore welcome either a reduction in the \$200 threshold, or inclusion of the 12-month non-payment of accounts threshold criteria.

### **Proposed Checklist for Minimum 'Reasonable Endeavours'**

We believe the proposed checklist contains one step additional to Coliban's current practice. It is important to recognise that will have a cost impact for the business.

For example:

- are attempted contacts by an authorised agent included in the minimum number of attempted contacts?
- does 'personal contact' include registered mail (we suggest it should substitute for 1 contact even if phone number on file, or both contacts if no phone number on file). Registered mail provides an additional method of engaging the customer.
- in 2009/10 Coliban Water issued around 3,200 'Notice of Intention to Restrict' letters by registered mail, from which around 240 properties were restricted (includes properties restricted more than once). If the sending of notices by registered mail is not included in the ESC's checklist of attempted contacts, our workload will increase significantly.

Coliban Water would therefore be keen to discuss our current process with the ESC to determine with absolute clarity which elements fit into the proposed checklist, and which might be additional.

It is also critical that costs of administering the scheme are recognised by the ESC, and should be an allowable item for "adjustments from previous period" in the next regulatory period.

### **Proposed GSL and Involvement of EWOV**

Coliban has a serious concern about the proposal that the customer's issue be referred to EWOV in the event that they remain dissatisfied with the internal water business review. This adds unreasonably to the cost of the investigation as, regardless of the outcome, the water business will be charged case handling fees by EWOV, and the timeframe for resolution with the customer will be significantly increased. Restriction and hardship case management requires urgency in its dealing.

Therefore, Coliban proposes that the process involve an internal water business review, against the checklist or other reference process the ESC deems appropriate, then the outcome be advised to ESC with supporting evidence. The ESC can then make a quick, appropriate determination about the completeness (or otherwise) of the water business' adherence to accepted procedures, and make an appropriate determination.

Given that the number of breaches in the water industry is expected to be very small, this should not present an onerous workload for the ESC.

### **Proposed Coverage of the GSL and 12-Month Review**

It is important to consider the 'big picture'. Whilst it is noted that Coliban Water has a higher rate of restrictions than many other regional urban water businesses, it should also be noted that our rate of payment arrangements is also significantly higher than any other regional water business, reflecting our willingness to work with customers in hardship. We also do not impose interest on overdue accounts as some other water entities do (instead of, or as well as, restricting).

Coliban Water accepts the proposed coverage of the initial implementation by the end of 2010, and would welcome the opportunity to engage regularly with the ESC and other

Hardship GSL implementers during the subsequent 12 months, and in the formal review process that will follow.

### **Proposed Payment Amount and Process**

Coliban accepts the proposed GSL fixed (one-off) amount of \$300, provided that the process for assessment of a breach allows for appropriate investigation of the action steps taken by a water business, review of CRM records etc., and clear establishment that a breach has occurred prior to imposing the fee. A daily breach fee accrual is not considered reasonable or appropriate.

To this end, it would be helpful if the ESC was to provide water entities with a standard checklist against which action steps could be referenced prior to restrictors being installed. This would provide part of the record against which a water entity would be assessed in the event of an alleged breach.

Given that, in the event that a water business is found to be in breach, the customer would be identified as being in hardship and therefore unable to pay their water accounts, it is appropriate that payment of the GSL would be done as a credit on the water account, not a cash payment.

I trust this information is of value in your deliberations. Please do not hesitate to contact me if you require further information/

Yours faithfully

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

**Kerri Carr**  
**General Manager Customer Service**