



30 July 2010

The Essential Services Commission  
Level 2, 31 Spring Street  
Melbourne 3000, Australia

## **Re: Developing a Hardship Related Guaranteed Service Level Measure**

Thank you for the opportunity to comment on the issues paper relating to the development of a hardship related GSL measure.

Western Water is strongly of the view that customers in hardship need assistance and support. Our current internal procedures prevent restrictions or legal action being knowingly applied to these customers.

Given our discussions with, and understanding of the sector, it is our view that this is the unanimous policy of the water sector. This is evidenced by the very low rate of EWOV investigations both overall, and specifically associated with restriction/legal action compared to both private sector gas and energy companies. We do not believe these policies and procedures will regress despite concerns about rising prices and customer's capacity to pay and are likely to continue to improve.

### **GSL Introduction**

For this reason Western Water supports the introduction of a GSL measure to be applied if our internal procedures are not correctly followed in relation to applying restrictions and / or commencing legal action. The GSL will act to strengthen these internal procedures, which is a very positive outcome.

### **Proposed GSL Process**

Western Water notes the minimum 5 step procedure to be followed before restriction or legal action is applied. This essentially mirrors Western Water's current procedures. However, in our own experience with both hardship and non hardship customers, and in discussions at our regular financial counsellor's forums, it is clear identification of hardship can be extremely difficult. High quality training of customer service staff is also required and we support the commissions view on this issue.

Given the identification of hardship is difficult, it is important for the commission not to stifle innovative approaches to improving this area by mandating processes that are too rigid. These processes may also differ in rural and metropolitan environments. Careful consideration by the Commission should therefore be given to the flexibility staff have in applying innovative approaches to this area. As indicated by the commission a 12 month review after the introduction of the GSL is therefore appropriate.

**\$200 Threshold**

Western Water supports the revised \$200 threshold amount prior to restrictions or legal action as this is an appropriate amount given the rising costs of service since 2005.

**Coverage of the GSL**

Western Water notes that the Commission has identified the top quartile of utilities applying restrictors, and Western Water is included in this list. This is an error - see table 2 with two companies identified as Western Water. Western Water currently has a very low rate of restrictions.

Having said that, Western Water would be pleased to be included in the list of companies to implement the measure by the end of 2010.

**Payment Amount**

Western Water believes a fixed payment amount of \$300 is excessive, however we note the strong views of the consumer groups and appreciate their concern that internal processes must be rigorous in this area. In this context Western Water accepts the commission's proposed fixed amount of \$300.

**Review of the GSL**

Western Water supports the Commission's indication that it wishes to review the application of the GSL. Improvements in this area are especially important and any learnings should be communicated to all parties in the sector.

Thank you for the opportunity to comment.