

MEDIA RELEASE

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WATER INDUSTRY IMPROVES PERFORMANCE IN 2013-14

In 2013-14, Victorian urban water businesses generally maintained or improved service levels in terms of customer complaints, water quality and water service reliability, according to the tenth annual *Water Performance Report 2013-14*, released today by the Essential Services Commission.

The Report covers 13 regional businesses, three metropolitan retailers and Melbourne Water, for the 12 months to June 2014. ¹

Average annual household water consumption across Victoria fell two per cent, from 163 kilolitres in 2012-13 to 160 kilolitres in 2013-14, with consumption higher in regional Victoria than in metropolitan Melbourne. While average annual household bills were higher than in 2012-13 for most water businesses, six regional businesses had average bills lower than last year and another two recorded increases less than inflation.

According to the Commission's Chair, Dr Ron Ben-David, "We are becoming increasingly confident that water businesses are getting better at identifying customers in financial hardship². This means that their programs can be better targeted towards customers in need of assistance".

"It also provides us with assurance that the use of tougher actions, such as restricting water supply or taking legal action, are limited to recalcitrant customers who just refuse to pay their bills."

The number of residential customers whose water supply was restricted for non-payment rose by 36 per cent, from 2,439 in 2012-13 to 3,319 in 2013-14 (0.13 per cent of a total of 2.3 million residential customers). Over the same period, the number of non-residential customers whose water supply was restricted rose by 38 per cent.

Legal actions against residential customers to recover unpaid bills increased by 40 per cent, from 811 in 2012-13 to 1,135 in 2013-14. The average debt level before initiating legal proceedings increased by 56 per cent to \$2,027.

"While the average level of debt is well above the regulated minimum of \$200, we will be looking into whether earlier action needs to be taken to avoid debt accumulating to unmanageable levels," said Dr Ben-David.

A total of 13,492 complaints were received by Victoria's 16 urban water and sewerage businesses during 2013-14 (excluding Melbourne Water). This represents a 26 per cent decrease from the 18,202 complaints received in 2012-13. Alternatively, this result equates to a rate of 0.54 complaints per 100 customers across the state, down from 0.74 in 2012-13. Most of the decline is explained by fewer customer complaints regarding water quality and payment issues.

The Report finds that of the top 100 major capital projects to be delivered by the 17 urban water businesses during the 2013–18 pricing period, 12 were completed in 2013-14, and another 49 projects were proceeding on schedule. Twenty-one projects have encountered delays that will affect the final completion timeline and an additional 18 projects have been deferred.

“While some rescheduling or reprioritising of projects is expected as a normal part of running a water business, the number of projects affected may be of concern.

“Our expectation is that the rescheduling of projects will not be to the detriment of service standards. We will be monitoring the water businesses to ensure they meet their service commitments to customers,” Dr Ben-David said.

The Commission’s Report also tracks a range of indicators submitted by the businesses, including water supply reliability and interruption rates, which both showed small improvements across the water businesses. The rate of sewer blockages and spills both deteriorated slightly, but the Report indicates that these changes are consistent with a hotter and drier summer in 2013-14, with increased tree root intrusion into the sewers.

In its 2013–18 price decision (in June 2013), the Commission allowed an additional \$5.25 million for the metropolitan water businesses and Western Water to assist their customers who were facing significant price increase from July 2013. The effectiveness of this allowance is analysed in a separate report released today by the Commission titled, *Review of new hardship measures taken by metropolitan water businesses 2013-14*.

Financial counselling staff, advocacy groups and customers who had experience dealing with water businesses’ hardship programs were interviewed as part of this review. The interviews indicate that water businesses are committed to improving support to people in hardship and that most programs offered to support customers were accessible and effective.

“Based on the findings of the two reports we’re releasing today, we commend the water businesses for the effort they have made to better identify and support customers experiencing financial difficulty,” Dr Ben-David said.

The two reports are available on the Commission’s website: www.esc.vic.gov.au

- *Water Performance Report 2013-14*
- *Review of new hardship measures taken by metropolitan water businesses 2013-14*

For further information contact Amanda Clark on 0411 117 297

¹ Many of the reported performance indicators do not apply to Melbourne Water, which provides bulk (or wholesale) services to the retail water businesses. The Report identifies when Melbourne Water is included in the analysis.

² The Customer Service Code defines hardship as customers who are identified either by themselves, the water business, or an independent accredited financial counsellor, as having the intention, but not the financial capacity, to make the required payments in accordance with the water business’s payment terms.