



Level 2, 172 Flinders St
Melbourne VIC 3000
Phone: 03 9639 7600
Fax: 03 9639 8966
ACN 100 188 752

19 April 2012

Andrew Chow
Director, Local Government and Water
Essential Services Commission
Level 2, 35 Spring Street
MELBOURNE VIC 3000

Dear Mr Chow,

Re: CUAC submission on the Hardship Related Guaranteed Service Level Review – Draft Decision

The Consumer Utilities Advocacy Centre (CUAC) is an independent consumer advocacy organisation. It was established to ensure the representation of Victorian consumers in policy and regulatory debates on electricity, gas and water. In informing these debates, CUAC monitors grassroots consumer utilities issues with particular regard to low income, disadvantaged and rural consumers.

Throughout this regulatory period CUAC has argued for measures to provide additional protections to consumers in light of ongoing water price increases. We have strongly supported the development of the Hardship Related GSL and its aim of ensuring that water businesses take an appropriate, customer service-driven approach to hardship and payment difficulties. We have therefore been pleased to see 2010-11 Water Performance Report figures showing a substantial drop in domestic restrictions, most likely attributable to implementation of the Hardship Related GSL.

Continued rollout

The ESC's draft decision is to roll out the Hardship Related GSL in its current form to the remaining urban water businesses from 1 July 2012. At the time of the initial development of the Hardship Related GSL, CUAC argued for its application to all businesses from the beginning. We therefore strongly support the ESC's draft decision to now extend the GSL in its current form

to the remaining businesses. CUAC hopes to see a further drop in restriction rates with the continued rollout.

Timing

The ESC's Draft Decision invites comment on whether 1 July 2012 is a reasonable date for the rollout of the hardship GSL for the remaining businesses. The ESC's September 2010 *Developing a Hardship Related Guaranteed Service Level Measure Final Decision* clearly stated that the GSL would be reviewed after a year of operation 'with a view to informing broader rollout of the GSL to all urban water businesses.' (p. 18-19) Hence, the remaining businesses have already had more than 18 months to plan for this transition. Moreover, given that most water businesses have already implemented the hardship-related GSL, there is experience and advice available for the remaining businesses to draw on in their own implementations. For these reasons, CUAC would not support any extension beyond the 1 July 2012 date.

Changes to operation of the Hardship Related GSL

The Draft Decision seeks stakeholder views on the operation of the GSL, including any suggestions for improvement. As discussed, on CUAC's analysis, the available data indicates that the GSL is working well in its current form, and therefore substantial change seems unnecessary at this time.

One potential exception, however, is change in light of the *Water Amendment (Governance and other Reforms) Bill 2012*, which extends interest-charging powers to all urban water businesses. While CUAC does not support the imposition of interest charges on any residential customer, it is particularly important that customers who are experiencing financial hardship are not penalised in this way. We would therefore like the ESC to consider the appropriateness of adding the application of interest charges added to the Hardship Related GSL as follows:

Restricting the water supply of, taking legal action against, or applying penalty interest charges to, a residential customer prior to taking reasonable endeavours (as defined by the Essential Services Commission) to contact the customer and provide information about help that is available if the customer is experiencing difficulty paying.

CUAC thanks the Essential Services Commission for the opportunity to comment on the Draft Decision. Please do not hesitate to contact us if you would like to discuss any aspect of this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jo Benvenuti', written in a cursive style.

Jo Benvenuti
Executive Officer

cc: The Hon Peter Walsh MP, Minister for Water