

Water Codes Review

Final decision on Water Industry Standards

27 September 2022

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Contents

Contents	ii
Summary	1
Final decision paper	1
Ensuring access to water	1
Incorporating the National Principles	2
Working with water businesses	2
Providing early support for customers	2
1. Introduction	3
Purpose of the paper	3
The regulatory framework	3
Customer Service Codes	3
Water Industry Standards	3
Structure of this paper	4
2. Our process and engagement	5
Our initial review of the current customer service codes in 2019	5
Getting to fair strategy	5
The Energy Retail Code of Practice	6
How we engaged with our stakeholders	6
Community panel	6
Consultation after the release of the draft decision	7
Commencement date of the service standards	7
3. Amendments made to the new Water Industry Standards	9
3.1. Proactive customer engagement	9
3.2. More flexible and responsive payment assistance	11
3.2.1. Flexible payment plans	11
3.2.2. Payment difficulties assistance	13
3.2.3. Support for small business customers	15
3.2.4. Customer support policies	16
3.3. Meeting the communication needs of customers	19
3.3.1. Communication assistance	19
3.3.2. Appropriate communication	20
3.3.3. Customer's chosen representative or support person	20
3.3.4. Provision of customer charter and summary charter	21
3.3.5. Variation of charges	22
3.4. Reflecting contemporary changes to technology and communication methods	23
3.4.1. E-bills	23
3.4.2. Customer self-reads	25
3.4.3. Digital metering and data collection	25

3.4.4.	Special meter readings	26
3.4.5.	Adjustment of bills	26
3.5.	Increasing transparency in collection practices	28
3.5.1.	Reminder and Warning notices	28
3.5.2.	Interest on unrecovered amounts	29
3.5.3.	Maximum rate of interest that may be charged	30
3.5.4.	Measures of last resort	31
3.5.5.	Limits to restriction and legal action	32
3.6.	Step in clause	33
4.	Amendments specific to new Water Industry Standard – Urban Customer Service	34
4.1.	Safeguards for residential customer support and collections in new Water Industry Standard – Urban Customer Service	34
4.1.1.	Hardship related Guaranteed Service Level (reasonable endeavours) checklist	34
4.1.2.	Life support and other special circumstances	37
4.1.3.	Dishonoured payments	38
4.1.4.	Restriction and Legal Action	38
4.2.	Clarifying service and reliability standards around the minimum service levels a customer should receive– Urban Customer Service	39
4.2.1.	Details of service quality and reliability and GSL amendments	39
4.2.2.	Service standards	40
5.	Amendments specific to the new Water Industry Standard - Rural Customer Service	43
	Clarifying service standards around the minimum service levels a customer should receive - rural customer service	43
6.	Amendments to the definitions in the new Water Industry Standard – Urban and Rural Customer Service	45
7.	Amendments to the definitions in the new Water Industry Standard – Trade Waste Code	48
	Appendix A - Regulatory framework relating to service standards outcomes and guaranteed service levels	49

Summary

The Essential Services Commission (the commission) has made amendments to the:

- Customer Service Code: Urban Water Businesses
- Rural Water Customer Service Code
- Trade Waste Customer Service Code (administrative amendments).

The amendments will take effect from 1 March 2023.

Our amendments have been informed by consultation with the water industry and community stakeholders. This includes stakeholder forums hosted by the commission, and a community panel we established to help ensure that our work is informed by the voice of customers.

We began consultation on our codes in 2019. In 2020 we put our review on hold due to the onset of the coronavirus pandemic.

Final decision paper

Part 1 of the *Water Codes Review final decision paper* outlines the process undertaken to arrive at this decision and the reasons for the changes to the codes. Part 2 describes each amendment in detail.

The main focus of our amendments is to:

- strengthen code requirements relating to customer communication, to help ensure water businesses communicate appropriately and sensitively with their customers
- refine the minimum standards regarding support for customers experiencing payment difficulty, and mandating certain support for small businesses
- reflect changes in technology and communication channels since we last reviewed our codes
- clarify the application of interest and debt management activities by water businesses.

Ensuring access to water

Access to water is necessary for people to maintain basic living standards, and to promote health and wellbeing. Going without water (or not having enough water) poses a considerable health and safety risk. This can be exacerbated for customers who are experiencing vulnerability in other parts of their life. Therefore, a key focus of our review has been to ensure the framework we administer continues to provide strong protection and support for customers experiencing payment difficulty.

Incorporating the National Principles

In August 2020, the commission incorporated the National Cabinet-approved policies and principles for coronavirus support (National Principles) into the current customer service codes.¹

Many of the protections outlined in the National Principles were already regulated in some way through the current customer service codes. In some areas, such as expanded support for small businesses and halting supply restrictions and debt collection and recovery, they extended protections for customers. At the time, we noted our intent to consult on how elements of the National Principles might be reflected in the current customer service codes on an ongoing basis, noting many were intended to be covered by our review which started in 2019.

Working with water businesses

Following a period of extensive consultation, including through workshops and a draft decision released in June 2022, we have made some amendments to customer protections. We heard first-hand from water businesses, customers and their representatives, the most impactful measures implemented by water businesses to support those impacted by the coronavirus pandemic.

Over the past two years, water businesses have substantially increased their support for customers, often going beyond the minimum requirements set out in our current customer service codes.

Chairperson, Kate Symons

A key learning over this period has been the importance of early, proactive communication and tailored support for customers experiencing payment difficulty. We have sought to capture recent practice and learning in our amendments to the current customer service codes; aiming to provide for consistent standards across the state.

Providing early support for customers

The codes will continue to provide for debt management actions by water businesses, as allowed under the *Water Act 1989* and the *Water Industry Act 1994*. However, our expectation remains that actions such as water restrictions or legal action remain a last resort, with a primary emphasis on water businesses maximising opportunities for customers to access early support that best suits their individual circumstances.

¹ [Support for households and small businesses facing hardship in paying for essential services, Australian Government, Department of Industry, Science, Energy and Resources, accessed 23 July 2020.](#)

1. Introduction

Purpose of the paper

This paper outlines the Essential Services Commission's amendments to the Customer Service Code: Urban Water Businesses and Rural Water Customer Service Code (the current customer service codes). It also outlines administrative amendments to the Trade Waste Customer Service Code.

The regulatory framework

The commission is responsible for specifying standards and conditions of service that water businesses must comply with. These govern many of the interactions customers have with water businesses on billing, payment difficulty and collection of debt, as well as minimum levels of standards in relation to service quality and reliability.

We audit water businesses to check they are complying with the standards and conditions of service set out in our codes.

Customer Service Codes

The Customer Service Code for Urban Water Businesses, the *Rural Water Customer Service Code* and the Trade Waste Customer Service Code were made under section 4F of the *Water Industry Act 1994* in a manner consistent with requirements of the Water Industry Regulator Order made under section 4D of the Act.

Victorian water businesses are required to:

- follow the customer-related standards, procedure and practices set out in the codes
- develop, issue and comply with a customer charter that meets the procedural and substantive requirements of the codes and sets out the water business' approved service standards.

Water Industry Standards

On 1 December 2021, the *Water Industry Act 1994* was updated by the *Essential Services Commission (Compliance and Enforcement Powers) Amendment Act 2021*. The amendments had the effect that the codes are to be known as the Water Industry Standards.²

As a result of these changes, the codes have been replaced with the following:

² s187(3) of the *Water Industry Act 1994*.

- Water Industry Standard – Urban Customer Service
- Water Industry Standard – Rural Customer Service
- Water Industry Standard – Trade Waste

These industry standards have been made under section 4F of the *Water Industry Act 1994* in a manner consistent with requirements of the Water Industry Regulatory Order made under section 4D of the Act.

Structure of this paper

This paper is in seven parts:

- Part 1 is the introduction.
- Part 2 outlines our process and engagement in our review of the current customer service codes.
- Part 3 outlines the final amendments to both the urban and rural new water industry standards.
- Part 4 outlines the final amendments specific to the new Water Industry Standard – Urban Customer Service.
- Part 5 outlines the final amendments specific to the new Water Industry Standard – Rural Customer Service.
- Part 6 outlines our final decision on definitions.
- Part 7 outlines amendments to the Water Industry Standard – Trade Waste Customer Service.

To ensure a consistent use of language and a clear distinction between the current and new codes, this paper will refer to the current urban and rural customer service codes as:

- current Customer Service Code – Urban Businesses
- current Rural Customer Service Code
- current customer service codes.

The new urban and rural codes will be variously referred to as:

- new Water Industry Standard – Urban Customer Service
- new Water Industry Standard – Rural Customer Service
- new water industry standards.

The current Trade Waste Code and new Water Industry Standard – Trade Waste Customer Service will be referred to by its full name.

2. Our process and engagement

Our initial review of the current customer service codes in 2019

In 2019 we commenced a review of the current customer service codes. The current customer service codes had not been the subject of a wide-ranging review since they were introduced in 2005. Accordingly, we wanted to consult on whether the codes needed updating given changes in the environment facing water businesses and customers.

An extensive engagement program began with a workshop with more than 60 representatives from the water industry and community sector. A working group was also created, with members from water businesses, the community sector and government. The working group discussed:

- potential structural changes to the current customer service codes to make them more accessible
- customer communication, especially in relation to billing and customer charters
- customer protection, including support for customers experiencing payment difficulty, including small businesses
- the application of interest and debt
- reflecting contemporary changes to technology and communication methods.

The working group also discussed whether updates were needed to the hardship related Guaranteed Service Level. This requires a water business to take reasonable endeavours to contact a residential customer and provide information about help that is available if the customer is experiencing difficulties paying, prior to restricting the water supply or taking legal action.

The review was placed on hold in early 2020 due to the coronavirus pandemic. In August 2020, and after consultation, we included the National Principles in the current customer service codes to provide additional and consistent protections across the state during the pandemic.³ Their inclusion was to be a temporary measure which would inform future updates.

The commission recommenced the review in late 2021.

Getting to fair strategy

The commission's ['Getting to fair' strategy](#) was released in August 2021. It provides a roadmap to address consumers' experiences of vulnerability and break down the barriers they can encounter.

³ [The National Cabinet's agreed approach to the coronavirus pandemic](#)

The strategy outlines the actions we are taking to ensure all consumers, regardless of circumstances, have equitable access to the essential services we regulate and administer.

The strategy commits the commission to ensuring the voices of consumers are better reflected in our work. One of the critical initiatives was to incorporate the voices of consumers in the outcomes of the review of the current customer service codes. To do this, we convened a community panel of 27 Victorian consumers to seek their views on specific issues related to the current customer service codes. More information on the panel is provided below.

The Energy Retail Code of Practice

We have identified some narrow areas where the current customer service codes could better align with the protections in the Energy Retail Code of Practice. The difference in the disconnection/restriction threshold amount and the requirement for utility companies to assist customers in applying for the Utility Relief Grant are two such areas. We also monitored issues raised during the commission's Payment Difficulty Framework implementation review 2021 and 2022.⁴

How we engaged with our stakeholders

We undertook a public engagement process to ensure that the views of interested stakeholders were considered in the new water industry standards.

Stakeholder engagement took place between February and August 2022 and built on the engagement undertaken in 2019. The activities we undertook used a range of different methods, including stakeholder forums, a community panel and targeted discussions with water businesses and small businesses organisations.

Community panel

As noted above, in line with the commission's 'Getting to fair' strategy we convened a community panel of 27 Victorian consumers, from a range of demographics to seek their views on issues related to the current customer service codes.

The panel met three times over a one-week period. This allowed the group to build knowledge and understanding, participate in a structured process to discuss and explore issues, and develop feedback for the commission to consider.

⁴ <https://www.esc.vic.gov.au/electricity-and-gas/inquiries-studies-and-reviews/payment-difficulty-framework-implementation-review-2021>.

The topics the community panel discussed included:

- supporting customers experiencing financial stress
- communication assistance
- reminder and warning notices
- actions before restricting water supply or legal action
- E-bills
- what types of small businesses should be covered by the new water industry standards.

A report summarising our customer panel process and outcomes is provided on our website.⁵ We also engaged with our stakeholders on the valuable feedback the community panel provided that is outside the scope of the codes, but relevant to the way businesses communicate and engage with their customers.

“I just thought wow at the ideas that come in and proud to think that in some ways we may make a difference. I wanted to say to the ESC thank you for giving everyday people a voice, how proactive they are it is certainly a credit to them.”

Julie, panel member

Consultation after the release of the draft decision

We released our draft decision on 14 June 2022. The draft decision was open for public submissions until 26 July 2022. We held a public forum during the consultation period to inform stakeholders about the updates, including the new standards water businesses will need to comply with. We had about 50 stakeholders in attendance and the forum provided an opportunity to discuss the specific initiatives proposed in the draft standards.

Our engagement summary is available on our website [Water codes review | Essential Services Commission](#).

Commencement date of the service standards

The new Water Industry Standard – Urban Customer Service and the new Water Industry Standard – Rural Customer Service will commence from 1 March 2023.

⁵ <https://www.esc.vic.gov.au/water/codes-and-guidelines/customer-service-codes/water-codes-review-2021#tabs-container2>

Draft decision

Our draft decision proposed a start date of 1 January 2023. This timing considered that many of the changes proposed reflected established practice among the water businesses.

Final decision

Submissions from water businesses responding to our draft decision generally preferred a later start date, with several proposing 1 July 2023.⁶ This date was preferred as it would align with the timing of any changes in tariffs and services standards arising from the upcoming water price review. Some also noted that a later date would improve the quality of implementation.

We had further discussions with some water businesses to better understand their reasons (as set out in submissions) for preferring a 1 July 2023 start date. Businesses were generally concerned that a 1 January 2023 start date would not allow sufficient time to review and update policies consistently with the new requirements or provide sufficient time to adequately train staff, and given the number of changes to billing information under the changes proposed in our draft decision, more time was needed to ensure these were implemented accurately.

Given the importance of appropriate staff training and the accuracy of billing systems, we have decided that the new water industry standards will apply from 1 March 2023 (later than 1 January 2023 proposed in our draft decision). We have not adopted a start date of 1 July 2023 as sought by some businesses, given the importance of the changes for customers.

Prior to 1 March 2023, we expect water businesses to continue to comply with the current water codes, including the limits on debt collection and restriction action on customers in financial stress.

To support consistency, the Water Industry Standard – Trade Waste Customer Service will also commence from 1 March 2023. (This is the old Trade Waste Customer Service Code updated to include references to the new Water Industry Standard – Urban Customer Service).

⁶ Greater Western Water submission, East Gippsland Water submission, Central Highlands Water submission, Lower Murray Water submission, Gippsland Water submission, all submissions received 26 July 2022, South East Water, submission received 1 August 2022.

3. Amendments made to the new Water Industry Standards

This chapter outlines the amendments that apply to both the Urban and Rural current customer service codes. Amendments specific to each code are addressed in the subsequent two chapters.

At a high level, we have made changes to the sequence of clauses, so they reflect the customer journey through billing, payment assistance support, communication, actions for non-payment and quality and reliability of supply and services. These changes also help to make the two codes more consistent in structure.

Note that updates to terminology, or changes to wording that do not substantively impact obligations on water businesses are not addressed in this paper. For example:

- minor changes to terminology such as ‘code’ to ‘industry standard’ or ‘water law’ to *Water Act 1989 (Vic)* and the *Water Industry Act 1994 (Vic)*
- minor updates to a clause to ensure it is in plain English or updates to terminology to reflect amendments to other clauses, but there is no substantive change to the obligations.

3.1. Proactive customer engagement

When we initially commenced our review in 2019, we explored the importance of proactive customer engagement with a view to considering updates to our current customer service codes. This was also an element of National Principles.⁷

We recognised proactive customer engagement can help identify customers in need of payment difficulty assistance before debt begins to accumulate. Throughout the coronavirus pandemic, water businesses have been proactively reaching out to customers to enquire whether they need assistance rather than assuming that a customer will ask for assistance when it is needed. We have heard this has helped to provide timely support and limit build-up of debt, benefiting both water businesses and their customers.

⁷ National Principle 2 - *Establish clear processes to identify, and to promptly and appropriately manage, households and small businesses experiencing financial stress, including small businesses eligible for the JobKeeper Payment, such as customers who repeatedly fail to pay bills on time and submit questions or issues to customer service centres.*

Through our community panel, we heard the importance of proactive communication and ‘checking in’ with customers early if a water business identifies an increase in water usage or unpaid bills.

Draft decision

In the draft decision, we proposed a new clause in the Urban Industry Standard: Proactive customer engagement. The proposed wording was as follows:

8. Proactive customer engagement

A water business must have policies and procedures that enable it to identify, contact and engage when residential customers, who may be experiencing payment difficulties, need information or assistance.

- (a) The information provided may include, but need not be limited to, the following:
 - (i) service availability offered by a water business and interruptions;
 - (ii) customer obligations in line with clause 13.8;
 - (iii) concession entitlements;
 - (iv) sustainable use of water in line with clause 4; and
 - (v) accessibility requirements for communication in line with clause 13.6.

- (b) The assistance provided may include, but need not be limited to, the following:
 - (i) payment difficulties assistance in line with clause 10.1;
 - (ii) customer support program in line with clause 10.2;
 - (iii) family violence assistance in line with clause 11; and
 - (iv) billing history in line with clause 13.4.

Final decision

South East Water in its submission responding to our draft decision commented that ‘experiencing payment difficulties’ was too broad a term and suggested that obligations relating to people experiencing payment difficulties should be specific to people who are also engaging with the water company as this would improve clarity on when it can escalate debt recover activities.⁸

We acknowledge that obligations to assist all people ‘experiencing payment difficulties’ is broad. However, we consider that retaining this obligation as drafted, appropriately recognises the barriers consumers may experience in engaging with their service providers, especially people who are already experiencing vulnerability.

⁸ South East Water, submission received 1 August 2022.

Yarra Valley Water commented that the intention of clause 8 (a) (i) was unclear.⁹ This clause was intended to ensure that water businesses take a proactive approach to communicating with customers about supply interruptions and the assistance available such as emergency drinking water. As a result, we have revised the wording to 'Interruptions and assistance that is available during interruptions'.

As noted in our draft decision, this new clause will apply to residential customers only. It specifies that a water business must have policies and procedures that enable it to identify, contact and engage with residential customers who may be experiencing payment difficulties and provide these customers with information and assistance. As noted above, proactive customer engagement can help identify customers in need of payment difficulty assistance before debt begins to accumulate.

And as also noted in our draft decision, the new clause will not apply to small businesses. This is because proactively identifying whether a small business is experiencing payment difficulties may not be feasible for water businesses. However, in times of natural disasters or emergencies where customers in a particular geographic area have been affected, we expect water businesses to proactively contact both residential and small business customers to offer assistance.

Requirements around proactive customer engagement are set out in the new Water Industry Standard – Urban Customer Service clause 8.

3.2. More flexible and responsive payment assistance

The new water industry standards require water businesses to provide more flexible and responsive payment assistance in the following areas:

- Flexible payment plans
- Payment difficulties assistance
- Support for small business customers
- Customer support policies

3.2.1. Flexible payment plans

Under the current customer service codes, a flexible payment plan must be able to be renegotiated at the request of a customer if there is a change in their circumstances.

⁹ Yarra Valley Water, submission received 22 July 2022.

Draft Decision

In the draft decision, we proposed updating the terminology in this sub-clause to the following:

- A flexible payment plan must be able to be modified, at the request of a customer, to accommodate changes in their circumstances.

This amendment intended to allow a customer, whose circumstances change, to amend their payment plan more easily which also reflects the intent of part of the National Principles.¹⁰

We also proposed to outline the minimum requirements of information to be included in a written letter to the customer, confirming the details of the payment plan.

To assist operation of the clause we proposed the following definition of a flexible payment plan:

- A flexible payment plan has the meaning given in clause 7.2 of this industry standard.

Final decision

Yarra Valley Water suggested an amendment that any changes proposed by the customer in the flexible payment plan would need to be in accordance with the business' customer support policy.¹¹

We note that the customer support policies must already meet all the provisions of the standards. We agree with this amendment, as it recognises any practical constraints the water business may have identified when developing its policy. At the same time, the amendment recognises that support policies may go beyond what is required to meet minimum compliance with the new water industry standard.

In its submission, Greater Western Water suggested we alter our proposed definition of flexible payment plan, and that flexible payment plans be defined as 'a plan agreed to between the customer and the water business that has modified either, or a combination of, the due date, the payment frequency, and amount required per payment'.¹²

We accept there are benefits in clearly defining a flexible payment plan and altered our definition that we consider offers more clarity while maintaining flexibility for water businesses and customers.

¹⁰ National Principle 4 – *Be prepared to modify existing payment plans if a customer's changed circumstances make this necessary.*

¹¹ Yarra Valley Water, submission received 22 July 2022.

¹² Greater Western Water, submission received 26 July 2022.

In their submissions, several water businesses suggested that the requirements not include the date by which each payment must be made but rather a frequency.

We note the proposed requirement mirrors the relevant clause in the Energy Retail Code of Practice which also requires that the date by which each payment must be made to be included in the schedule provided to a customer. While this may result in a long list of payments dates for long payment arrangements, it will assist to avoid confusion for both customers and water businesses about the day a payment is due. We have therefore retained this obligation as set out in our draft decision.

The Consumer Action Law Centre recommended that water businesses also be required to document any payment matching arrangement or waiver of debt in the flexible payment plan schedule provided to a customer in order to avoid disputes and confusion about credits that have been agreed. We consider this is overly prescriptive for the purpose of our industry standards, however agree with the benefits outlined by the Consumer Action Law Centre and encourage water businesses to adopt this approach where possible.

Requirements around flexible payment plans are set out in the new Water Industry Standard – Urban Customer Service clause 7.2 and new Water Industry Standard – Rural Customer Service clause 7.2.

3.2.2. Payment difficulties assistance

Under the current customer service codes, water businesses are required to assist customers experiencing payment difficulties by providing a range of different support options on a case-by-case basis. Our codes, in adopting the National Principles, extended this obligation on water businesses to all residential and small business customers in financial stress.

The National Principles also reiterated the types of support water businesses are required to offer customers in financial stress, although certain elements of these principles are already included in the current customer service codes.

The current customer service codes include a range of different payment support measures that could be offered by a water business to customers. This includes the following:

- flexible payment plans
- extended due dates
- redirecting a bill for payment to another person
- information on how to reduce water usage, improve water efficiency and referral to government water efficiency programs
- referrals to government-funded assistance programs, including the Utility Relief Grant and independent financial counsellor services

- waiving any interest accrued
- suspending the accrual of interest.

Throughout our review, we heard from water businesses and the community sector that the assistance and support water businesses have been providing customers throughout the coronavirus pandemic should be available on an ongoing basis.

Draft decision

In our draft decision, we proposed a clearer obligation for water businesses to assist customers experiencing payment difficulties, and to adopt an approach that is appropriate to a customer's circumstances. In doing so, we proposed a minimum standard of assistance a water business must offer to customers experiencing payment difficulties.

We also clarified that water businesses, as a minimum, must help an eligible customer apply for the Utility Relief Grant, including by completing the online application form over the phone. This proposal adopted common practice in the water sector into the standards.

We also considered that there are additional support measures that water businesses may choose to offer a residential or a small business customer based on the individual circumstances of a customer.

Final decision

Feedback from stakeholders was generally supportive of the approach set out in our draft decision. Stakeholders generally agreed that engaging with customers and providing better support may lead to them making more regular payments. This benefits customers but in turn, also has benefits for water businesses.

Views differed between water businesses and community stakeholders on the nature of the support and level of flexibility water businesses should have in the types of support provided to customers.

Consumer Action Law Centre suggested payment matching arrangements be included among the measures that a business may consider offering, noting at least some water businesses already offer this. It also suggested that 'suspension of collection of arrears to allow for a usage only payment plan for a period negotiated with the customer' be mandated rather than optional.¹³

¹³ Consumer Action Law Centre, submission received 25 July 2022.

We have decided to expand the customer support measures water businesses may offer to customers and have made no change to the supports that are mandated to be offered as set out in our draft decision.

We note feedback from Yarra Valley Water that it considers the draft decision's requirements relating to the Utility Relief Grant was unnecessarily prescriptive.¹⁴ However, we consider it is important to embed these practices as a minimum standard to provide for consistency and certainty for customers across the state.

Requirements around payment assistance are set out in the new Water Industry Standard – Urban Customer Service clause 10.1 and new Water Industry Standard – Rural Customer Service clause 9.1.

3.2.3. Support for small business customers

Prior to the coronavirus pandemic, a number of water businesses were offering payment assistance support to small businesses, that went beyond their obligations in the current customer service codes. The current customer service codes, in adopting the National Principles, require all water businesses to extend payment assistance support to small business customers experiencing financial stress.

Throughout the review, both water businesses and consumer groups were supportive of mandating requirements that relate to payment assistance support for small businesses. We heard that small businesses support the prosperity of their communities – including during periods where payment difficulties are caused by external factors such as a bush fire or a pandemic.

Some feedback stated that any support policy for small businesses should not just be about financial support, but also focus on water efficiency and sustainability. Some stakeholders also noted that the new water industry standards should provide for specific assistance options to be available for small businesses on a case-by-case basis.

There was also agreement amongst our stakeholders that there should be a definition of a small business in the new water industry standards to ensure consistency amongst the approaches of water businesses.

¹⁴ Yarra Valley Water, submission received 22 July 2022.

Draft Decision

In the draft decision paper, we proposed a definition of a small business customer and introduced the requirement that a small business customer be recognised as eligible for hardship support in the same way that residential customers have always been.

Our definition for small business customer - a non-employing business (including sole proprietorships and partnerships without employees) or a business employing fewer than 20 people which has an active Australian Business Number.

For more information on what we considered in arriving at this definition please see our draft decision paper.¹⁵

Final Decision

We sought stakeholder feedback on our proposed definition of small business. Stakeholders in general agreed with our definition. In its submission, North East Water agreed with the approach noting that varying water usage by small businesses makes usage a non-viable definition.¹⁶

Coliban Water suggested that in addition to the proposed definition, the turnover of the business customer be considered.¹⁷ We consider that a definition that included business turnover would be difficult to implement in practice, as it may lead to small businesses needing to disclose financial documents and for the water business to analyse this information before confirming the small business was eligible. We have not adopted this suggestion.

As a result, we have retained the definition as set out in the draft decision paper.

This definition is located in Part G of the new Water Industry Standard – Urban Customer Service and Part I of the new Water Industry Standard – Rural Customer Service

3.2.4. Customer support policies

Aligning with the shift in language detailed in the commission's Getting to Fair strategy and following consultation feedback that many water businesses no longer use the term 'hardship', we

¹⁵ Essential Services Commission 2022, *Water Customer Service Codes Review: Proposal for amendments to the water customer service codes*, 14 June.

¹⁶ North East Water, submission received 26 July 2022.

¹⁷ Coliban Water, submission received 25 July 2022.

use the alternative phrase of ‘customer support’ rather than ‘hardship’, in both new water industry standards.

Urban customer support policy

To ensure that all payment assistance support is available for urban residential and small business customers, we specify that a water business’ customer assistance policy must offer all of the assistance outlined in clause 10.1 (Payment assistance) of the new Water Industry Standard – Urban Customer Service.

Draft decision

Our draft decision included a requirement for water businesses to develop customer support policies that apply to residential and to small business customers who are identified either by themselves, the water business, or an independent accredited financial counsellor as experiencing payment difficulty.

We proposed this in our draft decision as it reduces the burden on customers to prove that they do not have the financial capacity to make the required payments and ensures all customers who are identified as experiencing payment difficulties are entitled to support.

Final decision

As part of the draft decision consultation process, we identified drafting issues that could lead to inconsistencies in business in the implementation of the new water industry standards.

Specifically, we identified that customer support measures listed in the draft clause 10.1 were different to some customer support measures listed in the draft clause 10.3, and that these differences might lead to confusion about which should apply.

The final drafting and structure of the industry standard for urban customer service consolidates the various customer supports that must or may be provided under clause 10.1 of the new industry standards, while maintaining the intent of the protection we consulted on prior to the draft decision.

Greater Western Water suggested that a qualified accountant be included among the people who can advise on whether a small business customer is experiencing payment difficulty.¹⁸ We agree and have included qualified accountants alongside independent accredited financial counsellors among the people who can identify payment difficulties for both residential and small business customers.

¹⁸ Greater Western Water, submission received 26 July 2022.

The requirements around customer support policies are set out in the Water Industry Standard – Urban Customer Service clause 10.2

Rural customer support policies

Draft decision

Our draft decision introduced the requirement that rural water businesses develop customer support policies that apply to small businesses customers who are identified either by themselves, the water business, or an independent accredited financial counsellor as experiencing payment difficulty. Our draft decision specified that all rural customer support policies must offer all of the assistance outlined in clause 9.1 (Payment assistance) of the new Water Industry Standard – Rural Customer Service.

Final decision

The final drafting and structure of the new Water Industry Standard – Urban Customer consolidates the various customer supports that must or may be provided under clause 9.1 of the new industry standards, while maintaining the intent of the protection we consulted on prior to the draft decision. It also addresses the same drafting issue we identified in the equivalent clauses in the new urban water industry standard.

As part of the draft consultation process, we also identified that smaller rural customers who do not meet our definition of small business customer would not be covered by the customer support policy. In rural areas these smaller rural customers can include people living on hobby farms or on residential properties who cannot access town water. In our consultation we heard that rural water businesses provided support to these customers if they are experiencing payment difficulty.

The final drafting in the rural standard now requires customer support policies to include both small business customer and non-business customers. Rural water businesses have been consulted on this change.

The final decision also includes qualified accountant among the people who can identify payment difficulties for the same reasons as outlined in the section above.

The requirements around customer support policies for small business customers and non-business customers are set out in the new Water Industry Standard – Rural Customer Service clause 9.2

3.3. Meeting the communication needs of customers

The new water industry standards require water businesses communicate effectively with their customers in the following areas:

- Communication assistance.
- Appropriate communication.
- Customer's chosen representative or support person.
- Provision of customer charters and summary charters, and
- Variation of charges.

3.3.1. Communication assistance

The current customer service codes require water businesses to provide communication assistance. This includes interpreter services, as well as teletypewriter (TTY) services for speech and hearing-impaired customers.

Draft decision

In our draft decision we proposed retaining the requirement of providing interpreter and TTY services. We also proposed to enhance this protection by asking that water businesses use best endeavours to determine a customer's preferred method of communication on an individual case-by-basis and use that method where reasonable. We also proposed introducing a requirement for all written communication to be in plain language to ensure important information from a water business is accessible to all customers.

Final decision

The majority of stakeholders supported this proposal. In its submission responding to our draft decision, Yarra Valley Water suggested a drafting change that it considered would still achieve inclusive communication practices, but without the requirement to work with the individual at the case by case level.¹⁹ We did not agree this change would achieve the intent of the proposal, which is to facilitate better communication between water businesses and customers on an individual case by case level, so have retained this obligation as set out in our draft decision.

Requirements around Communication assistance are set out in new Water Industry Standard – Urban Customer Service clauses 13.6 & 13.7 and new Water Industry Standard – Rural Customer Service clauses 11.8 & 11.9

¹⁹ Yarra Valley Water, submission received 22 July 2022.

3.3.2. Appropriate communication

The current customer service codes do not provide specific criteria for how water businesses are to communicate through their notices. We are aware that during the pandemic, many water businesses tailored their reminder notices to remove the threat of restriction or legal action, instead focusing on available support and how customers may receive assistance.

Draft decision

In line with this approach, our draft decision proposed to introduce a principle that all communication relating to collection must be delivered in a language and style that is sensitive and appropriate. To ensure customers are engaging with their water business and seeking assistance when required, these communications must also focus on a message of support and encourage customers to contact their water business if assistance is required.

Final decision

Submissions from stakeholders supported this inclusion, so we made no change to the obligations proposed in the draft decision.

The requirements around appropriate communication are set out in the new Water Industry Standard – Urban Customer Service clause 15.1 and new Water Industry Standard – Rural Customer Service clause 13.1

3.3.3. Customer’s chosen representative or support person

Water businesses currently allow customers to add an authorised contact to their account. Through our community panel we heard that it was important for water businesses to provide an option to customers to nominate an alternative contact person.

Draft decision

In our draft decision we proposed introducing a new clause that clearly specifies a customer can choose their support person or representative. It was intended to ensure that customers, particularly those that are experiencing payment difficulties or other vulnerabilities, are able to communicate effectively with their water business.

We also proposed ensuring this policy/procedure is clearly published and accessible, so that customers are notified of their right to choose a representative or support person where appropriate. We noted this proposal was similar to the intent of part of the National Principles.²⁰

Final decision

Generally, submissions supported the draft decision intent to allow customers to add an authorised contact to their account. Yarra Valley Water suggested a further change to recognise that an obligation to identify the chosen support person on behalf of a customer is not always practicable.²¹ We agree and have made a minor adjustment to this clause.

Water businesses were supportive of the inclusion relating to accessibility of the relevant policy/procedure relating to a customer's support person or representative.

Central Highlands Water highlighted the challenges this might present when engaging with customers by phone and queried under what conditions telephone consent from parties can be obtained.²² The commission would expect that water businesses continue to review and update relevant policies and processes relating to customers appointing other persons to act on their behalf and to ensure they comply with privacy laws and obtain sufficient consent from their customer to appoint a chosen representative or support person.

Requirements around a customer's chosen representative or support person is set out in the new Water Industry Standard – Urban Customer Service clause 9 and new Water Industry Standard – Rural Customer Service clause 8

3.3.4. Provision of customer charter and summary charter

To ensure communication is targeted to customer needs, in our draft decision we proposed an amendment that ensures a water business' customer charter and summary charter (if used) is in a form that is easy to understand for all customers. This would align with the communication requirements outlined in clause 13.6 of the new Water Industry Standard – Urban Customer Service (clause 13.8 in new Water Industry Standard – Rural Customer Service).

Feedback in submissions did not lead to any change from the proposal in the draft decision.

²⁰ National Principle 9 - *Provide clear, up-to-date, and readily available information about arrangements available to those in financial stress via multiple physical and digital communication channels.*

²¹ Yarra Valley Water, submission received 22 July 2022.

²² Central Highlands Water, submission received 26 July 2022.

Requirements around provision of charters and summary charters new Water Industry Standard – Urban Customer Service clause 24.3 and new Water Industry Standard – Rural Customer Service clause 17.3

3.3.5. Variation of charges

The current customer service codes state that a water business must notify a customer of any variation in charges on or with the first bill after the decision to vary the charges has been made.

Draft decision

In our draft decision we proposed to include a requirement that water businesses must notify each customer of any proposed variation in charges for services applicable to that customer, at least five business days before they take effect. This was to align with the current timeframe in the Energy Retail Code of Practice and ensures customers are being notified in a timely manner, of important changes to their account.

Final decision

Many water businesses considered that the proposed requirement was unnecessary and sought this to be removed from the new industry standards. Some water businesses suggested this was not needed because of obligations set out in section 260 (2) of the *Water Act 1989* requiring a water business to publish a notice of the making of a resolution to set a tariff in a newspaper circulating generally in the area concerned for the resolution to take effect. Other businesses pointed out that mailing notices to individual customers about price increases would increase costs.

We still consider it is important that customers know about rising prices at a time they can influence the size of their bills. This is particularly the case in the current environment noting inflation and cost pressures and is consistent with the obligations relating to proactive customer engagement set out in clause 8 of the new urban water industry standard. However, we also agree that with many water customers still only contactable by mail the proposal in the draft decision to require direct contact prior to the variation taking effect would be expensive to implement. Accordingly, we have not adopted this requirement in our final decision.

Water businesses will be required to publicise any variation in customer charges before they take effect and to notify customers directly on or with the first bill after the decision to vary the charges has been made.

Examples of the methods water businesses may use to publicise any change in prices before it takes effect include prominent website updates, radio interviews, social media or SMS; all methods of communication that water businesses have become proficient in since we last updated the

codes. Better practice approaches would see water businesses adapt their approach proportionate to the potential bill impact on customers.

The requirements around variation are set out in the new Water Industry Standard – Urban Customer Service clause 2.1 and new Water Industry Standard – Rural Customer Service clause 5.1

3.4. Reflecting contemporary changes to technology and communication methods

Social and technological landscapes are also changing in tandem with regulatory changes. There is growing community consensus that essential service providers must operate in a way that is inclusive of all customers and have policies and procedures in place that ensure customers experiencing payment difficulties or other vulnerabilities are able to access support.

To ensure the new water industry standards are reflective of the changes in technology and communication methods, we are introducing or updating clauses relating to:

- E-bills
- customer self-reads
- data and digital metering
- special meter readings
- adjustment of bills.

3.4.1. E-bills

The current customer service codes specify that 15 separate matters need to be disclosed on a customer bill. These items are designed to provide information to customers about their account, including usage, amount due, due date, payment options, any outstanding debt or interest charges, and information about concessions and other customer services (such as emergency contacts, interpreter services and payment difficulty support).

We have heard from water businesses that the volume of mandatory information required on a bill can be especially overwhelming for customers who have specific communication needs. Some water businesses send an email with a PDF attachment or a link to the full bill. However, no details on what information should be communicated in the body of this email is included in the current customer service codes.

The community panel noted that to ensure consistency between businesses, E-bills should contain standardised information, be easy to read and include information about the water business' customer support policy. They also stated the importance of a clear breakdown of all charges,

comparison graphics of usage and buttons to click through to payment options, the support available and to request information in different languages.

Draft decision

In our draft decision we proposed mandating the contents of the body of the email when water businesses electronically delivery the bill as a PDF attachment or send a link to the bill. We proposed calling this an E-bill. In proposing this addition relating to the minimum content of E-bills, we balanced the feedback from the community panel with that of the water businesses. We heard that some customers do not click to view the full bill and as a result we considered what customers experiencing payment difficulties or other vulnerabilities need to be aware of prior to paying their bill.

Our draft decision proposed the minimum requirements for an E-bill to include.

- a link to the full bill or how to access the full bill
- the amount payable and due date
- the methods by which the bill can be paid
- the customer's current water usage
- information about the assistance that is available if a customer is experiencing payment difficulties paying and how to access this assistance.

Final decision

Submissions from water businesses were generally supportive of the items to be prescribed on the E-bill. Consumer Action Law Centre in its submission stated that it considered that the proposed list of minimum requirements struck the appropriate balance between containing enough of the important information and not being overly complicated or overwhelming for customers.²³

We acknowledge Lower Murray Water's submission that the requirements of an E-bill will mean a bill cannot be sent by SMS.²⁴ We note that water companies could use SMS to advise a customer that an E-bill has been sent to them, for example by email or is available on the water business' customer portal. We have therefore retained all the obligations for E-bills that were set out in the draft decision.

²³ Consumer Action Law Centre, submission received 25 July 2022.

²⁴ Lower Murray Water, submission received 26 July 2022.

Requirements around E-bills are set out in the new Water Industry Standard – Urban Customer Service clause 6.5 and new Water Industry Standard – Rural Customer Service clause 6.5

3.4.2. Customer self-reads

Our review identified that some water businesses accept customer self-reads to correct estimated bills due to lack of access to a customer's water meter.

Draft decision

To better align with the Energy Retail Code of Practice and customers' expectations of utilities, our draft decision proposed to introduce the ability for all customers to submit self-reads to their water business after receiving an estimated bill. Accepting customer self reads when a bill is estimated, should also help minimise undercharging.

Final decision

Submissions supported this inclusion, with Yarra Valley Water suggesting a minor drafting change relating to the specification that self-read be in a method that is approved by the water business. We adopted the suggestions as we considered it provides improved clarity for customers and water businesses, while retaining the intent of the amendment.

Requirements around customer self-reads are set out in the new Water Industry Standard – Urban Customer Service clause 5.1 and new Water Industry Standard – Rural Customer Service clause 4.1

3.4.3. Digital metering and data collection

While the Australian Privacy Principles (APPs) provide a framework for privacy in Australia, the protection of consumer data is presenting emerging challenges for existing law. The advent of digital water metering means that businesses will have greater, and more up-to-date data on their customers. In 2019, we heard that the new water industry standards may need to be updated to include a specific provision for permissible and impermissible uses of this data. Customer consent and privacy rights must also be clear and accessible to customers in this emerging communications environment.

Draft and final decision

Based on these emerging issues, our draft decision proposed introducing a new clause specifying that a water business with digital metering in its network must have a policy clearly explaining how

data collected from digital water meters is managed and used. Submissions from stakeholders supported this inclusion so we made no change to the obligations proposed in the draft decision

Requirements around data and digital metering are set out in the new Water Industry Standard – Urban Customer Service clause 5.3 and new Water Industry Standard – Rural Customer Service clause 4.3

3.4.4. Special meter readings

In our draft decision we proposed to introduce restrictions on charging for special meter read fees to a customer for a special meter reading that is a self-read or if the property has a digital meter.

Additionally, we proposed that in the new Water Industry Standard – Urban Customer Service, a water business must not charge a fee for a special meter read to a customer receiving assistance under a water business' customer support policy. This amendment reflects the intention of the customer support policy, which is to assist customers experiencing payment difficulties.

Wannon Water and Gippsland Water raised issues with special meter reads in the case of rented properties when a tenant moves out.²⁵ We have added a reference to a special meter reading 'outside of the normal billing cycle'. We expect that, as in the previous code, this will be sufficient to cover special meter reads requested at the end of a tenancy.

Some water businesses advised of costs associated with the administrative functions of uploading digital special meter reads. We considered this feedback, including the frequency these costs are likely to be incurred, and the benefits to customers and have retained this restriction for charging special meter read fees where the property has a digital meter.

Requirements around special meter readings are set out in the new Water Industry Standard – Urban Customer Service clause 5.2 and new Water Industry Standard – Rural Customer Service clause 4.2

3.4.5. Adjustment of bills

To better align consumer protections in the new water industry standards with the energy sector, we reviewed the undercharging period for water businesses. In the current customer service codes, water businesses are allowed to recover undercharged amounts from a customer for a period of up to 12 months. In the energy sector it is currently four months.²⁶ In the energy industry

²⁵ Wannon Water, submission received 26 July 2022 and Gippsland Water, submission received 26 July 2022.

²⁶ See <https://www.esc.vic.gov.au/electricity-and-gas/inquiries-studies-and-reviews/changes-back-billing-rules-2020>

electricity meters are digital and can be read remotely with data provided to retailers daily at low cost, while gas meters still require manual reading and are usually read every two months.

Draft decision

In our draft decision we proposed to align the undercharging period in water with the approach taken in the energy sector, so that water businesses can only recover an amount undercharged in the four months before they notify the customer, unless the undercharging was a result of illegal use. The focus of this amendment was to provide incentives for water businesses to prioritise accuracy in billing, and to proactively reach out to potentially affected customers.

Final decision

Feedback on this proposal was mixed. We heard in the public forum that adopting the same approach as energy would have different consequences on water businesses compared to energy businesses because of the frequency and way meters are read.

Submissions from water businesses provided further detail on the reasons for seeking a longer period to recover undercharges amounts. Central Highlands Water commented that there were many reasons beyond its control that contributed to undercharging, and which were not easily detected within the proposed four month undercharging period.²⁷ East Gippsland Water said a longer billing period would provide time for customers and the water business to address the issue before the limit on recovery commenced.²⁸

Submissions from some water businesses suggested the undercharging period be extended to between six months to eight months, or up to twelve months.

The Consumer Action Law Centre strongly endorsed the four months proposed in the draft decision noting that limiting the undercharging period to four months would help to reduce instances of higher-than-expected bills and the financial hardship that can result from someone receiving a sizeable back-bill. On alignment with the energy sector, it noted the strong benefits to consumers and to community support workers in having consistency across utilities, so they have better awareness of the support available to them, as well as being easier to navigate.²⁹

We acknowledge the feedback in submissions from water businesses and the Consumer Action Law Centre on this issue. We note the inclusion of the self-read provisions in the new customer service standards as a timely and low cost way to verify the accuracy of meter reads. We anticipate that increased promotion of the option of providing a self-read when there is an

²⁷ Central Highlands Water, submission received 26 July 2022.

²⁸ East Gippsland Water, submission received 26 July 2022.

²⁹ Consumer Action Law Centre, submission received 25 July 2022.

estimated bill will limit the effect of large undercharging occurring. While we recognise contact with a customer to secure a self-read will not always be easy, on balance, we consider that the benefits to customers of the shorter back billing period are sufficient to progress with the proposed four month undercharging limit as proposed in our draft decision.

Requirements around adjustment of bills are set out in the new Water Industry Standard – Urban Customer Service clause 6.7 and the new Water Industry Standard – Rural Customer clause 6.6

3.5. Increasing transparency in collection practices

In line with the water business' adapted approach to customer support throughout the pandemic, we have included additional protections for customers on a payment plan or those receiving assistance under a water business' customer support policy.

We are making amendments to the following:

- Reminder and warning notices
- Interest on unrecovered amounts
- Maximum rate of interest that may be charged
- Dishonoured payments.

3.5.1. Reminder and Warning notices

Under the current customer service codes, both reminder and warning notices need to include all the content on a bill, except for information about meter readings, usage, previous bills and past payments. During our review, we considered whether all this information is relevant to a customer, who has not paid their bill by the due date, and whether there was additional information that should be included on these notices. We also considered whether improvements were needed to improve consistency in approach between water businesses in the timing of reminder and warning notices.

Additionally, through our community panel, we heard that it is important for a water business to educate its customers about the consequences of non-payment. In line with this feedback, we proposed introducing a minimum requirement for water businesses to clearly advise what the customer must do to avoid legal action or be restricted from their water supply. Information about any applicable fees to remove a restrictor should also be provided.

Draft decision

To ensure consistency, we proposed specifying that a reminder notice must be sent to the customer no later than two business days after the due date of the bill, and introducing a six-business day 'due date,' for both the reminder and warning notices.

Specific to the warning notices, we proposed replacing the word 'warning' with 'final' as this is more appropriate considering the timing of when this notice would be sent. We also proposed requiring water businesses that use external debt collection agencies, to include this on the final notice.

Final decision

In their submissions, some water businesses provided feedback on the specific timings and terminology set out in the draft decision. In response we have made changes including additional time to issue reminder notices to avoid customers being contacted after a payment had been recently made. We also replaced the prescriptive terms such as 'due date' recognising that some businesses may wish to differentiate payment dates on reminder and final warning notices, from the initial 'due date' on the invoice.

Yarra Valley Water also highlighted that some water businesses may use external debt collection companies to issue the final notice.³⁰ We acknowledge that this change is in the interests of a customer understanding a water business' process, so we have adjusted this requirement to be included on the reminder notice.

Requirements around reminder and final notices are set out in the new Water Industry Standard – Urban Customer Service clauses 15.2 & 15.3 and new Water Industry Standard – Rural Customer Service clauses 13.2 & 13.3

3.5.2. Interest on unrecovered amounts

Under the current Customer Service Code – Urban Water Businesses, customers that are holders of an eligible concession card or receiving assistance under a water business' customer support policy³¹ are exempt from being charged interest on unrecovered amounts.

³⁰ Yarra Valley Water, submission received 22 July 2022.

³¹ Formerly '*hardship policy*'

Draft decision

To ensure that customers who are making regular payments towards their account are also protected, we proposed in our draft decision to include customers on a payment plan in this list where interest cannot be charged on unrecovered amounts.

Final decision

Greater Western Water suggested that the wording be amended to include the requirement that customers be on a current payment plan so that if a customer broke a payment plan, interest may be applied retrospectively.³² We consider that the retrospective application of interest is an unnecessary penalty and is unlikely to help customers experiencing payment difficulties re-engage with their water business. Accordingly, we have made amendments to further clarify when interest can be charged and clarify that interest cannot be applied retrospectively.

Requirements around interest on unrecovered amounts are set out in the new Water Industry Standard – Urban Customer Service clause 15.5

3.5.3. Maximum rate of interest that may be charged

The current customer service codes state the maximum rate of interest that may be charged on unrecovered amounts is:

- 10 per cent until 30 June 2013; or
- on and from 1 July 2013 an annual rate set by the Commission each May based on the 10 year Australian Commonwealth Government Bond Rate plus a margin to be determined by the Commission; and
- the interest starts accruing on the day the amount is due and ends on the date all unrecovered amounts of the charge are paid in full, both days inclusive.

Draft decision

Our draft decision proposed to remove the interest requirements that predate 30 June 2013 on that basis that it was no longer used by water businesses and customers.

Final decision

We note in its submission Greater Western Water shared that it currently uses the 10 per cent rate for interest charged up until 20 June 2013 to calculate interest on customer refunds, and

³² Greater Western Water, submission received 26 July 2022.

suggested the June 2013 rate be retained in the standard for this purpose.³³ While we commend Greater Western Water for this approach, we do not consider retaining this in the new industry standard as necessary for this practice to continue.

Requirements around maximum rate of interest that may be charged are set out in the new Water Industry Standard – Urban Customer Service clause 15.6 and new Water Industry Standard – Rural Customer Service clause 13.5

3.5.4. Measures of last resort

In thinking about what restriction/suspension³⁴ and taking legal action could look like in the new water industry standards we considered the benefits of water businesses supporting customers prior to restriction/suspension and taking legal action for an essential service. Water businesses providing better payment support may lead to customers making more regular payments, which benefits customers by reducing their debt. Therefore, we proposed including a principle that restriction is a measure of last resort.

Community stakeholders have previously stated that the unique properties of water mean that restriction may not be an appropriate means of customer engagement, or that the threshold for restriction should be higher.

Draft decision

As water is an essential service, in our draft decision we proposed to include the principle that restriction of a customer's water supply for non-payment must be a measure of last resort. The aim is to ensure a water business contact their customer throughout the collection cycle and offer assistance in line with the customer's capacity to pay. The customer's circumstances will also be taken into consideration on a case-by-case basis, prior to moving towards restricting their water supply.

Final decision

Submissions were supportive of the intent of this proposal. However, several water businesses commented that the statement that restriction is an action of last resort, implied that legal action was not. They identified the consequence of the proposed drafting could be water businesses

³³ Greater Western Water, submission received 26 July 2022.

³⁴ Suspension is the removal of a rural customer's access to any water ordering or request system for irrigation water.

reintroducing legal action at an earlier stage, or where legal action had not been part of a collection approach.

We also note that water restriction and legal action have been grouped together in past customer service codes and are grouped together in the hardship related guaranteed service level checklist. As it was not our intention to increase the use of legal action earlier under this standard compared to past codes, we have combined legal action with supply restriction as a measure of last resort.

Requirements around restriction and legal action to be a measure of last resort are set out in the new Water Industry Standard – Urban Customer Service clause 16.1 and new Water Industry Standard – Rural Customer Service clause 14.2

3.5.5. Limits to restriction and legal action

Since the introduction of the current customer service codes, the restriction/suspension and legal action threshold was amended once in 2010 from \$120 to \$200.

Draft decision

To better align with the energy sector and to reflect the change in water prices over the last decade, our draft decision proposed increasing the restriction/suspension and legal action threshold to \$300, which is the equivalent to an average quarterly water bill.

We also proposed, amending the limits on restriction and legal action, to clearly state that a water business cannot commence legal action or take steps to restrict a customer's water supply due to non-payment if the customer is receiving any form of assistance for payment difficulties under the new water industry standards.

Final decision

Consumer Action Law Centre suggested that the threshold be increased to \$600 as it believed that six months of average usage better guards against restriction due to a single unpaid billing cycle.³⁵

We note the views of Consumer Action Law Centre. However, our final decision is to set the threshold at \$300. As noted in our draft decision, we have historically set this threshold based on an approximate quarterly bill for a residential household in Victoria (owner-occupier).³⁶ The change in the limit under our final decision maintains this consistency.

³⁵ Consumer Action Law Centre, submission received 25 July 2022.

³⁶ [2022-23 Typical Household Bill Calculator](#)

We also note the updates in the industry standards that provide strengthened support for customers experiencing payment difficulty. This includes a new principle that restriction and legal action are measures of last resort, and new requirements for businesses to use proactive communication methods to engage with customers experiencing difficulty paying bills.

Requirements around limits to restriction and legal action are set out in the new Water Industry Standard – Urban Customer Service clause 16.2 and new Water Industry Standard – Rural Customer Service clause 14.3

3.6. Step in clause

As Victoria moves into a new phase of the pandemic, we considered whether to include a ‘step in’ clause in the new water industry standards to state when water businesses should not restrict a customer’s water supply in terms of a natural disaster, emergency, pandemic or state declared emergency.

Draft decision

In the draft decision we outlined our view that the consumer protections in the new water industry standards are clear enough that water businesses are aware of their obligations and allow a water business to respond appropriately and flexibly in response to challenges in their region. As a result, we did not propose to introduce such a clause.

Final decision

While Greater Western Water supported the inclusion of a step in clause in the code, it did not elaborate on the reason.³⁷ No other submissions commented on this topic. We remain of the view that new water industry standards provide appropriate protections for customers, including in times of a natural disaster, emergency, pandemic or state declared emergency. Our final decision does not include a step in clause.

³⁷ Greater Western Water, submission received 26 July 2022.

4. Amendments specific to new Water Industry Standard – Urban Customer Service

Some services continue to be more relevant to urban water customers than rural customers who receive non-potable water from rural service providers. Accordingly, some standards and conditions of service are specific to the new Water Industry Standard – Urban Customer Service.

4.1. Safeguards for residential customer support and collections in new Water Industry Standard – Urban Customer Service

Standards and conditions of service relating to customer support and collection include:

- Hardship related Guaranteed Service Level (reasonable endeavours) checklist
- Life support and other special circumstances
- Dishonoured payments
- Restriction and Legal Action

4.1.1. Hardship related Guaranteed Service Level (reasonable endeavours) checklist

The hardship related GSL (reasonable endeavours) checklist (reasonable endeavours checklist)³⁸ provided a threshold for water businesses' communication with residential customers to avoid water restriction where non-payment of the bill is due to payment difficulty. A guaranteed service level scheme is where a water business pays (or rebates) a pre-determined amount to an affected customer when it breaches specified service level obligations.

An urban water business must pay the hardship related GSL to a customer when it fails to take the steps set out in the reasonable endeavours checklist, prior to restricting their water supply.³⁹

Our review of the checklist is not intended to make it easier for businesses to restrict customers' water service.

³⁸ Essential Services Commission, *Hardship Related Guaranteed Service Level Review: Final Decision* (May 2012) <https://www.esc.vic.gov.au/sites/default/files/documents/454fcbdd-b465-48bd-9a17-2b3d3b8f7>.

³⁹ This is a self-administered scheme, although the commission does report on any compliance breaches in our annual performance reports and outcomes reporting.

Background

The hardship related GSL is defined as:

"Restricting the water supply of, or taking legal action against, a residential customer prior to taking reasonable endeavours (as defined by the ESC) to contact the customer and provide information about help that is available if the customer is experiencing difficulties paying."

This means that before a water business can restrict water supply to - or take legal action against - a customer, it must meet a minimum standard of contact with the customer to avoid a GSL payment. Under the current reasonable endeavours checklist, a water business must contact a customer via a personal visit or registered post letter prior to restricting the water supply of, or taking legal action against, a residential customer. However, these contact methods are clearly limited and inflexible.

During the review, our community and industry stakeholders stated that there is no 'one-size-fits all' approach to identifying and assisting customers who are having difficulty paying their bills. Industry stakeholders consider that the prescription of the reasonable endeavours checklist does not support — and in some instances acts as a barrier to identifying and engaging with — customers experiencing vulnerability.

For example, consumer representatives informed us that a registered post letter might not always be an effective means of communication for people experiencing financial hardship or vulnerability. Registered post is often considered synonymous with a 'shouting' message; the customer who receives it knows the message is not a good one, or feels the message is threatening, and therefore avoids collecting it. It can also be difficult for customers in regional areas to manage the travel time frequently required to collect registered mail.

Water businesses also stated that registered post is expensive to administer and less effective than other methods of contact.

Draft decision

Our draft decision proposed a new clause to replace the current reasonable endeavours checklist. The clause included a suite of communication methods water businesses could use to contact the customer, prior to restricting their water supply for non payment or taking legal action.

In proposing these amendments, we considered the intention of a 'reasonable endeavours checklist', which ensures that retailers make multiple, genuine, and meaningful attempts to contact customers before restricting their water supply or taking legal action. We also considered feedback from the water sector, community groups and community panel stating that broadening communication methods will provide greater flexibility in meeting the discrete communication

needs of customers. Specifically, the community panel noted that water businesses should communicate via the most appropriate method for the customer.

Final decision

The majority of submissions on this proposed clause were supportive of including the communication methods and of the drafting of the new clause. Consumer Action Law Centre in its submission was supportive of including modern communication methods such as emails and SMS as allowing customers time to absorb the information provided and contact their water business at their own convenience.⁴⁰ However, it considered that it was critical that customers can speak to someone in real-time. As a result, it recommended that one of the four contact attempts be a phone call or site visit. We agree with this and have amended the clause to require that at least one of the four contact attempts be by either phone call or site visit to the service address.

Consumer Action Law Centre also highlighted that it may be preferable to remove 'other forms of digital communication' from the list of methods of contact so that there is clarity around specific communication methods that can be used. While we had wanted to capture new communication methods, we agree that it would be beneficial to remove this method for clarity.

Yarra Valley Water suggested that instead of requiring that water businesses carry out the reasonable endeavours contact attempts within 90 calendar days commencing on the due date of the bill, the requirement be to carry out the reasonable endeavour contact attempts within a period of 90 calendar days prior to seeking to take legal action for non-payment or restrict water supply.⁴¹ One of the reasons we have used the payment date of the bill as a reference is for the benefit of customers to promote a stronger association between the collection action and the bill. We consider that water businesses will also benefit through having a clear anchor date to coordinate and implement their engagement attempts.

We have responded to this feedback with further changes to the clause that are outlined below. As with the current reasonable endeavours checklist, the requirements for personal contact via phone or personal visit may be undertaken by an authorised agent of the water business.

New clause 15.4 - Communication requirements

- (a) A water business must use reasonable endeavours to contact a customer and to offer payment assistance before it seeks to restrict water supply or take legal action to collect the debt.

⁴⁰ Consumer Action Law Centre, submission received 25 July 2022.

⁴¹ Yarra Valley Water, submission received 22 July 2022.

- (b) The reasonable endeavours must be carried out within a period of 90 calendar days commencing on the due date of the bill that has led to it seeking restriction or taking legal action.
- (c) The reasonable endeavours must include (but are not limited to):
 - (i) one attempt of personal contact using one of the following methods:
 - I. phone call inside business hours;
 - II. phone call outside business hours;
 - III. site visit to the service address; and
 - (ii) unless any attempt results in a complete conversation, at least three additional attempts to contact the customer, using two or more additional methods, including but not limited to the following types:
 - I. phone call inside business hours;
 - II. phone call outside business hours;
 - III. site visit to the service address;
 - IV. regular mail;
 - V. registered mail;
 - VI. email;
 - VII. SMS; and
 - (iii) sending a final notice.
- (d) At least one of the attempts in clauses 15.4 (c)(i) and (ii) must be made after the final notice is sent.
- (e) A water business must maintain records that are sufficient to evidence:
 - (i) the time and date of attempted contacts;
 - (ii) the type of contact attempted;
 - (iii) which customer service staff attempted contacts; and
 - (iv) whether attempt at contacts were successful and if so a short summary of discussions with customer including verification that information on payment assistance was provided by the business and the nature of commitments given by either party.

4.1.2. Life support and other special circumstances

Water businesses currently do not restrict a customer's water supply if they are aware that the customer or a person ordinarily residing at the property is on any form of life support.

Draft and final decision

To provide clarity and consistency, and to ensure this important customer protection is outlined in the new water industry standards, we proposed including a new clause clearly stating that a water business must have policies and procedures in place that enable it to identify these customers.

Feedback in submissions did not lead to any change from the proposal in the draft decision.

Requirements around life support and other special circumstances are set out in the new Water Industry Standard – Urban Customer Service clause 16.4

4.1.3. Dishonoured payments

The current Customer Service Code – Urban Water Businesses states that a water business may recover from a customer, an amount charged by the water businesses' financial institution due to a customer's cheque being dishonoured due to a customer having insufficient funds available when paying by direct debit.

Draft and final decision

Our draft decision proposed retaining this provision, however, in line with the water business' adapted approach to customer support throughout the pandemic, we proposed for residential customers that hold an eligible concession card or are receiving assistance under a water business' customer support policy, an urban water business must not charge the customer costs incurred by the water business as a result of a dishonoured payment. This will ensure those customers will not be impacted by additional charges on their account.

Feedback in submissions did not lead to any change from the proposal in the draft decision.

Requirements around dishonoured payments are set out in the new Water Industry Standard – Urban Customer Service clause 15.8

4.1.4. Restriction and Legal Action

In line with introducing the communication requirements into the new Water Industry Standard – Urban Customer Service, we proposed updating the conditions that must be met prior to a water business taking legal action or restricting a customer's water supply.

Draft and final decision

Our draft decision proposed clearly outlining that an urban water business must meet certain communication requirements, along with the requirement to notify the customer of the proposed restriction or legal action and ensure:

- the customer has been offered a flexible payment plan and the customer has refused or has failed to respond; or
- the customer has agreed to a flexible payment plan and has failed to comply with the arrangement.

Feedback in submissions did not lead to any change from the proposal in the draft decision.

Requirements around restriction and legal action are set out in the new Water Industry Standard – Urban Customer Service clause 16.5

4.2. Clarifying service and reliability standards around the minimum service levels a customer should receive– Urban Customer Service

Under the current customer service codes, urban water businesses must meet standards and conditions of service:

Our draft decision set out proposed changes, or new clauses relating to the following:

- service quality and reliability
- minimum water pressure
- guaranteed service level (GSL) schemes and
- service standards

4.2.1. Details of service quality and reliability and GSL amendments

Our draft decision proposed amending some of the clause headings to clearly describe the content under each of these clauses. The following table outlines the current and new headings for these clauses.

Current clause	Current heading	New clause	New heading
8.2	Delivery quality (flow rates)	17.2	Water supply (pressure or flow rate)
8.3	Testing	17.3	Water supply testing
8.4	Rectification	17.4	Water supply rectification
9.2	Unplanned interruptions – response'	18.3	Unplanned interruptions

9.4	Planned interruptions – information and response	18.4	Planned interruptions
13	Guaranteed Service Levels	20	Guaranteed Service Levels

In its submission, Greater Western Water provided feedback on the inclusion of pressure alongside flow rate as a measure of water supply quality.⁴² It stated that it prefers the use of minimum flow rate as it believes that this is easier for customers to understand and measure.

We acknowledge the importance of communicating with customers using language that is meaningful. We consider this approach in relation to either pressure or flow rate will give businesses the option to monitor (and report on) this service standard using the method it finds most appropriate. We made no change to the obligations proposed in the draft decision.

4.2.2. Service standards

The sections in the current customer service codes on service standards have not been updated since the release of the latest Water Industry Regulatory Order (WIRO) in 2014. In that time, we have introduced a new water pricing framework that requires businesses to report their performance against a bespoke set of customer outcomes.⁴³

More information about regulatory framework relating to service standards outcomes and guaranteed service levels is available in Appendix A.

Draft decision

Our draft decision proposed amendments to service standards to clarify for businesses and customers how the code aligns with our current economic and legislative frameworks.

We proposed:

- Adding a new clause ‘service standards’ (proposed clause 18.2 of the draft Water Industry Standard – Urban Customer Service) to clarify the intent of service standards. Under this proposed clause we define service standards as the service levels a typical customer should expect to receive.
- Changing the service standard targets to standing targets, rather than a set of annual targets for each year of the regulatory period. All but one urban water business has the same targets for

⁴² Greater Western Water, submission received 22 July 2022.

⁴³ See our Water Pricing Framework and Approach – Final Paper at <https://www.esc.vic.gov.au/premo-water-pricing-framework>.

each of their service standards for every year of the current regulatory period. Additionally, instead of using service standards to drive improvements in service levels, water businesses should use their outcome commitments to drive improvements. Therefore, under our new pricing framework, there is no need for service standards to have improving targets over the regulatory period as service standards should simply set typical service levels.

- Adding a statement that water businesses should review the targets under proposed clause 18.2 with customers periodically.
- Removing 'approved service standards' from the definitions list and changing all existing references to just 'service standards.' The term 'approved service standards' is a legacy term from the previous Water Industry Regulatory Order.
- Rephrasing three of the service standards so that they are presented in a way that is more meaningful to the customer and better fits with our definition of service standards.

Final decision

One submission on the changes in the services standards sought a stronger rationale for moving away from a consistent approach using historical performance.⁴⁴ We acknowledge that under the changes water businesses will still be aiming for a similar service target compared to the past. However, we consider the more customer centric language will lead to sufficient benefits to justify the change.

We received some feedback on the three rephrased service standards and have made minor changes. The final three rephrased service standards are outlined below:

⁴⁴ Yarra Valley Water, submission received 22 July 2022.

Current	Final
Number of customers experiencing more than 5 unplanned water supply interruptions in the year (number)	Maximum number of unplanned water supply interruptions a customer may experience in any 12-month period
Customers receiving more than 3 sewer blockages in the year (number)	Maximum number of sewer blockages a customer may experience in any 12-month period
Spills contained within 5 hours (per cent)	Maximum time taken to contain a sewer spill (minutes).

As an illustration, in the first line of the above table, instead of a service standard of the number of customers experiencing more than five unplanned water supply interruptions in the year the measure is instead the maximum number of unplanned water supply interruptions a customer may experience in a twelve-month period. The maximum number would be five.

Water businesses will have up to the start of their next price review period to update their service standards, their service standard targets and GSLs based on our regulatory pricing determination.

5. Amendments specific to the new Water Industry Standard - Rural Customer Service

Rural water businesses operate in a different environment to urban water businesses and the majority of their customers are businesses. New clauses or amended clauses in the new Water Industry Standard – Urban Customer Service which relate to residential customers only, have not been replicated in the new Water Industry Standard – Rural Customer Service.

To more accurately reflect the customer journey of a rural water customer, we moved the clauses in relation to quality and reliability of services and supply to the start of the new Water Industry Standard – Rural Customer Service and have retained the references to consultation with committees.

Our draft decision set out proposed changes to the following:

- Change of overuse policy to unauthorised use policy
- Service quality and reliability
- Performance reporting
- Guaranteed service level scheme

Feedback in submissions did not lead to any change from the proposal in the draft decision.

Clarifying service standards around the minimum service levels a customer should receive - rural customer service

Similar to our proposed amendments for the draft Water Industry Standard – Urban Customer Service, we proposed inserting a new ‘Service standards’ clause to clarify the minimum service levels a customer should receive. We require rural water businesses to define service standards and set a target for each of these. We also found that most of the existing urban and rural service standards have the same targets for every year of the current pricing period. By simplifying the presentation of service standards to a single standing target, this will help improve clarity for customers, and business should instead use outcomes to drive service improvements.

Unlike the common list for urban water businesses, rural water businesses currently have custom service standards and targets, reflecting the diversity in rural water services offered to customers. We identified a list of high-level service categories for service standards and ran a workshop with rural water businesses. This was done to share the intention behind our proposal, as well as hear feedback on what they would expect to see in a new clause. We heard from rural water businesses that they would like to retain flexibility in the service standards, so they could adopt measures that best reflect their customers’ range of service needs.

Draft and final decision

Our draft decision proposed retaining the existing approach not to develop a prescriptive list of service standards for rural water businesses. However, we did wish to make it clearer for any businesses or customers reading the draft, to understand what service standards are, and what they should cover. Our draft decision therefore clarified the definition. We included the following categories for service standards:

- Assessing and/or processing licensing and other administrative applications
- Responding to correspondence or complaints and providing information
- Providing a reliable water supply
- Any other customer-related areas.

Our draft decision also proposed updating 'approved service standards' to just 'service standards', as 'approved service standards' is a legacy term from the previous WIRO. In addition, we proposed updating the wording for Schedule 1 that sets out each water business' service standards.

Feedback in submissions did not lead to any change from the proposal in the draft decision.

Water businesses will have up to the start of their next price review period to update their service standards, their service standard targets and GSLs based on our regulatory pricing determination.

6. Amendments to the definitions in the new Water Industry Standard – Urban and Rural Customer Service

We reviewed all definitions in our water customer service codes to update references and to ensure consistency across our regulation areas.

In our draft decision we consulted on existing and current and proposed definitions.

Feedback in submissions led to only one change, which was the definition for ‘flexible payment plan’ and which has been addressed in 3.2.1 of this decision paper. We made no other changes from the proposal in the draft decision.

The following tables set out our final decision on definitions.

Current definition	New definition	Industry standard
<p>“complaint” a written or verbal expression of dissatisfaction about an action, proposed action, or failure to act by a water business, including a failure of the water business to observe its published policies, practices, or procedures.</p>	<p>complaint means a written or verbal expression of dissatisfaction about an action, proposed action, or failure to act by a water business, its employees, or contractors, requiring a resolution (as per AS/NZS 10002:2022).</p>	Urban and rural
<p>“enquiry facility” a telephone call centre and may also include an on-line information facility or an over-the-counter information service.</p>	<p>enquiry facility means a telephone call centre, an SMS service, or MMS service, on-line information facility or over-the-counter information service.</p>	Urban and rural
<p>“health regulation” includes the Safe Drinking Water Act 2003, the Food Act 1984, the Health (Fluoridation) Act 1973 and other applicable requirements of the Department of Human Services.</p>	<p>health regulation includes the Safe Drinking Water Act 2003, the Food Act 1984, the Health (Fluoridation) Act 1973 and other applicable requirements of the Department of Health (or any successor).</p>	Urban only
<p>“interruption” means in the case of a customer’s water or recycled water supply, a total</p>	<p>Interruption means in the case of a customer’s water or recycled water supply, a total loss of water supply due to any cause. Does not include those caused by bursts or</p>	Urban only

loss of flow from a water business to a customer.	leaks in the property service connection (mains to meter) unless the burst or leak requires the mains to be shut down for repair. For clarity, an interruption includes a loss of recycled water supply to a residential property where toilet flushes and laundry are not possible.	
“ planned interruption ” means a scheduled interruption to a service to a customer which is caused by a water business to allow routine maintenance or augmentation to be carried out.	planned interruption means an interruption for which the water business has provided the required notification to the customer of at least two business days in advance.	Urban only
	planned interruption means an interruption for which the water business has provided the required notification to the customer of at least five business days in advance.	Rural only
“ restrict ” means to physically reduce the flow of water	restriction means the water business’ installation of a device to limit the flow of water from the meter to a customer’s property due to non-payment by a customer.	Rural only
“ unplanned interruption ” means an interruption to services to a customer caused by a fault in the water business’s system or a fault which is the maintenance responsibility of the water business.	unplanned interruption means an interruption where the customer has not received notification from the water business or where a planned interruption exceeds the duration estimated.	Urban and rural

Term	New Definition	Industry standard
digital format	A digital communication method that is provided by a water business for the purpose of the sending of bills and other service related communications with the agreement of the customer.	Urban and rural
E-bill	A bill that meets the requirements of clause 6.5 of this industry standard.	Urban and rural
flexible payment plan	A plan agreed between a water business and a customer in relation to amounts owing to the water business, which complies with the requirements of clause 7.2.	Urban and rural
restriction	The water business’ installation of a device to limit the flow of water from the meter to a customer’s property due to non-payment by a customer.	Urban only

sanitary drain	A line of pipes including all fittings, conveying, or intended to convey sewage or trade waste from a building or structure on a serviced property to the sewer main of a water corporation.	Urban only
self-read	A reliable method of water meter reading selected and undertaken by a customer for their property that is approved by the water business.	Urban and rural
small business customer	A non-employing business (including sole proprietorships and partnerships without employees) or a business employing fewer than 20 people which has an active Australian Business Number.	Urban and rural
Statement of Obligations	Obligations for a water business issued by the Minister for Water under section 4I of the <i>Water Industry Act 1994</i> , in relation to the performance of water business's functions and the exercise of its powers.	Urban and rural
usage only payment plan	A payment plan where the customer only pays for usage charges over a period agreed by both the water business and the customer and that suspends or waives the other charges during and/or before that period.	Urban only
Utility Relief Grant Scheme	The grant by that name administered by the Department of Families, Fairness and Housing (or any successor).	Urban only

7. Amendments to the definitions in the new Water Industry Standard – Trade Waste Customer Service

We have also made administrative changes to the Water Industry Standard – Trade Waste Customer Service. This includes changing its name from a code to an industry standard, updating references in the text from 'code' to 'industry standard' and updating relevant clause references from the Urban Customer Service Code to the new Water Industry Standard – Urban Customer Service.

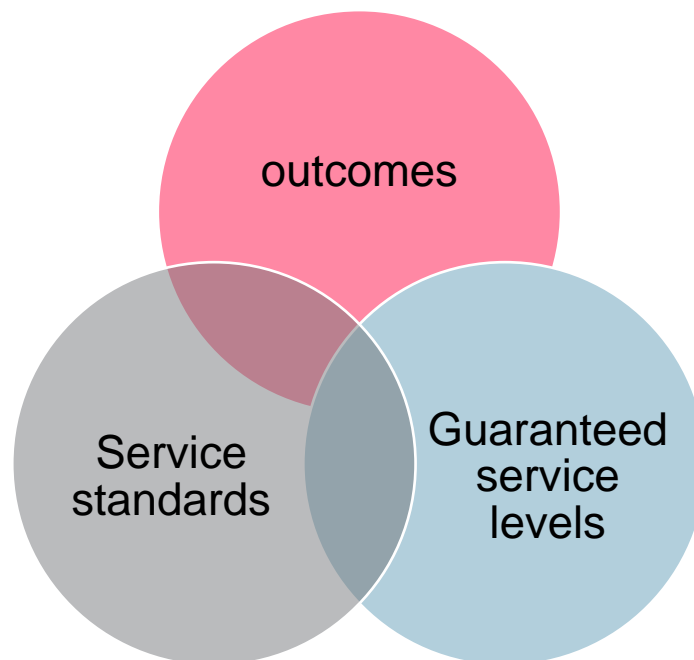
Appendix A - Regulatory framework relating to service standards outcomes and guaranteed service levels

Defining and monitoring service delivery

Our economic and legislative frameworks provide three distinct avenues for water businesses to define and monitor service delivery:

- Outcomes – water businesses should use their outcome commitments to drive improvements in service areas that customers value most. As part of our regular water price reviews, water businesses must engage with their customers to identify the services they value most and develop measures, targets and implementation plans to monitor their service delivery.
- Service standards – service standards help set customer expectations of service delivery. Rather than driving improvements in various service areas that are informed by customer priorities, service standards are minimum service levels that customers can expect to receive from their water business in relation to water and sewerage service quality and reliability.
- GSLs – a guaranteed service level scheme recognises when a customer receives a level of service that is worse than a predetermined level. A breach of a guaranteed service level automatically triggers a payment or rebate to the impacted customer or customers.

Typically, there may be some overlap between these three types of service measure, represented in the following diagram. This will vary between businesses and service areas.



Businesses should develop and review their service expectations in consultation with their customers, choosing the most appropriate service measure for the type of behaviour and business process they are trying to incentivise and steward. We do not expect water businesses to have outcomes, service standards and guaranteed service levels for every service they provide.

To clarify the differences between these three areas for monitoring service delivery, and to ensure consistency with our current economic and legislative frameworks, we proposed a number of clarifications in the draft water industry standards. The information is already largely present, but it is distributed across different reports addressing price, current customer service codes and framework reviews.