



8 April 2019

Mr J Dimasi  
Senior Commissioner  
Independent Competition Regulatory Commission  
PO Box 161, Civic Square  
CANBERRA CITY ACT 2608

Dear Mr Dimasi,

*Joe*

### **Consumer Protection Code review – additional responses**

We refer to the information requests issued by the Commission in relation to particular aspects of the current review of the Consumer Protection Code. We appreciate the opportunity to provide this further information.

As with our submission, Icon Water is pleased to contribute to the important public discussion on these matters and we are not claiming that any part of this response is confidential. We are comfortable with you publishing this response on the Commission's website along with the other public submissions.

#### **Unit title billing**

The Commission requested the following information:

- *Whether charging Unit owners directly would assist Icon's debt position*  
Non-payment of accounts by owners' corporations is not a significant issue for Icon Water. This would not be a driver for Icon Water to change the process.
- *Icon's views on the apportionment methods offered in SA, and the default method being equal share across all units (not based upon unit entitlement)*

Of the three methods to apportion water consumption charges available in SA as set out in your information request, Icon Water prefers the third method of a single bill to the owners' corporation, as is the current practice in the ACT where individual units are not separately metered. Unit owners are issued invoices directly for water consumption where there is a separate Icon Water meter for their individual unit.

Of the other two, the method of equal share across all units would be slightly easier to implement in our current systems. This method would still be a complex process to implement as outlined below. Further, we would be concerned that the equal sharing of water consumption charges may introduce a new level of unfairness for unit owners as the water consumption charges are currently allocated by owners' corporations according to unit entitlement.

- *Estimate of the magnitude of billing system changes that would be required to implement apportionment, noting that Unit Title Holders are already charged directly for the supply charge*

Although unit title holders are already charged directly for the supply charge, the billing system would require significant changes to also apportion consumption charges. In addition, if the system was required to have the ability to support multiple options, this would introduce further complexity into both the system design and testing, and training of customer service staff.

The process for introducing a change of this nature would include the need for building new parts of the system and comprehensive testing to ensure it was effective and able to be implemented without causing billing errors for customers. It would also include the need for increased governance and exceptions testing to ensure ongoing effectiveness.

The billing system currently services ActewAGL gas and electricity customers as well as water customers. Introducing changes of this nature for water could potentially impact on the development of gas and electricity bills also and would increase the amount of testing required to ensure that there were no unintended consequences. Every subsequent change of any nature to charging arrangements would also have to be tested against all three services; reducing the ability to realise synergies from a shared billing system.

- *Any additional commentary, comments & views on the South Australian scheme, or strata billing in general*

Icon Water has only received one enquiry from a customer in relation to direct billing of water consumption charges. There are other customer concerns with unit billing that are raised with us more frequently. In particular, customers in units sometimes express concerns regarding the fair allocation of water consumption charges and the desire for separate metering.

Over the last 12 months Icon Water has undertaken a review of unit metering to investigate ways to separately meter individual units. In the first instance, any change would only apply to new unit complexes but it is possible with further technological developments that this may become available for existing units also.

Icon Water acknowledges the benefits of separate metering for unit owners and the price signal this would send regarding the efficient use of water. In these circumstances, we would prefer to retain the current billing system and focus our time and efforts on continuing our investigations of ways to move towards separate unit metering.

### **Reliability payment**

The Commission requested the following information:

*Icon Water's current system capabilities to identify customers (or properties) that have had multiple unplanned water interruptions over a 12 month period*

Yes, Icon Water's current system has this capability. See our responses below.

- *Icon Water's current system capabilities to identify customers (or properties) that have had multiple sewage spills within a property due to Icon's network with a 12 month period*

Icon Water's system identifies sewage spills inside a customer's dwelling. However, sewage spills can be caused by issues with the customer's own internal plumbing and not necessarily issues with our network. See our responses below on the number of occurrences, noting that this data is for all sewage spills inside a dwelling where Icon Water is notified regardless of the cause.

- *Potential costs, system changes and implementation timeframes required to capture and monitor information required by questions 1 and 2 above*

Not required as currently captured.

- *For each year 2016-17, 2017-18 and 2018-19 (to date), please provide:*
  - *Number of properties (customers) that have experienced 3 or more unplanned interruptions in that year*
  - *Number of properties (customers) that have experienced 5 or more unplanned interruptions in that year*
  - *Number of properties (customers) that have experienced 2 or more sewage spills within a property due to Icon Water's network in that year*

#### Water Supply Multiple Visits

Repeat visits for water supply predominately relate to interruptions from burst water mains. The average duration of an unplanned water supply interruption is 119.7 minutes. Icon Water provides a better level of service compared to the average of 134 minutes for major utilities in Australia (NPR 2018).

<b>Indicators</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 (to end Feb)</b>
Properties with 2 unplanned interruptions (#)	1,692	1,330	510
Properties with 3 unplanned interruptions (#)	180	393	70
Properties with 4 unplanned interruptions (#)	3	54	1
Properties with 5+ unplanned interruptions (#)	0	12	0

#### Sewer multiple visits

Unplanned sewer interruptions relate to sewer chokes which are predominately caused by tree roots. Please note that these figures are only interruptions and not specifically a sewage spill within a property. The average duration of an unplanned sewer interruption is 151.4 minutes.

<b>Indicators</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 (to end Feb)</b>
Properties with 2 unplanned interruptions (#)	235	287	225
Properties with 3 unplanned interruptions (#)	38	41	34
Properties with 4 unplanned interruptions (#)	8	11	4
Properties with 5+ unplanned interruptions (#)	3	4	2

Below is data on the number of sewer surcharges inside a customer dwelling.

<b>Indicators</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 (to end Feb)</b>
Number of sewer surcharges inside customer dwelling	6	9	4

Icon Water responds to all surcharges inside a customer dwelling, regardless of whether the cause is in the customer's internal plumbing or external to the customer's premises in the Icon Water network. We provide helpful, expedient and respectful service to building occupants and owners who are facing such an event. The area is disinfected and, where required, an investigation is conducted to determine the probable cause and conditions that may have contributed to the surcharge.

- *Any proposed reliability MSS or models that Icon Water think would be appropriate for the ACT, and any other commentary in regards to customers receiving direct recognition in instances of poor reliability*

In relation to the potential of including a service standard payment for water and sewerage reliability, Icon Water would suggest that such a payment should not be introduced at this time as additional customer engagement would be required to obtain a clear understanding of customers' expectations of water and sewerage services. Our preference would be to focus on providing a meaningful response to customers at the time of the interruption which minimises the impact for the customer. This includes steps such as ensuring that an alternative source of drinking water is made available to customers affected by a water main burst. One concern that we would have with proposed payments for multiple unplanned interruptions is that these would have to be made at the end of the financial year (when the number of events is known) and may not be meaningful to a customer who experienced multiple interruptions early in the financial year.

In addition, our current maintenance and replacement programs are informed by an assessment of the best balance between the cost of the required works, the risk of asset failure and performance of our assets which already takes into account the impact of multiple incidents at a customer's property.

## Automatic payments of rebates

Icon Water agrees that it should work towards providing customers automatic payment of the rebates where the service levels are not met, with the already agreed exception for emergencies and events outside our control. The Commission requested the following information:

- *Icon Water's current system capabilities to proactively identify customer's where the minimum standards have not been met*

Icon Water does not currently have system capabilities to proactively identify affected customers and apply a rebate.

- *Potential costs, system changes and implementation timeframes required to enact automatic payments; either through bill credits or alternative models such as sending cheques*

Icon Water is currently working towards implementing a new asset management system. The new system will have the capability to capture the data in instances where the current service standards have not been met. Further modification will be required to extract the data but we anticipate that this can be done relatively easily.

In addition, the billing system will require minor amendments that can be done in-house. The cost will be time and resources to test the system before deployment to ensure that it works effectively and does not have any unintended consequence on other aspects of the billing process. We estimate the coding and testing process will require at least one month.

Subject to the successful completion of the new system implementation, Icon Water anticipates being in a position to begin proactive payment of service rebates by early 2020.

- *Any alternative proposals that Icon Water may have to ensure that customer's receive rebates in recognition of Icon Water not meeting the minimum service standard*

Icon Water has recently updated its website to provide more comprehensive information regarding the availability of rebates. A dedicated page has been setup so customers are now able to access information and eligibility criteria on a variety of rebate schemes. In addition to this, Icon Water processes for call centre operators and complaint handlers have been amended to proactively discuss and apply service rebates where appropriate.

Please do not hesitate to contact us should the Commission wish to clarify any of our comments or seek further information.

Yours faithfully



Ray Hezkial  
Managing Director