



1 February 2019

Joe Dimasi
Senior Commissioner
Independent Competition and Regulatory Commission
PO Box 161
Civic Square ACT 2608

Dear Mr Dimasi

A handwritten signature in black ink that reads "Joe".

Submission on Consumer Protection Code (Code) review

Thank you for the opportunity to make a submission in response to the issues paper on the Consumer Protection Code Review issued by the Commission on 29 November 2018.

Icon Water acknowledges the importance of this review and supports the goal of ensuring that the consumer protections are appropriate and meaningful and support the broader objectives of the *Utilities Act 2000*. We also recognise the importance of customer engagement by both the Commission and the utilities to inform the need for any potential changes in this area.

Another goal which Icon Water would promote for this review is to ensure that the Code identifies required outcomes but enables sufficient flexibility in how each utility meets the requirements. For example, we would suggest that the Code ought not be overly prescriptive regarding the ways in which utilities provide important information to its customers. This will enable Icon Water to maintain effective relationships with our customers, gain insights into their preferences and adapt to the changing needs of the customer.

Our comments on those priority issues identified in the issues paper which relate to our activities are outlined below. Icon Water offers these views to contribute to the important public discussion on these matters in its role as a valued partner in our community. As such, we are not claiming that any part of our response is confidential and are happy for it to be published on the Commission's website.

Should the Commission wish to clarify any of our comments or to seek further information, please do not hesitate to contact us.

Yours faithfully

A handwritten signature in black ink that reads "Ray Hezkia".

Ray Hezkia
Managing Director

Comments on priority issues

ACT minimum service standards and rebates

Q4 Are the rebate values for failure to meet the minimum service standards outlined in schedule 1 of the Code still appropriate?

On the face of it, current rebate values appear reasonable when compared to other jurisdictions. However, at the appropriate time, it would be useful to perform a broader review of the rebate values, and possibly consider this in the context of incentives too.

Rebates can serve two interrelated objectives:

1. compensate customers for service interruptions
2. provide the utility with an incentive to maintain or exceed service standards.

Given the extensiveness of the exercise, such a review should be part of a larger customer engagement exercise and may be best suited to coincide with a price review process.

In the meantime the current rebate values appear appropriate.

Q5 What is an appropriate methodology to review rebate values? What factors should be considered?

It may be economically efficient to compensate customers for a deterioration in service standards by an amount equal to customers' willingness to pay for those services. This compensation may also provide Icon Water with an efficient incentive to maintain service standards at a level that reflects the value to customers. Other non-economic factors will need to be considered as well.

Customer engagement is the key input to be used in reviewing rebate values, and a subsequent jurisdictional comparison could be used as a sense-check.

A CPI-adjustment could be included to ensure rebate values do not decline in real terms.

Minimum standards and rebates in other jurisdictions

Q6 The Code currently outlines the same minimum service standards and rebate values for all utility services (e.g. connection times, maximum interruption duration). Should the minimum service standards and rebates be the same for electricity, gas and water services?

Minimum service standards and rebates could be the same for electricity, gas and water services, however the implications for a water customer compared to an electricity and gas customers could be different depending on the individual circumstances.

If willingness to pay is an appropriate basis for setting rebate values, then it is reasonable to expect that rebates would differ between electricity, gas, water. For example, an electricity interruption will have different impacts on customers than a water service interruption.

Customer engagement will be key to understanding the specific service needs and expectations of water and sewerage customers.

Q7 Are the current minimum service standards appropriate for the ACT? Please indicate where standards may not be appropriate and how they could be improved.

Icon Water's customer notification process ensures a consistent approach to communicating planned works to our customers. Our maintenance works are planned to ensure customers are not inconvenienced for longer than is necessary or alternative water supply sources are obtained. For that reason, we believe the current minimum standards are appropriate.

Consumer awareness of the Code and availability of rebates

Q8 How can customers be made adequately aware of the Code and minimum service standards? How often and who should be responsible for making customers aware and what are the appropriate channels (e.g. website, letter, media)?

Customers can generally be made aware of the Consumer Protection Code and minimum service standards via multiple methods and at numerous stages throughout their customer journey. When initially entering into a standard customer contract, details of the Code and associated service standards can be referenced in welcome communications, company websites and associated customer charters and commitment statements.

Additionally, as most customers will be more engaged on the topic when it affects them, customers and consumers should be proactively informed of the standards and rebates process when engaging with the organisation through the service recovery journey.

Q9 Should utilities be required to automatically make a payment directly to the account-holder (i.e. via the retailer) when they fail to meet a standard, rather than a customer having to be aware of and apply for a rebate?

Icon Water believes automatically making payment to the account holder may not always provide compensation to the impacted consumer and recommends this approach not be prescribed for water utilities. Icon Water issues water and sewerage invoices in the name of the land owner, and in the instance where a consumer who is not the land owner is impacted, automatic delivery of compensation through the invoice may not reach the intended recipient. Icon Water holds details of the land owner only and has no recourse for proactive contact with, or issue of rebates to, non-owner occupiers.

Icon Water would ensure impacted customers and consumers are proactively informed of the standards and provided with the associated rebates when in contact with the organisation.

Hardship policies and processes

Q12 Should the Code require water utilities to have a hardship policy, and if so what elements should it cover?

Icon Water would welcome the requirement for a hardship policy to be incorporated within the Code, however, the form and structure of any hardship policy should be shaped by the utility as it will be guided by customer relationships, ongoing insights and preferred communication channels. Although Icon Water already offers a hardship program, the addition of further protections can only be advantageous to our financially vulnerable customers. It is recommended such a policy encompass residential customers only. It is anticipated small business customers experiencing financial hardship would by extension have

difficulty with personal accounts and would therefore be eligible. It is also Icon Water's view that a hardship policy for large business consumers would not advantage the wider community.

Below are some high level hardship eligibility criteria for consideration when creating such a policy:

- loss of the customer's or family member's primary income, unemployment / redundancy
- relationship breakdown issues
- physical and mental health issues
- the loss of a spouse or a loved one
- chronic illness of self or family member
- budget management issues associated with low income
- business loss/ failure
- any other unforeseen factors resulting in a customer's capacity to pay such as a reduction in income or an increase in non-discretionary expenditure
- have a balance which cannot be paid by the next invoice issue date
- an active residential account.

Undercharging and billing practices

Q13 For consistency across utility retail services, should the undercharging provisions in the Code be reduced to nine months?

Icon Water believes that the current standard of undercharging provision of twelve months should be retained as this allows all four seasons to pass. This is often a useful mechanism to assess the reasonableness of each quarterly bill.

Discussions with multiple other Australian water utilities indicates that twelve months is industry standard.

Q14 Are bill smoothing provisions required in the Code, including to cover water services? Please provide reasons for your answer.

Icon Water believes management of bill smoothing should sit within the organisation. Flexibility in payment arrangements, including bill smoothing, is paramount to providing an individualised and tailored service to our customers. If the code prescribes how this service is to be delivered and managed, Icon Water loses the ability to update and change this option as required to meet the changing needs of customers.

Inspection of assets at customer requests

Q16 Are there adequate existing mechanisms for customers to request inspection of utility assets on their property? If not, should asset inspection be covered in the Code and what limitations should be placed on the right (e.g. such as number of inspections over a set timeframe, applying to certain types of assets only)?

Adequate mechanisms exist for customers to request inspection of utility assets on their property in the Water Metering Code Dec 2000 and Icon Water's Standard Customer Contract which allow:

- the utility to carry out a check reading to check the accuracy of a meter reading for each account period. The fee for additional check readings are listed in Icon Water's schedule of charges

- Icon Water to provide up to date information to allow the customer to carry out basic meter readings instead of requesting further check readings or meter testing
- the customer to own and maintain the meter box and lid to ensure public safety
- the customer to request an independent test at the customers' expense to determine the meter is functioning within accepted limits
- Icon Water the option to test the meter/s on the customer's property at Icon Water's cost.

Consumption charges in unit title properties

Q17 What type of considerations are relevant to deciding whether there would be a benefit in amending the Code to allow owners' corporations to request water utilities to directly charge usage to unit title owners (similar to the South Australian provisions?)

Icon Water appreciates and understands the sentiment behind allowing owners' corporations to request water utilities to directly charge usage to unit title owners and is aware of widely varied approaches to this topic across Australia. Icon Water recommends a detailed review of the South Australian model and other alternative models be undertaken prior to prescribing such changes within the Code. Items such as the below need to be investigated and assessed before Icon Water can put forward a considered response to this query:

- preferred model
- cost to implement and any associated fee structures
- cost for ongoing management and maintenance
- consumer uptake
- update parameters (for example: restrictions on number of times per year changes can be made to allocation percentages)
- complaint volume and policies regarding disputes between unit title owners.

This would be a significant change in the ACT and would require specific changes to our billing system. The change would deal with the issue of GST being added to water consumption, however, unless units are individually metered it does not address another issue which affects unit owners of different rates of water usage across units.

