



Government of **Western Australia**  
Department of **Water**

# The Water Services Customer Code

Discussion paper for public comment

September 2012

*Looking after all our water needs*





Government of **Western Australia**  
Department of **Water**

# The Water Services Customer Code

Discussion paper for public comment

Looking after all our water needs

Department of Water

September 2012

Department of Water  
168 St Georges Terrace  
Perth Western Australia 6000  
Telephone +61 8 6364 7600  
Facsimile +61 8 6364 7601

National Relay Service 13 36 77  
www.water.wa.gov.au

© Government of Western Australia

September 2012

This work is copyright. You may download, display, print and reproduce this material in unaltered form only (retaining this notice) for your personal, non-commercial use or use within your organisation. Apart from any use as permitted under the *Copyright Act 1968*, all other rights are reserved. Requests and inquiries concerning reproduction and rights should be addressed to the Department of Water.

ISBN 978-1-921992-41-4 (online)

### **Acknowledgements**

The Department of Water would like to thank the following for their contribution to this publication: members of the Water Services Customer Code Working Group, Economic Regulation Authority, Department of Commerce, Department of Local Government, and the Legislation and Legal Services Branch of the Department of Water.

### **Disclaimer**

This document has been published by the Department of Water. Any representation, statement, opinion or advice expressed or implied in this publication is made in good faith and on the basis that the Department of Water and its employees are not liable for any damage or loss whatsoever which may occur as a result of action taken or not taken, as the case may be in respect of any representation, statement, opinion or advice referred to herein. Professional advice should be obtained before applying the information contained in this document to particular circumstances.

*This publication is available at our website <[www.water.wa.gov.au](http://www.water.wa.gov.au)> or for those with special needs it is available in alternative formats such as audio, large print, or Braille.*

# Contents

Contents .....	iii
Invitation to comment .....	v
List of principles.....	vi
<b>1 Introduction.....</b>	<b>1</b>
1.1 Purpose of the discussion paper .....	1
1.2 Why have a code of conduct? .....	1
Codes in other industries and jurisdictions .....	2
1.3 Approach to developing the code.....	2
Water Services Customer Code Working Group (WSCCWG).....	2
Issues paper .....	3
Consultation and feedback .....	3
Discussion paper .....	3
Getting the code in place.....	3
Timeline .....	3
<b>2 Background and context.....</b>	<b>4</b>
2.1 Current licensing requirements .....	4
Customer service charters.....	5
2.2 The Water Services Bill .....	6
2.3 The Water Services Customer Code.....	7
<b>3 Proposed contents of the code.....</b>	<b>9</b>
3.1 Preliminary.....	9
Title .....	9
Authority .....	9
Commencement and transitional arrangements .....	9
Interpretation .....	10
Definitions.....	10
Application (to whom the code applies and relates) .....	10
Customers, occupiers and complainants.....	12
Amendment and review.....	14
Variation from the code (contracts and agreements).....	14
3.2 Connection.....	16
Conditions of connection .....	16
Obligation to connect within a certain timeframe .....	16
3.3 Billing .....	17
Billing cycle.....	17
How bills are issued.....	18
Contents of a bill – particulars on each bill .....	18
Basis of bill – metering (applies to metered services only) .....	19
Accuracy of meter readings and meter testing (applies to metered services only).....	20
Leaks and leak allowance (applies to drinking water services only) .....	21
Special meter reading and bill .....	21
Review of bill, under-charging and over-charging.....	22
3.4 Payments.....	22
Due dates for payment .....	22
Minimum payment methods.....	23
Direct debit, payment in advance, absence or illness.....	23
Late payments - overdue accounts, penalty interest and late payment fees .....	23

Debt collection .....	24
3.5 Payment difficulties and financial hardship .....	24
Payment difficulties.....	25
Financial hardship (residential customers only).....	26
Review of hardship policy .....	27
3.6 Restrictions and disconnection (drinking water supply services only).....	27
3.7 Restoring supply (drinking water supply services only) .....	29
3.8 Information and communication .....	30
General information provision.....	30
Specific considerations regarding information .....	31
3.9 Complaints and dispute resolution .....	32
3.10 Information retention and reporting .....	33
3.11 Service and performance standards .....	34
4 Elements not covered in the code .....	36
4.1 Customer consultation.....	36
4.2 Marketing .....	37
4.3 Shortened billing cycle.....	37
4.4 Works and maintenance.....	37
4.5 Customer charters .....	38
4.6 Service standard payments.....	38
List of shortened forms .....	51
References .....	52

## Appendices

Appendix A - Codes of conduct in Australia .....	40
Appendix B - Members of the WSCCWG .....	42
Appendix C - Terms of reference for the WSCCWG .....	43
Appendix D - List of licensed water service providers .....	44
Appendix E - Definitions identified by the WSCCWG .....	45
Appendix F - Excerpt from <i>Local Government Act 1995</i> .....	47
Appendix G - Excerpts from <i>Rates and Charges (Rebates and Deferment) Act 1992</i>	48
Appendix H - List of information provision requirements for the WSCC .....	49

## Tables

Table 1: Minimum bill contents for all WSPs.....	19
Table 2: Minimum bill contents for metered water services only.....	19

## Invitation to comment

The Department of Water is preparing a code of conduct for licensed water service providers (WSPs) – the Water Services Customer Code (WSCC). Under the new Water Services Bill (the Bill), the code's status will be that of subsidiary legislation.

The WSCC's primary intent is to ensure a minimum standard of service for customers in the water industry. Having a customer service code will align the Western Australian water industry with other jurisdictions and industry sectors in Australia.

The department is consulting extensively throughout this project to help achieve a balanced and fair outcome for both customers and water service providers.

We welcome your comments on this paper. When making a submission please include details such as the chapter, heading and page number or the principle number you are commenting on.

If you wish your submission and identity to remain confidential, clearly print the word 'confidential' on the top of each page of your submission.

The department will consider all submissions in a statement of response.

Please send your comments to:

*Legislation and Legal Branch  
Department of Water  
PO Box K822  
Perth WA 6842*

You can also email us at <[customercode@water.wa.gov.au](mailto:customercode@water.wa.gov.au)>

Comments close by 5 pm, Tuesday 2 October 2012.

For information on the Water Services Customer Code, please email [customercode@water.wa.gov.au](mailto:customercode@water.wa.gov.au) or contact Tammy Ng on (08) 6364 6867.

## List of principles

The following is a summary of the department's principles on the proposed elements of the WSCC. Refer to chapters 2 and 3 of this paper for explanations of and the background to these principles.

### ***Principle 1***

The WSCC will apply to all licensed water supply (drinking water and non-potable water), sewerage, irrigation and drainage services. Irrigation cooperatives providing water services to their members are excluded, but services provided to customers will be subject to the code.

Technical service standards will not be part of the code. It will also exclude trade waste removal; it is proposed that other codes will apply to these services.

### ***Principle 2***

The code will relate to all customers of licensed Water Services Providers (WSPs) that provide a service to which the code applies (water supply, sewerage, drainage) throughout Western Australia. Both residential and non-residential customers are included, except those who have a commercial contract. No distinction will be applied based on the amount of water used. Hardship provisions and concessions do not apply to non-residential customers.

### ***Principle 3***

The review period for the code will be five years, or as required and determined by the Economic Regulation Authority (ERA).

### ***Principle 4***

The code will confirm the Bill provisions that agreements can vary standard terms and conditions of water services and outline to what extent this can occur (e.g. which conditions or clauses of the code can be changed). Agreements must be in writing, specifying any variations and confirming that all other code provisions still apply.

### ***Principle 5***

WSPs must outline their conditions for connection in a document and make it available on their website and in writing, on request.

### ***Principle 6***

The code will require WSPs to connect customers within a reasonable timeframe for standard connections: 10 business days in the metropolitan area and 20 business days in regional and remote areas unless otherwise agreed with the customer.



**Principle 7**

The code will require WSPs to bill fixed charges at least annually, allowing local government authorities (LGAs) to send their fixed charges together with the property rates – as per the *Local Government Act 1995*.

Usage charges must be billed at least six-monthly based on meter readings.

**Principle 8**

The code will require WSPs to issue bills to the supply address or to another address or electronic address, on request.

**Principle 9**

The code will require the minimum contents listed in tables 1 and 2 to be shown on a customer bill (where relevant).

A transitional period of 24 months enables adjustment of billing systems.

**Principle 10**

The code will refer to the aspects relevant to billing; that is, frequency of meter readings, estimated bills and request of special meter readings.

**Principle 11**

The code will continue the practice of making meter tests available to customers who are prepared to pay upfront. The fee is reimbursed if the meter is found to be faulty.

Information about meter checks will form part of the information provision obligations for WSPs. They will be required to publish a dispute resolution process on their website and make it available in writing on request.

**Principle 12**

The code will make it mandatory for WSPs to have a leaks policy, standard or guidelines that set out the basic conditions for granting an allowance.

The leaks policy/guidelines must be available on the WSP's website and on request.

**Principle 13**

The code will enable customers to request special meter readings and bills.

**Principle 14**

A WSP must review a bill on request and follow certain procedures, such as advising on meter testing and dispute resolution if the bill is correct and reconciling the difference if it is incorrect.

WSPs can recoup undercharged amounts for the 12 months before notification and must offer the customer a repayment plan. The time limit on reimbursing overcharged

amounts is legally limited to bills of the current year plus five. The customer can choose between different reimbursement options.

### **Principle 15**

The code will set the due date for payments to at least 14 days from the date of issue of a bill.

### **Principle 16**

The code will prescribe that WSPs must offer all of the following payment methods to their customers for paying their water accounts: 'direct debit', 'Centrepay', 'electronically' (via internet or telephone) or 'by mail'. WSPs may choose to offer additional payment options. They must inform customers beforehand of any additional charges or fees.

### **Principle 17**

The code will require WSPs to obtain 'verifiable consent' for direct debits, accept advance payments and redirect bills to a third person on request.

### **Principle 18**

The code will set consistent terms for issuing late payment notices.

### **Principle 19**

WSPs cannot recover debts if customers are being assessed for their inability to pay or are already making payments under a payment plan.

### **Principle 20**

The code will require WSPs to assess whether a customer is experiencing short-term payment difficulties or more enduring financial hardship when that customer contacts them with payment problems. During this process, the customer can request the temporary suspension of action.

For customers experiencing payment difficulties, the code will prescribe the assistance to be offered, such as flexible alternative payment arrangements (additional time to pay bills on interest-free terms with all conditions specified) or information on further financial assistance, if needed. Provisions for LGAs may need adjusting.

WSPs must offer flexible payment arrangements to business customers who experience payment difficulties.

### **Principle 21**

WSPs will develop their financial hardship policy in accordance with the requirements set out in the ERA's *Financial hardship policy guidelines*.

LGAs may require some special provisions or adaptations.

The code will also require WSPs to give details of the hardship policy to relevant parties and keep certain records.

### ***Principle 22***

The code will require WSPs to review their hardship policies every two years, consulting with consumer representative organisations in the process.

The ERA will assess the policy against its financial hardship policy guidelines.

### ***Principle 23***

WSPs must use 'best endeavours' to contact in person a customer whose account is in arrears and/or the occupier of the premises to which water supply is intended to be restricted: this can include contact by telephone or electronic means.

The code will also stipulate that:

... the Authority may approve and publish, in relation to failure to pay a bill, an amount outstanding below which a retailer must not arrange for the restriction or disconnection of a customer's supply address.

WSPs must not restrict customers who are being or have been assessed as experiencing hardship, as long as they keep up their payments, and may not restrict supply after 3pm, on a Friday, Saturday or Sunday, a public holiday or the day before a public holiday.

The conditions for disconnection under the Bill are deemed sufficient. WSPs must inform their customers about these conditions as appropriate and on request.

### ***Principle 24***

Once the reason for restriction or disconnection is removed (and has been confirmed) and the appropriate payments have been received, a WSP will use best endeavours to reconnect a drinking water supply within one business day in the Perth metropolitan area and two business days in regional areas.

### ***Principle 25***

The code will require WSPs to make a range of information available to customers and other interested parties.

Information must be accessible on the WSP's website and available in document-form on request. Information must be easy to understand, and TTY and interpreter services as well as large-print versions provided on request.

### ***Principle 26***

The water use account will detail the prices applicable.

### ***Principle 27***

The code will require WSPs to inform residential customers about available concessions and make them available, where appropriate.

### **Principle 28**

The code will require WSPs to have complaints and dispute resolution arrangements that comply with AS ISO 10002-2006 and any relevant ERA guidelines.

The complaints handling process must:

- outline how complaints are lodged and handled
- detail response times and methods of response
- be made available to customers on request at no cost.

WSPs must also advise a complainant that they can refer their complaint to the ombudsman or other relevant authority, if it is not resolved to their satisfaction.

WSPs will be required to provide information about the complaints process on their website and in writing on request.

### **Principle 29**

Timeframes for retaining information are set to two years, unless specified otherwise (e.g. seven years for customer billing data as required by the *Corporations Act 2001*). Other legislative requirements may apply.

### **Principle 30**

The code will specify customer service standards – expressed as targets or ranges – as currently provided in the WSP's licence (under the heading of 'Customer Service Standards' in Schedule 4).

# 1 Introduction

## 1.1 Purpose of the discussion paper

This discussion paper outlines the Department of Water's principles on aspects of the code of conduct for water service providers (WSPs) in Western Australia – the Water Services Customer Code (WSCC).

The department's principles are a result of extensive stakeholder consultation throughout this project, which intends to help achieve a balanced and fair outcome for both customers and WSPs.

This paper was prepared for public comment and will result in a draft code which will also be made available for comment.

## 1.2 Why have a code of conduct?

The purpose of the code is to:

- ensure minimum service standards for all customers
- simplify the administration of water service licences
- improve transparency in WSPs' obligations
- support the efficient and effective regulation of water services.

Generally, codes define technical and service standards within a legal framework for a section of, or an entire industry. Different types of codes (e.g. codes of conduct, codes of practice, customer or customer service codes) vary in content and context, but all pursue the objectives of setting consistent standards.

At present, a number of the obligations proposed for the code are detailed in individual licences issued by the Economic Regulation Authority (ERA). Moving these conditions in dozens of licences to one instrument reduces the administrative burden on the ERA. The requirement for a customer charter will be removed from the licences once the WSCC is operational.

Several current licence conditions are arguably outdated and ill-suited to addressing the issues experienced by consumers in Western Australia. There are also a number of issues that need regulating for which the ERA currently lacks the authority to include in licence conditions.

For example, a key issue for government and the community is the treatment of customers experiencing financial hardship. The ERA oversees compliance with the regulatory requirement for electricity and gas retailers to have a financial hardship policy. WSPs are not required to have such a policy.

The WSCC will reduce 'red tape' and administrative costs to government by streamlining licence administration and requiring all licensees to comply with a common set of obligations that are transparent and available before obtaining a licence.

The WSCC forms part of the broader legislative reform process. The new Water Services Bill (the Bill) was recently passed by Parliament. The Bill provides for the Minister for Water to prepare a code of conduct for licensed WSPs.

The code will bring water services in line with other essential services, such as electricity and gas, for which codes have existed for some time.

Overall, the code should reduce administrative and compliance costs for the regulator. For example, less effort required in amending 31 licences will result in savings, whereas sitting fees for the members of the consumer consultative committee is likely to incur a small cost for the ERA. WSPs may save by having no formal requirements for customer consultation, however some increased costs could be associated with compliance and reporting.

### Codes in other industries and jurisdictions

Codes are commonplace in other industries and jurisdictions in Australia, as well as other countries. In Western Australia, the government and the ERA are striving to align customer protection provisions across all regulated industries.

Unlike the water industry, the electricity and gas industries have already established customer codes. The *Electricity Industry Act 2004* provides for the Code of Conduct for the Supply of Electricity to Small Use Customers, while the Gas Marketing Code of Conduct 2008 falls under the *Energy Coordination Act 1994* and the Compendium of Gas Customer Licence Obligations forms a schedule in the gas licence.

In Western Australia, electricity and gas retailers and distributors also have to comply with other codes (the Metering Code, Network Quality and Reliability Code, Customer Transfer Code and Access Code and the Gas Marketing Code of Conduct). The ERA monitors compliance with these codes and other regulations relevant to the energy industry. Aligning water with other utility providers simplifies the ERA's regulatory task.

Customer codes for water services in Australia generally apply to water supply and sewerage providers, but some also apply to irrigation and drainage services. The structure and content of most codes are similar, although legislative arrangements vary. Most jurisdictions either have established customer codes (Victoria, Tasmania, Queensland and the Australian Capital Territory) or are in the process of preparing them (South Australia). New South Wales and the Northern Territory have different arrangements (see Appendix A for details on codes in all states).

## 1.3 Approach to developing the code

### Water Services Customer Code Working Group (WSCCWG)

To develop the code the Department of Water established a working group via a request for expressions of interest from stakeholders. The Water Services Customer Code Working Group (WSCCWG) consists of:

- a chairperson and a project team from the Department of Water
- members from the water services industry
- members from customer and consumer groups

- members from relevant government agencies
- an independent observer.

See Appendix B for a list of group members. Appendix C contains the WSCCWG's terms of reference.

### **Issues paper**

Initially the Department of Water produced an issues paper to outline what would possibly be addressed during the code's preparation. Outcomes from informal meetings with stakeholders helped form the questions. Stakeholders were notified when the paper was published on the department's website.

The WSCCWG used the issues paper as the basis for discussions on the code and to make recommendations for the discussion paper's content. Additional meetings with relevant parties were held as necessary.

### **Consultation and feedback**

The release of the issues paper was widely promoted – through the Department of Water's website and a message to stakeholders. While the department did not seek formal feedback at that stage, comments and suggestions from stakeholders prompted the revision of the issues paper and the publication of a second version on the department's website – see <[Department of Water – Water Services Customer Code](#)>.

### **Discussion paper**

This discussion paper will be available for public comment for four weeks. The department will consider further consultation or information sessions, if required.

The feedback received from industry and the community will inform the final report.

### **Getting the code in place**

The Department of Water is seeking comments on the discussion paper and preparing a draft code. A final report will be referred to the Minister for Water for approval. The Parliamentary Counsel's Office will draft the code based on the final report.

### **Timeline**

Issues paper published – March 2011

Feedback on issues paper – until end June 2011

External working group meetings – March to October 2011

**Release of the discussion paper for comment – 1 September 2012**

Close of public consultation period – 2 October 2012

## 2 Background and context

### 2.1 Current licensing requirements

The rights and interests of Western Australian water service customers are protected through consumer law<sup>1</sup>, existing water and health legislation, and through provisions in licences the ERA grants to WSPs. Water services include water supply (non-potable and potable or drinking water), sewerage, irrigation and drainage.

WSPs are required to obtain an operating licence from the ERA or an exemption from the Governor. Each licence contains conditions and standards for water service delivery which the ERA regularly monitors for compliance. Depending on the water service class, standards may relate to:

- water quality, continuity, pressure and flow
- infrastructure and delivery
- customer service and complaints handling.

Current arrangements are cumbersome to administer and enforce, complex and difficult for services providers to understand. The new legislation will allow codes to be prepared for a range of licensing requirements to simplify the process and reduce compliance and administrative costs for all parties. The WSCC is the first of these codes to be prepared.

Licensed drinking water providers (Water Corporation, Aqwest, Busselton Water, Hamersley Iron, Peel Water and Rottnest Island Authority) must have a memorandum of understanding (MoU) with the Department of Health. The MoU requires water testing and reporting to ensure water quality standards are maintained to safeguard public health. The Department of Health ensures compliance with the MoU's requirements.

The licence conditions also require service providers to produce customer service charters that set out the details of the services delivered and available to customers.

Customers who are dissatisfied with any aspect of their water service are encouraged to contact their WSP in the first instance. If the issue cannot be resolved to the customer's satisfaction they can contact the Department of Water. The department receives up to 100 such complaints each year. In these cases, the department acts as a mediator but **not a conciliator** in relation to unresolved complaints from customers about their water service(s). It neither mediates **nor** conciliates customers' disputes over physical damage caused to land, premises or things on customers' land by licensees.

If licensees breach their water service licence conditions, including the charters, the ERA can take action under clause 39 of the *Water Services Licensing Act 1995* (e.g.

---

<sup>1</sup> In Western Australia, the *Fair Trading Act 2010* enacts the [Competition and Consumer Act 2010](#) (Cwlth), schedule 2 (also known as the Australian consumer law) and replaces the *Consumer Affairs Act 1971*, the *Fair Trading Act 1987* and the *Door to Door Trading Act 1987*.



reprimand, fine or cause to rectify). In severe cases, the Governor of Western Australia can cancel a licence.

Current licensees (see Appendix D) include six drinking water providers, 25 non-potable water providers (including 20 LGAs), 23 sewerage providers (of which 19 are LGAs), four irrigation providers and two drainage providers. Some are licensed for several service classes.

Clause 19 of the *Water Services Licensing Act 1995* provides for exempting WSPs from licensing based on a public interest test that considers environmental, public health, economic and pricing factors as well as alignment with government objectives. LGAs in Western Australia are currently exempt from licensing requirements for their drainage services. Unlike licensees, an exempt WSP has no statutory conditions imposed and does not need to have a customer charter for that service, but other conditions may apply.

### Customer service charters

Customer service charters are the main documents outlining customer service arrangements. They serve a range of purposes, such as customer protection and education about customers' rights and WSP obligations. They also differentiate service providers. While they form part of enforceable licence conditions they are not statutory<sup>2</sup>. The benefit derived from a charter usually corresponds with the effort invested by the licensee in developing and reviewing the document.

The ERA (2010) has defined charters as published statements that contain:

- a list of customer entitlements
- details of a licensee's services
- information relevant to the relationship between customer and licensee.

Licence conditions require WSPs to develop a customer service charter that the ERA approves and publishes on its website. A charter sets out details of the services delivered or available to customers that vary with the class of service and the supplier, including:

- connections/disconnections
- conditions and standards of supply
- information about rebates
- details of billing or charging procedures
- contacts for customer inquiries and complaints.

In addition, some service providers also have financial hardship policies (see Section 3.5 for more information).

Licensed WSPs in Western Australia are required to review their customer service charters every three years, unless otherwise specified by the ERA. They submit the

---

<sup>2</sup> Excerpt from a licence: It is a condition of the *licence* that the *licensee* provides services in a way that is consistent with its *customer service charter*. This condition is not intended to create a statutory duty nor provide any third party with a legally enforceable right or cause of action.

reviewed charters to the ERA for approval and publication. Any other amendments to a charter need the ERA's approval. The ERA publishes all reviews or amendments and its assessment on its website.

The WSCC will remove the requirement for WSPs to prepare customer charters. This would align the water industry with the energy sector and could reduce costs and effort at the same time, both for the ERA and WSPs.

## 2.2 The Water Services Bill

The Water Services Bill was passed by Parliament on 21 August 2012. Once the Bill is enacted it will replace and modernise a host of current Acts, some of which date back to 1904<sup>3</sup>. Many of the elements in the current legislation will be retained and consolidated in the Bill, but some changes, additional powers and provisions may affect the way customers and WSPs interact.

Under the Bill, a water service means a water supply, sewerage, irrigation or drainage service. Any of these services require a licence unless the Minister for Water has granted an exemption. Where a licensee is in serious default of complying with licence conditions, the Minister for Water can request the Governor of Western Australia to cancel a licence.

The Bill enables the Minister to make the first code of conduct (Schedule 1, subdivision 4, clause 11) that addresses how licensees interact with their customers – the WSCC. The new provision aligns Western Australia with other Australian jurisdictions and industry sectors in which codes are part of the regulatory arrangements (see Appendix A for details). The code will be subsidiary legislation and form part of the licence conditions. The Minister can also make other codes of practice under the Bill. Regulations established under the Bill can deal with other matters, including the setting of charges and other pricing issues.

The Bill also stipulates that the ERA administers the code, monitors compliance and can amend or replace it (clause 27). It provides for a consultative committee to be set up and administered by the ERA (clause 28). The committee advises on and reviews the code of conduct as required.

The ERA advises that establishing the committee is unlikely to add significant costs. It already endeavours to review water licences once every three years and usually forms a reference group to help with this work. Arguably the requirement to undertake this work will be lessened given the number of issues that will be covered by the licence. There will be increased costs associated with payment of sitting fees for members of the consumer group but this is unlikely to be significant, based on experience with the gas and electricity statutory committees.

A new provision in the Bill is the creation of a Water Services Ombudsman. The ombudsman will independently investigate customer complaints and arbitrate in

---

<sup>3</sup> The Water Services Legislation Amendment Bill 2011 will repeal the *Land Drainage Act 1925*, *Land Drainage (Validation) Act 1996*, *Country Town Sewerage Act 1948*, *Water Boards Act 1904* and *Busselton Water Board (Supply of Water to Dunsborough) Act 2009*, and amend the *Country Areas Water Supply Act 1947*, *Metropolitan Water Authority Act 1982*, *Metropolitan Water Supply, Sewerage and Drainage Act 1909*, *Rights in Water and Irrigation Act 1914*, *Water Agencies (Powers) Act 1984*, *Water Corporation Act 1995* and *Water Services Licensing Act 1995*.

cases where a WSP does not satisfactorily resolve a customer complaint. The Water Services Ombudsman will be established with the Energy Ombudsman. The service will be industry-funded and replace the customer complaints handling function the Department of Water currently provides. Unlike the department, the ombudsman will be able to make decisions that are binding on licensed water service providers.

Establishing an ombudsman for water services will reduce costs for the Department of Water. The additional costs for WSPs should be offset by benefits to customers gained through binding decisions.

The new legislation more closely aligns Western Australia with other states, all of which have undertaken major reviews and reforms of their water services legislation in recent times as part of their obligations under the National Water Initiative.

## 2.3 The Water Services Customer Code

The code aims to replace the customer service elements of the existing licence conditions that WSPs have to comply with. The code will set minimum requirements that leave room for WSPs to take care of their individual needs while enhancing customer service. Compared with the current customer charters, which represent a specific WSP's commitment to its customers and can vary widely in content and detail, a code of conduct will standardise customer service provisions across the water services industry, clarifying the obligations and rights of WSPs towards their customers for all service classes. Such standardisation will simplify compliance for WSPs, particularly new providers attempting to enter the Western Australian market.

Having all customer service provisions in one code will improve transparency for both customers and WSPs. The code will set out WSP obligations in more detail than the current licence conditions. This will make it easier for customers to know their entitlements, provide more guidance to existing WSPs on their customer obligations and enable prospective WSPs to work out exactly what to expect ahead of making a license application to the ERA.

Establishing a code will:

- assure customers of consistency in the service they receive regardless of their service provider, including new market entrants
- protect customers regardless of where they live
- ensure consistent customer service standards across utility types with water customers receiving service and options similar to gas and electricity customers, where appropriate
- improve consistency between the customer service standards of WSPs in Western Australia with those in other jurisdictions
- allow for the removal of a large number of customer-related provisions from the 31 current water service licences issued by the ERA
- address a number of significant customer protection issues, such as financial hardship and restriction procedures, in a consistent and auditable manner
- provide certainty for potential new market entrants regarding the service standards and requirements for delivering water services in Western Australia.

In particular, the WSCC intends to:

- cover a range of consumer issues currently dealt with through operating licence conditions or approved customer charters
- expand existing customer rights and standardise consumer protection practice
- clarify the obligations of WSPs and establish minimum standards for customer service by existing and future WSPs
- specify the conditions of service and supply that customers can expect to receive
- oblige WSPs to outline avenues for customer complaints
- require WSPs to identify the assistance available for customers experiencing payment difficulties or suffering financial hardship (hardship policy)
- detail how WSPs should communicate the rights and obligations of their customers and themselves.

The provisions of the code will formalise the contents of some of the ERA's guidance papers (e.g. the customer charter guidelines) and contribute to transparency and clarity.

The code will dispense with customer charters, which will also remove the requirement for preparation of the charters and having them approved by the ERA. Conversely, much of the code's information requirement provisions would be covered in many of the existing customer charters – so if WSPs want to keep their charters they may only have to make minor changes to comply with the code's requirements. Some other licence requirements, such as those relating to customer consultation, will not be part of the code.

Overall, the code should simplify what WSPs have to do and therefore reduce costs and effort. However, information for customers provided in the code may be difficult to understand since the code will be subsidiary legislation and will be written in legal language. Preparing an explanatory guide to the code should not be the responsibility of WSPs. It will be done by the Department of Water.

The ERA has indicated it supports the code's development and welcomes the opportunity to simplify the operating licenses for WSPs. Once the code is in place, it should be able to remove 'Schedule 3 – Customer Provisions' from the licences, which includes customer provisions relating to service charters, complaints, contracts and surveys, as well as Schedule 6, which refers to the availability and connection of service. The provisions set out in 'Schedule 4 – Service and Performance Standards' should be reviewed with the aim of adding them to the code: regulations could be made if that should prove more practical. The ERA has a strong preference for template licences and the WSCC may be the first step towards achieving this aim.

## 3 Proposed contents of the code

The structure of this chapter is based on that of the electricity and gas customer codes, where appropriate and practical. It is envisaged the WSCC will follow a similar structure to make it easier to compare the code with the energy codes and prepare the explanatory guide. The final decision on the structure of the code rests with the Parliamentary Counsel's Office when drafting the code.

Some of the following proposed elements of the code may not apply to all classes of water services in the same way. Elements that only apply to certain service classes will be identified. The code can either make exceptions or variations in-text or, for more substantial differences/issues, append separate schedules.

The intention is to transfer as many of the relevant licence conditions to the code as possible, while improving customer service provisions at the same time. WSPs are generally supportive of this approach, preferring prescribed minimum standards to best-practice provisions. Overall, WSPs want the code to be as general as it can be, while customer representative organisations would like the provisions to be more prescriptive to protect customers as much as possible .

Any reference to WSPs in the following text implies they are licensed service providers since the code only applies to licensees.

### 3.1 Preliminary

This part of a code deals with basic and introductory elements.

#### **Title**

The proposed title of the code is Code of Conduct for the Provision of Licensed Water Services (Water Services Customer Code).

#### **Authority**

The Minister for Water can make the initial code under Schedule 1, Division 1, subdivision 4, clause 11 of the *Water Services Bill 2011*.

Clause 27 of the Water Services Bill maintains that the ERA is responsible for the code's administration, enforcement, review and amendments.

The Bill requires the ERA to set up a permanent consultative committee (clause 28) to advise on code issues and help review the code. The committee may determine its own terms of operation within those set by the ERA. The ERA will provide support and may reimburse committee members as recommended by the Public Sector Commissioner.

#### **Commencement and transitional arrangements**

The code is intended to commence with the new Water Services legislation and accompanying regulations. The ERA will review existing licences to align licence conditions with the code's requirements. This will largely involve the deletion of conditions that are to be superseded by the code. The code will be drafted so as to come into effect once the ERA review process is complete. As such – from the date

the code is made until it comes into effect – existing licence conditions will continue to apply. This will help avoid any confusion that may arise from having two published sets of concurrent standards.

It is proposed that the code will come into effect at the start of the financial year directly following the end of the ERA review process. This will ensure its introduction aligns with the licensees' billing cycle and will simplify meeting the licensees' reporting obligations to the ERA and National Water Commission (NWC).

## **Interpretation**

This section explains how to read the code and what certain expressions mean.

## **Definitions**

The department has kept a definitions list and added terms as they arose in the WSCCWG meetings (see Appendix E). As far as possible, definitions will be kept consistent with those in the existing licences and relevant publications by the ERA and NWC. Any contradictions or variations will be resolved using the definitions in the Bill or as clarified in the relevant regulations.

## **Application (to whom the code applies and relates)**

This section of the code states to whom the code applies and relates. The code legally binds the licensed WSPs that provide services to customers and sets out their obligations in relation to providing those services. The code also sets out the rights of customers and complainants, since the Bill makes certain provisions that relate to those categories of people who may or may not be paying customers of WSPs. Generally, while the Bill's definition of 'customer' refers to all people receiving or being entitled to receiving a water service from a licensee (i.e. a WSP), except members of a licensee (e.g. an irrigation cooperative), the code will only relate to customers who have a direct paying relationship with a WSP.

Some WSPs, such as LGAs, have additional legislative obligations that complicate application of the code or require changes to code provisions.

### *Water service classes*

The Bill identifies water services as water supply, sewerage, irrigation or drainage services. Water supply includes potable or drinking water and non-drinking water (treated wastewater, stormwater, greywater, groundwater and rainwater). The code could apply to all services to ensure consistency of application.

Most water codes in Australia apply to water supply and sewerage services only. Only the Victorian code for rural water services includes irrigation and drainage.

The code's intention is to improve and provide consistency in customer service for as many water service classes as possible.

### *Water supply - potable and non-potable*

WSPs operate in metropolitan as well as regional and remote areas. They supply water for drinking but also non-potable water for other purposes. Drinking water supply includes supply of water to businesses.

The Water Corporation, Aqwest and Busselton Water are the main drinking water providers in Western Australia. Those with a limited customer base are Hamersley Iron, the Rottnest Island Authority and Peel Water (which is licensed but not yet operating). Since drinking water supply is the water service with the largest customer base and the most customer service issues, it is an obvious service class to which the code should apply.

The Water Corporation supplies non-potable water for farmland areas and Moama Lifestyle Villages provides non-potable water for watering of gardens and public space. Other private providers are planning to provide recycled and non-potable water in future. These providers meter and charge for the water they supply.

Many LGAs provide non-potable water for watering of open space and community areas (e.g. sporting clubs or school grounds). Given LGAs provide this water as a community service and not as a business operation, it is reasonable that customer service obligations are minimised.

Including non-potable water supply in the code is particularly important because of the increasing number of WSPs providing non-potable water for household and irrigation use in new developments. In some cases, certain exemptions from the code provisions may be necessary, but these will be applied on a case-by-case basis. The code will only apply to (non-potable) services if WSPs charge for the water.

Two of the four licensed irrigation cooperatives have customers – as opposed to members – to whom they provide non-potable water (they also provide some water for public open space as a community service). Gascoyne Water and Harvey Water together have fewer than 400 customers who sign contracts with the irrigation providers. The WSCC should apply to these customers to provide added protection.

### *Sewerage*

The Water Corporation and several LGAs provide domestic and non-residential sewerage services that they charge for. However, for many LGAs the small customer base makes it challenging to provide a financially viable service. Legislative differences add complexity for which the code may have to account.

Sewerage is an essential service with a variety of challenges, especially for smaller providers. It is also the second-largest service class in Western Australia. As such, sewerage services should be included in the code, making it consistent with most other Australian water codes.

### *Trade waste*

At present, the Water Corporation provides an optional trade waste removal service, which is not part of the standard sewerage connection. It requires application for an Industrial Waste Permit under the *Metropolitan Water Supply, Sewerage and Drainage By-laws 1981* (Regulation 28.1). The City of Kalgoorlie-Boulder also removes trade waste by agreement.

Under the Bill, trade waste means 'wastewater other than wastewater of the kind and volume ordinarily discharged from an ordinary dwelling used solely or primarily as the dwelling of the occupants'. The Bill makes discharge of trade waste subject to the (licensed) service provider's approval.

Since this service has many specific requirements that make it impractical to deal with in the code, other mechanisms provided for in the Water Services Act may be more suitable; for example, a specific trade waste code or regulations.

### *Irrigation*

In Western Australia, irrigation service providers are mostly cooperatives established under the *Co-operatives Act 2009*. They usually consist of two independent companies, with one owning and managing the assets and the other operating as a trading entity that manages the irrigation business. Under this business model, all members of cooperatives own shares in each company, equivalent to the size of the water allocation they have purchased.

The definition of customer in the Bill does not include members of licensees and, therefore, the code can only apply to irrigation providers if they provide a water service to customers who are not members of a cooperative (see non-potable water supply above). Irrigation cooperatives may need to have a separate code.

The Water Corporation is also an irrigation service provider.

### *Drainage*

At present, LGAs are exempt from licensing for their drainage services. The Water Corporation and Rottnest Island Authority are the only licensed drainage providers. Current licence conditions are limited and easily transferred to the code. General code provisions, such as those for connection, billing and payments, also apply to drainage services.

The code may need reviewing or amending if, and when, LGAs are licensed for providing drainage services.

### ***Principle 1***

The WSCC will apply to all licensed water supply (drinking water and non-potable water), sewerage and drainage services. Irrigation cooperatives providing water services to their members are excluded, but services provided to customers will be subject to the code.

Technical service standards will not be part of the code. It will also exclude trade waste removal; other codes should cater for these services.

### **Customers, occupiers and complainants**

The Bill distinguishes between customer, occupier and complainant with different provisions referring to each of these categories.

#### *Customers*

For the purposes of the code, a customer is a person who has a direct billing relationship with a WSP with regard to charges. Usually this relates to landowners only, unless the owner has authorised the WSP to bill the usage charges directly to the tenant. The tenant then becomes a customer with limited rights and responsibilities (see section on occupiers below). Members of irrigation cooperatives are not customers under the Bill.



Since neither the water licences nor the Bill distinguish between different types of customers, the code could apply to all customers receiving 'standard services' (for which service standards can be fulfilled regardless of service type). These customers include domestic (residential) and business (non-residential) customers and others, such as customers of irrigation cooperatives who receive water for livestock and garden watering, and are located across the state – in the metropolitan area and in regional and remote areas.

The electricity industry in Western Australia distinguishes between customers based on usage, as some other Australian states do for water customers. For example, in Queensland a small use customer uses up to 100 kL a year, while the ACT distinguishes between large franchise customers (those who receive standard services and do not have a negotiated contract with a provider) and others. The Water Corporation examined its data as part of the WSCCWG consultation process and found that most large users have commercial agreements and the average use of residential customers across the state is more than 100 kL of water a year. Both water boards service few industry clients that are large water users. The Bill does not distinguish between different levels of water use and the code should apply to water users independent of their usage, unless they have a commercial agreement.

Non-residential customers, including businesses, usually receive standard services and are treated the same as residential customers. The only differences relate to size of connection and tariffs; hardship provisions also do not apply.

### *Occupiers*

Occupiers are people occupying premises, regardless of whether they pay or not. Under the Bill, they will have the same rights and responsibilities as landowners with regard to water fittings and pipes or WSPs seeking access for works.

In Western Australia, rentals make up about one third of the housing stock. The tenant usually pays the water usage charges as part of the rental agreement. Often these households do not have a direct billing relationship with their drinking WSP since water services are supplied to land, not the user, and payment of charges is the responsibility of the landowner. The Bill continues this arrangement. Only in Tasmania and parts of Victoria can tenants receive their bills directly from their WSP.

Throughout the WSCCWG meetings the Tenants Advice Service (TAS) pointed out that the current arrangements disadvantaged tenants in a variety of ways.

At present, the only option to address at least some of this disadvantage to tenants is if a landlord authorises the WSP to send the water usage bill to a tenant. All drinking water providers comply with such requests. Legally, the landowner is still responsible for paying all charges if the tenant does not pay. While tenants with a direct billing relationship receive an original bill, have access to all payment options (including payment plans) and receive concessions – they still need additional authorisation from their landlord to access billing data and meter testing.

Under clause 12(e) of the Bill, the licence conditions can require WSPs to enter into contracts or agreements, which could include tenants. WSPs have argued they should not be responsible for making agreements with tenants, saying it would neither simplify things nor resolve the fundamental issue of tenants not being ultimately responsible for the charges.

Instead, the Department of Water has encouraged the Department of Commerce to modify the current tenancy agreement process to include the landlord's authority for the WSP to send the water bill to the tenant, effectively making them a 'customer' for billing and payment purposes. The code will require WSPs to honour the authorisation of a landlord to the extent it was set up.

### *Complainants*

Under the Bill, complainants do not have to be responsible for charges; that is, they do not have to be customers to complain to a WSP or the Water Services Ombudsman. Anyone with a complaint that a WSP has not resolved to their satisfaction can refer it to the ombudsman.

### **Principle 2**

The code will relate to all customers of licensed WSPs that provide a service to which the code applies (water supply, sewerage, drainage) throughout Western Australia. Both residential and non-residential customers are included, except those who have a commercial contract. No distinction will be applied based on the amount of water used. Hardship provisions and concessions do not apply to non-residential customers.

### **Amendment and review**

The Bill requires the code to be reviewed at least every five years. While a five-yearly review provides greater certainty for WSPs, it may not be frequent enough to correct any problems with the code, especially to start with, or enable adjustments in response to changes in legislation or practices relating to the code.

The ERA, via the consultative committee, may make minor changes to the code in a simple consultative process, but a full review of the code is very involved and takes considerable time and effort.

The electricity code is reviewed every two years. The process puts a substantial burden on the ERA and the Electricity Code Consultative Committee (ECCC), taking at least a year to complete. The ERA recommended reviewing the WSCC at longer intervals.

It proposed a five-yearly review of the code or as required or determined by the ERA.

### **Principle 3**

The review period for the code will be five years, or as required and determined by the ERA.

### **Variation from the code (contracts and agreements)**

In Western Australia, energy providers offer standard form contracts to their customers (only Synergy and Horizon Power are obliged; other energy providers may choose to do so). These contracts set out the conditions of supply.

At present in Western Australia, customers receive water services under standard terms and conditions without signing a contract approved by the ERA. This still represents a form of contract (in which the service provider sets non-negotiable

terms) that must be fair and transparent and Australian consumer law applies. In instances where WSPs cannot fulfil conditions of supply, they make agreements with customers (using a template form approved by the ERA) that specify the new supply standards or modified conditions<sup>4</sup> without restricting any of the other licence conditions. Contract parties negotiate commercial contracts for large water supply. Contract law applies in all cases<sup>5</sup>.

Under the Bill, WSPs have to set out terms and conditions of supply when applying for a licence for a water service (clause 10). Licence conditions can then deal with 'standard terms and conditions for the provision of a water service by the licensee' (clause 12(d)) and can also require licensees to enter into standard customer contracts (clause 12(e)). Under clause 12(f), licence conditions (including the code) can deal with agreements that vary or displace standard conditions of water services.

WSPs have to provide water services under 'standard terms and conditions' (clause 74 of the Bill). If WSPs cannot fulfil all conditions, they can provide 'non-standard' services by agreement with the customer (clause 75). The licence conditions (including the code) could require the WSP to provide certain information to the customer before entering into an agreement. The conditions would also need to specify which areas of the code apply (e.g. billing and payments, hardship provisions and complaint procedures) or that certain clauses of the code do not apply or can be amended (compare clause 1.10 of the electricity code).

In the Victorian Metropolitan (Water) Customer Service Code, (ESC 2010a) the same customer rights apply to all customers including those who have separate written agreements, unless the WSP 'can demonstrate that satisfying the code requirements is not practical' and provides to the customer in writing any departures from the code. The WSCC could contain such a provision.

Most variations of standard conditions currently relate to technical standards of water supply, such as pressure and flow or continuity, which will not be part of the code. In the case of other variations that relate directly to customer service and fall under the code, a clause could be included in the agreement allowing this to occur.

Regulations under the Bill can deal with standard term contracts and specify details of non-standard term contracts. Whether and how this will happen will be determined through the consultation process on the regulations.

#### ***Principle 4***

The code will confirm the Bill provisions that agreements can vary standard terms and conditions of water services and outline to what extent this can occur (e.g. which conditions or clauses of the code can be changed). Agreements must be in writing, specifying any variations and confirming that all other code provisions still apply.

<sup>4</sup> The Water Corporation gives details about when it enters agreements on its website: [www.watercorporation.com.au/S/services\\_by\\_agreement.cfm?uid=2892-3574-4045-9624](http://www.watercorporation.com.au/S/services_by_agreement.cfm?uid=2892-3574-4045-9624).

<sup>5</sup> Contracts are covered by various pieces of legislation under Commonwealth law:

- the [Corporations Act 2001](#) deals with capacity to contract
- the [Trade Practices Amendment \(Australian Consumer Law\) Bill \(No. 2\) 2010](#) refers to implied terms, misleading conduct, unconscionable conduct and unfair contract terms (including transparency).

## 3.2 Connection

### Conditions of connection

In other Australian jurisdictions, this section of a code usually obliges a service provider to connect a service, if available. Sometimes conditions need to be fulfilled.

At present, all licensees in Western Australia must set out in writing their 'conditions for connection' as part of their licence conditions and make them available to those who inquire about or apply for connection to a water service.

The Bill empowers the code to deal with the connection of water services to land (clause 27(3)(b)). It also requires the licensee to approve a water service connection and the Minister may compel a landowner to connect to a water service (Part 5).

WSCCWG members had split opinions. WSPs would prefer to keep the information about conditions of connection in the customer charters, which may not be practical if customer charters are no longer mandatory. Customer representative groups would like all provisions relevant to customers put into the code.

#### **Principle 5**

WSPs must outline their conditions for connection in a document and make it available on their website and in writing on request.

### Obligation to connect within a certain timeframe

A water service must be connected within a certain period after an application is received or a contract signed. Connection times in different jurisdictions and situations can vary between one and 20 business days.

At present, the Water Corporation will make a standard connection within 10 business days once the applicant has fulfilled the conditions for connection and paid all fees and charges. Aqwest and Busselton Water will connect within 15 business days or within an agreed time. Connections are subject to engineering and financial assessment and WSPs must inform the customer of the outcomes within 10 business days. Connections in country and remote areas can take up to six weeks.

The time needed for connecting a property may differ between the Perth metropolitan area and regional and remote areas, but it is reasonable to require WSPs to either connect customers within the stated timeframe or notify them if more time is needed and when the connection can be made. Working group members agreed there was no problem with the current approach.

#### **Principle 6**

The code will require WSPs to connect customers within a reasonable timeframe for standard connections: 10 business days in the metropolitan area and 20 business days in regional and remote areas unless otherwise agreed with the customer.

### 3.3 Billing

The billing section of a code usually refers to the frequency of billing (billing cycles), the contents of a customer bill and what the bill is based on (reading of meters, other types of measurement etc.). It also explains adjustment and review of bills and what happens in cases of under- or over-charging.

Residential bills contain different types of charges. Usage charges for water supply reflect consumption. The annual service charge is a fixed charge. The rateable value of the property (its gross rental value or estimated gross annual rent which is determined by the Valuer General) determines both the sewerage and drainage charges, if applicable.

Service charges for business customers depend on the size of the water meter, and the tariffs for consumption charges vary from those for residential customers. Sewerage charges apply where the assessed discharge exceeds 200 kL a year.

#### Billing cycle

At present, the Water Corporation reads meters and sends bills for usage charges twice a year in the metropolitan area and three times a year in regional areas. This is cost-efficient and seemed acceptable to most customers while water prices were low. Rising prices are likely to lead to higher usage bills, increased payment difficulties and larger liabilities for customers with leaks. Fixed charges are billed once a year.

Other drinking water providers in Western Australia have four-monthly billing cycles, not only for the usage charges but also for the fixed charges (Aqwest, Busselton Water).

The fixed charges for LGA sewerage services are included in the rates notices<sup>6</sup> once a year, which is acceptable if the charges contain no usage component.

The electricity code provides for a billing cycle of no more than once a month and no less than every three months. Most other jurisdictions in Australia require billing for water services at least every three months (Queensland, Tasmania, Victoria); the ACT prescribes a maximum of 120 days unless agreed otherwise.

While most WSCCWG members agreed on billing fixed charges at least annually and usage charges at least four-monthly, it was acknowledged by some as to be too expensive to implement changes to the current billing cycle at this point in time.

#### **Principle 7**

The code will require WSPs to bill fixed charges at least annually, allowing LGAs to send their fixed charges together with the property rates – as per the *Local Government Act 1995*.

Usage charges must be billed at least six-monthly based on meter readings.

<sup>6</sup> Sewerage charges may be included in the rates since LGAs are not currently required under the *Local Government Act 1995* to list the sewerage charges separately.

## How bills are issued

This section of the electricity code requires a provider to issue a bill at the customer's supply address and usually allows the customer to nominate another address or an electronic address. Not all WSPs may be able to provide electronic options and the code should take account of this.

### **Principle 8**

The code will require WSPs to issue bills to the supply address or to another address or electronic address, on request.

## Contents of a bill - particulars on each bill

The electricity code prescribes in detail the minimum contents of a bill, as do all water codes in other Australian jurisdictions, to varying degrees. At present, there are no such requirements for WSPs in Western Australia.

Current WSPs say they provide customers with bills that have enough detail. Prescribing the minimum content of a bill in the code would ensure that customers receive relevant and timely information about their service(s) and payments in a consistent manner, across all services, now and in the future.

Standards Australia is currently observing the development of an international standard on billing for all utilities. If this standard is adopted as an Australian Standard, the Minister could require WSPs to adhere to that and/or the WSCC could be updated accordingly.

The WSCC WG agreed in principle that the code should prescribe the bill contents. Differences of opinion between WSP and customer representatives related to the amount of prescribed contents of a bill and the detail. WSPs preferred a minimum of prescribed bill contents or adopting the relevant Australian Standard, while customer representatives wanted all relevant content prescribed.

Bill contents should reflect information that is meaningful and relevant to customers without unduly burdening the WSPs. The minimum content will vary according to service class; for example, any content relating to metered supply is not relevant for most sewerage or drainage services.

A proposed 24-month transitional period should enable WSPs to adjust and update their billing systems.

*Table 1: Minimum bill contents for all WSPs*

<b>Item on bill</b>
Customer name
Billing address, postal address
Bill/account number
Date of issue
The charges payable, specifying the particular water service they are for
Any concessions, discounts or rebates applied
Any interest or fees charged for late payment or outstanding amounts
The amount of any arrears or credit standing to the customer's name
Due date for payment, which must be a date after the minimum period
The options for payment that are available to the customer
A telephone number for account and payment enquiries
A telephone number for TTY services (National Relay Service – this offers a free teletypewriter service for people who are deaf or have a hearing or speech impairment)

*Table 2: Minimum bill contents for metered water services only*

<b>Item on bill</b>
Current meter reading or estimate
The total consumption, or estimated consumption
Billing period – date of last and previous meter reading (or estimates), number of days covered
Whether the amount is based on an actual meter reading or an estimate
Comparative water use where appropriate

**Principle 9**

The code will require the minimum contents listed in tables 1 and 2 to be shown on a customer bill (where relevant).

A transitional period of 24 months enables adjustment of billing systems.

**Basis of bill - metering (applies to metered services only)**

Only some water services are metered – mainly water supply (potable and non-potable), including irrigation and the sewerage of large users. Water supplied through pipes is usually measured with a meter; other devices approved by the Department of Water can measure water not delivered through pipes (e.g. irrigation). The Bill empowers the licensee to install or require the installation of a meter (as a condition of supply).

Meter readings should form the basis for billing for metered supply and occur as frequently as necessary to prepare the bill, as is the case in the energy industry (see clauses 4.6 and 4.7 of the electricity code).

In the energy industry, if a meter reading is not possible, the provider has to prepare an estimated bill giving the basis and reasons for the estimation. The subsequent bill must be adjusted based on an actual meter reading and the customer has a right to request a meter reading (on payment of the relevant fee) at any time (see clauses 4.8 to 4.10 of the electricity code).

The customer code may not be the best instrument to deal with the technical aspects of metering because they can be very complex. The electricity industry has a separate metering code (GWA 2005) which deals with a number of technical issues as well as fees and charges.

Under the Bill, the Minister for Water can make codes of practice or require licensees to adhere to codes of practice or industry standards. At present, the Australian Water Services Association and the federal government are working on several metering codes. Once these codes are developed, WSPs will be required to adopt these codes. The WSPs in the working group expressed their willingness to do so.

#### ***Principle 10***

The code will refer to the aspects relevant to billing; that is, frequency of meter readings, estimated bills and request of special meter readings.

#### **Accuracy of meter readings and meter testing (applies to metered services only)**

At present, if a customer questions the accuracy of a meter, the WSP will ask them to do their own simple meter check. The WSP may perform a volumetric meter check as part of the investigative stage of a grievance process or dispute, or if the customer insists that their meter is faulty.

WSPs do not usually inform customers about the availability of meter checks because of the potential for abuse and the associated costs (a staff member has to visit the site). They prefer to use this method at their discretion. The customer representatives on the WSCCWG wanted customers to receive information on meter checks to enable better-informed decisions and for transparency reasons.

If a customer insists on a meter test, for which the meter is removed for testing in an accredited facility, they are required to pay upfront. The fee is refunded if the meter is found to be faulty. Tolerances for meter accuracy may be prescribed, as are the fees for meter testing. This arrangement was acceptable to all group members.

While the Bill allows regulations to deal with the accuracy and testing of meters – including the right to have a meter tested, who will pay and how much – the code is the preferred instrument to deal with these issues, except for the fees. Tolerances for meter tests should also be included in the regulations, or in a metering code.

#### ***Principle 11***

The code will continue the practice of making meter tests available to customers who are prepared to pay upfront. The fee is reimbursed if the meter is found to be faulty.

Information about meter checks will form part of the information provision obligations for WSPs. They will be required to publish a dispute resolution process on their website and make it available in writing on request.



## Leaks and leak allowance (applies to drinking water services only)

Generally, leak allowances only apply to drinking water services. They are particularly important for services with a tiered pricing structure that does not reflect the real cost of water. Consumers pay more for water the more they use.

In Western Australia, a tiered pricing structure for water usage charges aims to encourage customers of drinking water providers to use water more efficiently. An issue of concern is that a customer who experiences a serious leak – possibly undiscovered for months due to the limited frequency of meter readings – may be paying ‘penalty rates’ for the lost water if they slip into a higher price bracket due to the water loss.

A ‘fair leak allowance policy’ could help address this issue. Current leak allowance policies come into effect when a certified plumber confirms a hidden, internal leak. The customer then receives an allowance of an amount of water related to the (estimated) loss. Reading meters more frequently to identify increased usage earlier also helps, and WSPs encourage their customers to read their water meters regularly and be aware of their water usage.

Queensland is the only jurisdiction in Australia whose code prescribes a ‘concealed leaks policy’ under which customers can receive a remission of water usage charges.

The members of the WSCCWG generally supported a leak allowance. The WSPs prefer the code to make general provisions for a leaks policy and leave the details to the service provider. The code should require the leak policy to set out those ‘circumstances in which an increase in water use caused by a hidden leak or burst on the property’s internal service qualifies for an allowance or reduction in charges’ (this could include not making an allowance). The customer representatives want the code to stipulate further details, including the level of the allowance, and that the information should be available on the website and on request.

### ***Principle 12***

The code will make it mandatory for WSPs to have a leaks policy, standard or guidelines that set out the basic conditions for granting an allowance.

The leaks policy/guidelines must be available on the WSP’s website and on request.

## Special meter reading and bill

At present, drinking water providers carry out special meter readings on request, for a fee. These readings are usually requested by landlords for their tenants at the start and end of a tenancy agreement or by settlement agents when a property is sold. The meter reading is the basis for calculating the charges sent to customers in the special bill.

### ***Principle 13***

The code will enable customers to request special meter readings and bills.

## Review of bill, under-charging and over-charging

Clauses 4.16 to 4.19 of the electricity code require a provider to review a customer's bill (if certain conditions are fulfilled), and follow certain procedures after the review of the bill is complete. The provisions for cases of under-charging and over-charging are set out in detail; that is, what happens if a WSP has charged a customer too much or too little for a service, including timeframes and reconciliation.

Outlining the details for the review of customer bills ensures transparency for WSPs and customers, less work for WSPs in not having to produce a procedure, a more level playing field for all WSPs and a minimum standard for all customers.

The *Water Agencies Powers Act 1996* allows records to be 'amended not more than 5 years after the end of the period to which the records relate' (clause 69B(3)). The Bill's similar provisions in clause 125(2)(q)(i) are relevant to the code.

Customer representatives recommended the electricity code provisions be adopted, while WSPs wanted policies of standards that deal with over- and under-charges.

### **Principle 14**

A WSP must review a bill on request and follow certain procedures, such as advising on meter testing and dispute resolution if the bill is correct and reconciling the difference if it is incorrect.

WSPs can recoup undercharged amounts for the 12 months before notification and must offer the customer a repayment plan. The time limit on reimbursing overcharged amounts is legally limited to bills of the current year plus five. The customer can choose between different reimbursement options.

## 3.4 Payments

This part of the code relates to minimum payment periods, payment methods (including bill smoothing) and how late payments and overdue accounts are dealt with. Customers need to have a reasonable time to pay their bills, and usually have a variety of options to do so. If bill payments are in arrears, reminder notices, warning notices, penalty interest and dishonour payments come into effect.

### **Due dates for payment**

The Bill does not make provisions for due dates for payments, although there should be a reasonable time between a bill being issued and payment being due.

The Water Corporation claims that the current 14 days to pay a bill is appropriate and that changing the established systems would be costly.

### **Principle 15**

The code will set the due date for payments to at least 14 days from the date of issue of a bill.

## Minimum payment methods

Most Australian water codes prescribe payment options. These usually include the option to pay 'in person' and 'by mail'. Many codes also prescribe 'electronic means' and 'direct debit'. Some also mention an 'income support facility' (e.g. Centrepay).

The Western Australian electricity code has the largest list of prescribed payment methods that must be available to customers (clause 5.2). The options include 'in person', 'by mail', 'Centrepay' for residential customers, 'payment through a debit facility or by credit card', 'electronically' or 'by phone'. The Electronic Funds Transfer Code of Conduct applies.

WSPs can charge additional fees under the Bill and recover costs for credit card charges under financial services legislation if they inform customers beforehand.

Overall, WSCCWG members accepted the payment methods prescribed in the electricity code. The Water Corporation opposed inclusion of the 'in person' option because Australia Post payment facilities are not available in all council areas. Energy providers have service agreements with other providers (e.g. newsagents or council offices).

### ***Principle 16***

The code will prescribe that WSPs must offer all of the following payment methods to their customers for paying their water accounts: 'direct debit' 'Centrepay', 'electronically' (via internet or telephone) or 'by mail'. WSPs may choose to offer additional payment methods. They must inform customers beforehand of any additional charges or fees.

## Direct debit, payment in advance, absence or illness

This section in the electricity code (clause 5.3) deals with direct debit provisions, including obtaining the customer's verifiable consent and agreement to the amount, date and frequency of debits to protect those who choose this payment option.

In the electricity code, clause 5.4 requires providers to accept payments in advance but without crediting interest. Minimum payment is \$20.

Clause 5.5 of the electricity code requires providers to redirect a bill to a third person at no charge on a customer's request (e.g. if they are sick or absent).

WSCCWG members all agreed the code should adopt the provisions from the energy codes since they are current practice already.

### ***Principle 17***

The code will require WSPs to obtain 'verifiable consent' for direct debits, accept advance payments and redirect bills to a third person on request.

## Late payments - overdue accounts, penalty interest and late payment fees

When a bill is overdue, customers should receive a reminder notice within a reasonable time. While service providers should also be able to cover any losses through late payment fees and/or penalty interest, vulnerable residential customers need protection from paying unreasonable fees and charges.

At present, the major WSPs in Western Australia do not charge late payment fees, but apply penalty interest to overdue accounts. The rate is set annually through by-laws. Customers in hardship are exempt from paying penalty interest, as long as they adhere to their payment plans, and other customers may have their penalty interest reduced on application.

The *Local Government Act 1995* enables LGA service providers to recover fees from landowners in ways that do not apply to other service providers. They include taking possession of the land if bills are unpaid for three consecutive years (see Appendix F for details). The code should acknowledge these provisions.

The Bill provides for regulations that allow service providers to charge penalties for late payments and interest on overdue accounts (clause 125(2)(n)), which could include setting penalty interest rates and exempting those customers who experience financial hardship from late payment fees and penalty interest.

An electricity provider in Western Australia cannot charge late payment fees more than twice for the same bill and more than 12 times a year; customers who receive concessions or are in financial hardship are not required to pay any late payment fees. If such a policy is not in place, customers could end up paying numerous late payment fees, especially if a shortened billing cycle applies.

Arrangements in other water customer codes vary, but most make some form of provision to exempt customers in financial hardship from paying penalty interest, as long as they fulfil certain conditions. The Victorian code for rural areas asks providers to write a policy that outlines the details of when interest payments are waived (ESC 2009).

WSCCWG members agreed that the penalty interest rate (and formula) should be set in the regulations. Customers in financial hardship should be exempt from paying penalty rates and late payment fees as long as they keep up their agreed payments.

#### **Principle 18**

The code will set consistent terms for issuing late payment notices.

#### **Debt collection**

WSPs have a right to recover any money owed to them by a customer – Australian consumer law applies (see *Competition and Consumer Act 2010*). Customers in hardship should be exempt from debt recovery if they have contacted the WSP and keep up the payments on their payment plans.

#### **Principle 19**

WSPs cannot recover debts if customers are being assessed for their inability to pay or are already making payments under a payment plan.

### **3.5 Payment difficulties and financial hardship**

Customers sometimes have difficulties paying their bills. When the situation is short-term, it is referred to as 'payment difficulty', which the electricity code defines as:

...a state of immediate financial disadvantage that results in a *residential customer* being unable to pay an outstanding amount as required by a *retailer* by reason of a *change in personal circumstances*.

If the inability to pay is more serious, it is called 'financial hardship'. The electricity code defines financial hardship as:

...a state of more than immediate financial disadvantage which results in a *residential customer* being unable to pay an outstanding amount as required by a *retailer* without affecting the ability to meet the *basic living needs* [including rent or mortgage, other utilities (e.g. gas, phone and water), food and groceries, transport (including petrol and car expenses), childcare and school fees, clothing, and medical and dental expenses] of the *residential customer* or a dependant of the *residential customer*.

The two forms of inability to pay bills require different solutions and support.

In the rest of Australia, WSPs generally have to offer customers who experience payment difficulties and hardship the option to arrange a payment plan under which they can pay regular uniform amounts towards their water bill. This is also the case in the energy industry. In Western Australia, most WSPs voluntarily offer flexible payment arrangements.

Two years ago, in the review of both energy codes, the sections on payment difficulties and hardship received much attention from organisations working with customers in financial difficulties and the codes were amended accordingly. Because of this work, it seems reasonable that the provisions in the WSCC should be similar to those in the energy codes, although the Productivity Commission (2011) recognised in its report on urban water services that fewer customers have difficulties paying their water and sewerage bills than the bills of other utilities (e.g. electricity).

### Payment difficulties

At present, WSPs send out late payment notices if customer accounts are in arrears. Such notices may encourage customers with payment difficulties to make use of different and alternative payment options. If customers do not contact the WSP within a certain time, or pay their bill, the WSP may take action to recover the costs – either restricting drinking water supply for residential customers or other debt recovery procedures for non-residential customers. WSPs try to contact customers, including leaving calling cards at the premises, before taking such drastic action.

Other States (Queensland, Tasmania and Victoria) offer flexible payment plans to customers with payment difficulties and exempt those on payment plans from paying penalty rates. Tasmanian service providers cannot charge overdue fees if:

- the amount owed is less than \$50
- the customer is eligible for a concession
- the account is paid within five days of the due date
- the customer arranges a payment plan with the WSP.

The electricity code stipulates that an electricity provider sending a late payment notice has to contact the customer in person to offer advice or assistance with paying the bills. That contact may be by telephone, electronic means or another method.

### **Principle 20**

The code will require WSPs to assess whether a customer is experiencing short-term payment difficulties or more enduring financial hardship when that customer contacts them with payment problems. During this process, the customer can request the temporary suspension of action.

For customers experiencing payment difficulties, the code will prescribe the assistance to be offered, such as flexible alternative payment arrangements (additional time to pay bills on interest-free terms with all conditions specified) or information on further financial assistance, if needed. Provisions for LGAs may need adjusting. WSPs must offer flexible payment arrangements to business customers who experience payment difficulties.

### **Financial hardship (residential customers only)**

A hardship policy is a statement of rights for customers who experience more than temporary payment difficulties. WSPs in Tasmania and Victoria (metropolitan) as well as energy providers in Western Australia must have a hardship policy. At present, Western Australian WSPs are not legally required to have a hardship policy. It is also up to the service provider to inform customers of a hardship policy, if it exists.

Community organisations strongly support hardship policies since they help avoid disconnection or restriction of supply to customers and benefit those who want to pay their bills but have difficulties doing so (Productivity Commission 2011). Benefits for service providers in maintaining hardship policies include recouping some payment when customers are unable to pay the full bill immediately, but are willing to pay. This helps prevent the accumulation of substantial debt and reduces the costs of debt collection (Productivity Commission 2011). For example, Yarra Valley Water has based its best-practice hardship policy and programs on a business case.

The Water Corporation has a financial hardship policy. It applies to residential customers only and excludes tenants (unless they receive the usage bill) and those experiencing payment difficulties without financial hardship. The corporation has established flexible payment options as well as a 'Water Assist' program for customers in financial hardship, and provides training to staff dealing with such customers. In some cases, customers are referred to a financial counsellor. Other service providers, such as Aqwest and Busselton Water, have similar arrangements.

A financial counsellor can refer a customer in genuine hardship to the government's Hardship Utilities Grants Scheme (HUGS). Tenants are currently not eligible for HUGS payments, but the Water Corporation is seeking to change the criteria under which tenants can be considered for the HUGS.

The ERA has introduced requirements for a hardship policy in the energy industry. Under Part 6 of their codes, energy retailers have to develop a hardship policy with specific minimum contents, such as alternative payment arrangements, reduction of fees, charges and debt, provision of additional information and payment in advance.

The ERA's *Financial hardship policy guidelines* (2010) help retailers to write the policies. The guidelines provide detailed information in five areas:

- staff training

- identifying and engaging with customers in financial hardship
- flexible payment arrangements
- engaging with consumer representative organisations and financial counsellors
- transparency and accessibility.

Minimum hardship requirements may have to vary for different service classes. Provisions for LGAs, for example, could require 'hardship practices and procedures' instead of a policy, which would allow CEOs to adopt provisions without councils formally approving them. It may also be helpful for WALGA to develop a generic hardship 'policy' with help from customer representative organisations that all LGAs can adopt.

### ***Principle 21***

WSPs will develop their financial hardship policy in accordance with the requirements set out in the ERA's *Financial hardship policy guidelines*. LGAs may require some special provisions or adaptations.

The code will also require WSPs to give details of the hardship policy to relevant parties and keep certain records.

### **Review of hardship policy**

Electricity and gas providers have to review their hardship policies annually and consult with consumer representative organisations in the process. The ERA assesses the policies against the financial hardship policy guidelines published on its website. The ERA has advised that a review every two years would be adequate.

The WSCCWG agreed that the hardship policies should be reviewed at least every two years. WALGA was reluctant to commit to a review period as LGAs may need special provisions.

### ***Principle 22***

The code will require WSPs to review their hardship policies every two years, consulting with consumer representative organisations in the process.

The ERA will assess the policy against its financial hardship policy guidelines.

## **3.6 Restrictions and disconnection (drinking water supply services only)**

In Australia, residential customers rarely get their water supply disconnected for not paying their bills; instead, supply is restricted to a low flow rate (usually only for a certain time) that allows for limited water use for drinking, cooking and sanitation.

Disconnecting or restricting water supply is not desirable for personal and public health reasons. Nevertheless, if users do not pay their bill or make payments towards their payment plan:

...flow restrictions appear to provide a reasonable compromise between protecting an individual's right to water and creating an incentive through inconvenience, to contribute to the cost of providing the service (Productivity Commission 2011, p.238).

According to WSPs, this may be less traumatic than going through a full debt recovery process, especially court proceedings.

Utilities are reluctant to use such drastic measures. The Water Corporation does not restrict water supply for pensioners, senior cardholders and senior healthcare cardholders whose accounts are in arrears. The corporation is also unlikely to restrict tenants as they may only be responsible for part of the overdue charges for all water services (including water use) on the property (landowner's) account: recovery action would be taken against the owner. Customers who have life-support equipment (e.g. dialysis machines) registered on the premises are also not restricted. Aqwest and Busselton Water do restrict tenants and, in some cases, pensioners on concession.

The drinking water providers set the minimum amount at \$200 or more before they take action to restrict. The age of the debt is also relevant. The Water Corporation leaves a card at the premises 24 hours before the restriction; Aqwest gives notice of 24 hours and Busselton Water 72 hours. Usually, the restriction follows a process that had been underway for three to four months.

Under the Electricity Act, disconnection is a measure of last resort and electricity customers in financial hardship are not disconnected (restriction is not possible for electricity). The electricity code outlines the details and timing of reminder notices and disconnection warnings, provides for contacting a customer before disconnection, and specifies what constitutes failure to pay a bill. It also gives details of any limitations that apply and procedures for disconnection in an emergency. The ERA approves and publishes minimum debt amounts before electricity providers can act.

In the metropolitan and regional areas of Victoria, a service provider can take action (restricting a service or starting legal action) against a debtor only if the debt has reached a minimum of \$200 or the customer has not paid any bills for at least 12 consecutive months. In rural areas in Victoria and in Tasmania, the amount owed has to be a minimum of \$120, while in Queensland a customer is not restricted if the account is in arrears for less than one month.

The Western Australian energy codes, as well as the ACT and Tasmanian water customer codes, also deal with timing of restriction and disconnection. These cannot occur on a Friday, Saturday, Sunday or public holiday, the day before a public holiday or after 3pm. Similar to the electricity code, the ACT requires all utilities (including water providers) to contact the customer in person before restricting supply. Victoria is proposing a similar policy for water services.

Under the Bill, a WSP can restrict or cut off the flow of water to a property if a customer has not paid a bill within 30 days of the due date. In contrast to the current legislation, the Bill stipulates that water supply can be cut only if the occupier of the premises agrees. The Bill empowers the Minister to include this matter in a code.

WSPs agreed that consistent timing for the issue of notices and warnings would be beneficial, but some had reservations about contacting customers in person before restricting supply – given the distances involved in regional and remote areas and the



potential risk to staff. Aqwest tries to contact customers before reducing supply and found that this lowers the rate of restriction. Overall, WSPs agreed that 'reasonable endeavours' should apply to contacting customers before restriction.

The WSCCWG recommended using provisions similar to the electricity code.

### ***Principle 23***

WSPs must use 'best endeavours' to contact in person a customer whose account is in arrears and/or the occupier of the premises to which water supply is intended to be restricted: this can include contact by telephone or electronic means.

The code will also stipulate that:

... the Authority may approve and publish, in relation to failure to pay a bill, an amount outstanding below which a retailer must not arrange for the restriction or disconnection of a customer's supply address.

WSPs must not restrict customers who are being or have been assessed as experiencing hardship, as long as they keep up their payments, and may not restrict supply after 3pm, on a Friday, Saturday or Sunday, a public holiday or the day before a public holiday.

The conditions for disconnection under the Bill are deemed sufficient. WSPs must inform their customers about these conditions as appropriate and on request.

## **3.7 Restoring supply (drinking water supply services only)**

This section of a code describes the circumstances for recommencing a service. At present in Western Australia, properties that had their water supply disconnected will have it reconnected within 24 to 48 hours after fulfilling relevant conditions.

The energy codes specify that reconnection is made on the same day, if the application is received before 3pm on a business day; or on the next business day, if the application is received on a business day after 3pm. Reconnections will not be made on a Saturday, Sunday or public holiday.

Timeframes for reconnection in the other Australian water codes ranges between 'promptly', 'as soon as possible', 'within 24 hours' or 'one business day' and 'within five business days'.

The WSPs agreed to reconnection times of 24 hours in the metropolitan area and 48 hours in the regions. Customer representatives prefer connection to occur within 24 hours or under provisions similar to those in the electricity code.

### **Principle 24**

Once the reason for restriction or disconnection is removed (and has been confirmed) and the appropriate payments have been received, a WSP will use best endeavours to reconnect a drinking water supply within one business day in the Perth metropolitan area and two business days in regional areas.

## **3.8 Information and communication**

One of the most important aspects of customer service is transparency and provision of information. The code emphasises transparency and communication – particularly what information WSPs have to provide to their customers and how they deal with inquiries.

### **General information provision**

The energy codes require providers to offer information on tariffs, historical billing data, concessions, energy efficiency, distribution, safety awareness and other issues of interest to customers. They also specify that all information must be easy to understand, that customers should know how to access the code and that services be available for interpreting information (multi-lingual and TTY services, large-print copies).

Water customer codes in other jurisdictions reflect the different requirements of water services. Some are very specific in what information has to be available to customers and describe how to provide it; for example, in writing on request, on a website or as hardcopies of documents.

The information section of the WSCC will not list all the information WSPs have to provide to their customers because some may be more appropriate in other sections. In addition, not all information requirements may apply to all service classes in the same way, which the code will account for.

WSPs were concerned the potential information provision requirements were too prescriptive. While all members of the WSCCWG agreed to most of the items listed in Appendix H, WSPs would prefer to provide information at a general level and base it on existing practice; for example, the customer charters. In fact, much of the information WSPs will be required to provide to customers is now contained in the customer charters, although some changes may be necessary.

Information is also important for non-customers of WSPs, such as tenants who do not receive a usage bill from a WSP directly and other interested parties. At present, it may be difficult for non-customers of WSPs to get access to information, such as how to make a complaint, what types of concessions are available and how they can find out the average water use in different types of households.

Appropriate information should also be made available to tenants from Aboriginal and culturally and linguistically diverse (CALD) backgrounds.

**Principle 25**

The code will require WSPs to make a range of information available to customers and other interested parties.

Information must be accessible on the WSP's website and available in document-form on request. Information must be easy to understand, and TTY and interpreter services as well as large-print versions provided on request.

**Specific considerations regarding information**

The following sections outline some of the elements of information provision the WSCCWG discussed in more detail.

*Tariff information*

This section of a code usually requires service providers to inform customers of charges and fees (contained in all water codes in Australia) and to notify them of any variations (all codes except Queensland). The codes often specify where or how the information has to be presented and within what time. The energy codes require providers to inform customers of variations in charges as soon as practicable.

At present, WSPs are not required to inform their customers about new charges or changes to tariffs for water services.

The ERA and customer representatives insisted it was important for customers to have this information ahead of the changes coming into effect so they could make informed decisions.

The details of applicable charges will be set out in regulations made under the Bill.

WSPs were concerned about the additional resources needed to fulfil this requirement and reach all their customers in advance of the changes being applied, especially those in regional areas. WALGA wanted to ensure this provision only applied to usage charges or that requirements for LGAs reflected the current practices – three-yearly re-evaluation of gross rental value, which is the basis for sewerage charges. Customer representatives thought it was not enough to provide this information only on a website because not all customers have access to the web.

Given the complexities in the current pricing structure and the inability of current WSPs to vary prices independently, mandating this information was considered to be inappropriate.

**Principle 26**

The water use account will detail the prices applicable.

*Concessions (residential customers only)*

At present, concessions on the fixed service charge for residential drinking water supply, sewerage and drainage charges are available to pensioners and seniors under the *Rates and Charges (Rebates and Deferral) Act 1992* (clause 29) but only if they are an owner or life tenant of the supplied property. The Act only applies to water boards and LGAs, which the government reimburses for the rebate on

application. Under the Act, eligible seniors and pensioners can also defer payment of the rates or service charge, which then accumulates as a debt to the property. Rebates do not apply if customers defer payment of charges. For further information on the relevant sections of the Act, see Appendix G.

WSPs have water usage concessions available to senior and pensioner concession cardholders on application (this may include tenants if they are responsible for 100 per cent of the usage bill). Under current legislation, only the Water Corporation is eligible for community service obligation (CSO) payments that reimburse concessions. This will change once new legislation is in place under which water boards become water corporations, with all the rights and obligations that entails. Private providers will only receive CSO payments if there is a deliberate government decision to do so, currently this is not the case.

In Western Australia, in contrast to other states, water concessions are not available to holders of other concession cards, such as the Commonwealth healthcare card.

Making water services affordable to customers in need, is a complex issue and may require other initiatives besides making concessions available. Ultimately, resolving this issue requires the collaboration of several government agencies. The code can only ensure that those eligible receive appropriate and adequate information about concessions, and that service providers make the appropriate concessions available.

#### **Principle 27**

The code will require WSPs to inform residential customers about available concessions and make them available, where appropriate.

### **3.9 Complaints and dispute resolution**

At present, operating licences outline the details for the complaints handling process and WSPs have to produce a complaints handling policy, which they must include in their customer charter. The ERA's customer complaint guidelines apply to electricity, gas and water services (ERA 2008).

The first principle of complaints handling is to enable customers to make complaints, which includes providing sufficient information (Ombudsman Western Australia 2010).

Since the code incorporates most of the current licence conditions regarding customer service, few changes to WSPs' complaints and dispute handling processes will be needed. The process will still follow the ERA's existing guidelines and conform to the principles outlined in the Australian Standard AS ISO 10002-2006 *Customer satisfaction – guidelines for complaints handling in organisations*. The only substantial change will be that the Department of Water will no longer handle unresolved disputes. The Bill provides for the Water Services Ombudsman to manage unresolved disputes between complainants and service providers.

The WSCCWG agreed to adapt the electricity code provisions on complaints and dispute resolution to water services that align with the ERA guidelines.

**Principle 28**

The code will require WSPs to have complaints and dispute resolution arrangements that comply with AS ISO 10002-2006 and any relevant ERA guidelines.

The complaints handling process must:

- outline how complaints are lodged and handled
- detail response times and methods of response
- be made available to customers on request at no cost.

WSPs must also advise a complainant that they can refer their complaint to the ombudsman or other relevant authority, if it is not resolved to their satisfaction.

WSPs will be required to provide information about the complaints process on their website and in writing on request.

### 3.10 Information retention and reporting

WSPs are required to keep certain records and report on these as part of their licence conditions. With few exceptions, the licence conditions refer to the *Water compliance reporting manual*, which sets out the data required for performance monitoring. This includes the number of complaints (water quality and billing or account issues), duration and frequency of service disruptions, disconnections, restrictions, reconnections and other customer-related information, such as the time taken to answer phone calls.

The Bill specifies that regulations can deal with some record-keeping requirements; for example, those relating to water service charges. The *Corporations Act 2001* (Cwlth) provides for financial records<sup>7</sup> to be kept for seven years. The *State Records Act 2000* specifies record-keeping requirements for government organisations<sup>8</sup>.

Electricity providers in Western Australia are required to report annually on their performance with regard to affordability and access, customer complaints, customer accounts, compensation payments and call centre performance. The electricity code specifies the type of information providers have to keep and for how long.

The WSCCWG wanted the code's information retention and reporting requirements closely aligned with existing operating licence conditions and the provisions in the electricity code (adapted for water services). Timeframes for retaining information should align with those in the electricity code. The group recommended changing the wording from 'record keeping' to 'information retention and reporting'.

<sup>7</sup> **'financial records'** includes:

- (a) invoices, receipts, [orders](#) for the [payment](#) of [money](#), bills of exchange, cheques, promissory notes and vouchers; and
- (b) documents of prime entry; and
- (c) working papers and other documents needed to explain:
  - (i) the methods by which [financial statements](#) are [made](#) up; and
  - (ii) adjustments to be [made](#) in preparing [financial statements](#).

<sup>8</sup> The *State Records Act 2000* applies to all government organisations including the Water Corporation and specifies that the State Records Commission set the principles for record keeping. Destroying state records requires authorisation.

### **Principle 29**

Timeframes for retaining information are set to two years, unless specified otherwise (e.g. seven years for customer billing data as required by the *Corporations Act 2001*). Other legislative requirements may apply.

## **3.11 Service and performance standards**

An essential part of regulating water services is setting standards: these define the conditions under which WSPs provide water services to customers. Customers may complain and request redress if WSPs do not meet these conditions. Setting standards should not only take into account what customers expect, but also the costs for achieving them – because this will affect customers (Speers et al. 2002).

At present, the ERA sets standards for the delivery of water services as licence conditions. Some standards apply to all service classes, such as those relating to customer service and complaints handling. Technical standards specific to drinking water or non-potable water services relate to water quality, pressure and flow as well as continuity. Sewerage standards relate to overflow and blocked sewers; irrigation standards concern water quality and delivery; and drainage standards are associated with drain and levee design.

Licence conditions can also specify exemptions and set out criteria for agreements when WSPs cannot meet or guarantee standard conditions. They may require WSPs to notify customers annually about their conditions of service or record agreements.

The conditions for delivering services can vary considerably between service classes but also between providers of the same service class. Licences currently contain schedules that specify the different service standards. Similarly, the code could have general provisions that apply to all service classes and use schedules with standards for different services, perhaps even for different service providers.

Ensuring that WSPs deliver water services according to standard is at the heart of customer service, but separating the strictly technical elements from those that are more customer-related may reduce the complexity of a code of conduct.

The Bill perpetuates the current arrangements under which a licensee may have to fulfil standards for providing water services. The code could set out these standards because it will form part of the licence conditions. Some provisions are set out in the Bill and do not have to be repeated in the code; for example, the Bill makes it a condition of licence that the licensee must provide a service to entitled persons and do so 'on reasonable terms, unless provision of the service is not financially viable or otherwise not practicable' (clause 21).

The Utilities Commission (2004) described three different categories of standards:

**Reliability of service** = ability of a service provider to maintain the availability of a service; continuity of supply.

*Measure:* how often and how long customers have to go without a service in a given period.

**Quality of supply or service** = specifications of supply; for water supply: flow rate, pressure, water quality.

*Measure:* if minimum and maximum specifications are maintained.

**Customer service** = interactions of service provider with customers.

*Measure:* dependability and responsiveness of service provider and services provided; level of complaints.

Expecting a WSP to achieve a standard to 100 per cent or a specific figure is often not practical and many standards are expressed as targets or ranges.

Both Western Australian energy customer codes do not contain service standards; they are contained in regulations<sup>9,10</sup> and/or other codes<sup>11</sup>. Other water codes in Australia contain service standards to varying degrees. The Queensland code contains the applicable standards in the body of the code (Part B) while all other codes deal with the details in schedules. The ACT code's standards apply to all service providers, while in the other codes the schedules give details of the standards of different service providers (which can vary considerably).

Opinions in the WSCC WG varied widely. Some WSPs preferred to keep the standards in the licence. Other WSPs wanted to transfer only those standards that are in the customer charters, those that are the same for all WSPs or those relevant to customers. Others preferred to transfer all existing licence conditions to the code. Customer representatives argued that all standards are relevant to customers.

The code will include at least the customer service standards. Regulations or another code could deal with the reliability and quality of service. However, this may be an opportunity to review 'Schedule 4 – Service and Performance Standards' of the operating licences with the aim to include them in the code.

### ***Principle 30***

The code will specify customer service standards – expressed as targets or ranges – as currently provided in the WSP's licences (under the heading of 'Customer Service Standards' in Schedule 4).

<sup>9</sup> Electricity (Supply Standards and System Safety) Regulations 2001

<sup>10</sup> Gas Standards (Gas Supply and System Safety) Regulations 2000

<sup>11</sup> Electricity Industry (Network Quality and Reliability of Supply) Code 2005

## 4 Elements not covered in the code

### 4.1 Customer consultation

As part of their licence conditions, all WSPs (except drainage service providers) are required to establish an ongoing customer consultation process. This includes establishing a customer council or holding regular customer meetings, publishing newsletters or organising forums that enable community involvement.

The licence conditions also enable the ERA to require licensees to undertake independent customer surveys (no more frequently than every 12 months). This applies to all water services. Irrigation providers have the additional condition to hold public meetings before the irrigation season opens.

At present, some WSPs also have obligations under the water legislation to consult on infrastructure works<sup>12</sup>. The Bill requires licensees who propose to undertake water service works to consult before starting these works (clauses 144 and 152).

Under the *Public Health Act 1911*, local government sewerage providers need to advertise and make available for inspection any plans for building or altering sewerage infrastructure.

The Productivity Commission (2011) maintained that consumer policy advocacy is important for appropriate decision-making by regulators and ministers to ensure that the interests of consumers are served at all times. Consumer advocacy in the water industry is poorly developed across Australia and existing and new policies or regulatory arrangements are often problematic.

The representatives of the larger WSPs (except LGAs) indicated a preference for keeping the current licence conditions for customer consultation in the code. They were concerned that new WSPs may not put any processes in place. Provisions should be not too prescriptive.

Customer representative groups pointed out that their involvement in the development and review of the code, as well as the hardship policies, should be enough to address any issues regarding customer service. General consultation provisions may be ineffective and hard to measure.

The ERA's hardship policy guidelines outline which types of customer representative groups WSPs should consult when writing their hardship policies. The Bill stipulates that the ERA must determine membership of the code consultative committee but that it has to include customer representatives as well as licensees.

The new Water Services Ombudsman scheme is industry-funded, and WSPs pay for every complaint referred to the ombudsman. This should be an incentive for WSPs to be sensitive to their customers' needs and address issues before they become problematic. How they do this is up to the individual providers.

According to the Bill, complainants do not have to be customers of WSPs.

---

<sup>12</sup> Clauses 88 and 93 *Water Agencies (Powers) Act 1984*, and clauses 41 and 42 *Water Boards Act 1904* only apply to WSPs with extended works powers.



## 4.2 Marketing

In the electricity code, marketing covers contracts, information provided to customers before entering into a contract and marketing conduct. Most of these provisions refer to the activities of marketing agents who sign up customers. The Gas Marketing Code of Conduct covers similar provisions.

At present, the water services industry does not employ marketing agents and only a limited amount of supply occurs under non-standard agreements. It is unlikely in the near future that WSPs will compete for the same services to an extent that requires the regulation of marketing and marketing conduct.

The WSCCWG agreed, given there is no competition between WSPs, that the code should not contain marketing provisions for now. The ERA can amend the code later, when needed.

A marketing clause does not seem necessary in the current non-competitive environment. The ERA can revise the code when the situation changes.

## 4.3 Shortened billing cycle

The electricity code allows for a shortened billing cycle for customers who receive three consecutive reminder notices, but only with the customer's consent if they are in financial hardship. At present, the Water Corporation can arrange a shortened billing cycle for customers with payment difficulties but the option is rarely used. The corporation reads meters monthly for some large water users (who may or may not have a commercial contract).

All WSPs agreed it would be costly and difficult to administer shortened billing. The Western Australian Council of Social Services (WACOSS) considered it enough to offer other options, such as payment plans, to customers with payment difficulties or in hardship.

The code will not mandate shortened billing cycles because it seems sufficient if customers have options to pay bills by instalments or through a flexible payment plan. Direct debit arrangements are also useful to shorten the time between payments and reduce the amount of each payment.

Customers can also read their own meters to keep informed about their water usage. Large users can arrange for more frequent meter readings as required.

## 4.4 Works and maintenance

In codes in other jurisdictions, this section outlines the WSP's rights and obligations with regard to their assets, including construction, maintenance and access as well as how and when WSPs notify customers and their representatives identify themselves. It also refers to customer rights and obligations regarding these matters.

In Western Australia, these details are set out in the Bill or addressed through regulations and it is not necessary to include them in the code.

## 4.5 Customer charters

A customer charter is a way to inform customers of their rights and responsibilities, as well as those of their WSP, with regard to water service(s).

At present, all WSPs have to produce customer charters as part of their licence conditions. The ERA approves the charters and reviews them every three years. An advantage of having a customer charter is that a service provider can present itself to its customers in a more individualised, 'personal' way. However, doing this well requires considerable effort, which can be difficult for smaller service providers (e.g. LGAs providing sewerage services to a small number of customers).

In its latest review of the electricity code in 2010, the ECCC recommended the requirement for a customer charter for electricity providers be removed. The ERA amended the electricity code accordingly. Electricity retailers can still produce customer charters if they wish to, but the ERA no longer assesses these documents.

While the code can only mandate the responsibilities of WSPs, much of the information customers need to have about other aspects, such as their responsibilities towards WSPs, can be provided through other means (e.g. the internet, through newsletters, on the customer bill or on request). The information provision section in the code can outline the relevant requirements.

The WSCCWG agreed the code should not require WSPs to produce customer charters.

The code will not require WSPs to produce customer charters. WSPs wanting to offer a more individualised customer document can continue to do so voluntarily.

Much of the charter contents will be covered by the code and its requirements for information provision. The explanatory guide should make the code contents accessible to customers. WSPs can communicate any additional information they may want to provide to customers through other means.

## 4.6 Service standard payments

In some Australian jurisdictions, service providers make service standard payments to customers for breaches in water service standards, usually in the form of set payments or rebates. Such payments are incentives for WSPs to provide the level of service they are bound to by their licence conditions or other requirements. In addition, they may be 'protecting the interests of customers by providing avenues of redress for poor service' (ESC 2007).

At present, electricity providers make service standard payments under the electricity code, which are not automated except in the case of wrongful disconnection. Gas providers have service standard payment obligations under their access arrangements (not in the customer code) which are paid to customers automatically.

In New South Wales, Sydney and Hunter Water have regulations that guarantee service standards (service level scheme) and make use of service standard payments. In Victoria, automated guaranteed service level rebates are used extensively (paid to customers without application) on a voluntary basis but will become mandatory in the near future. Water businesses set their own service

standards and the Essential Services Commission approves them. Queensland uses a similar approach, incorporating service standards with strategic planning. Tasmania is only just getting service standards in place after a major industry restructure.

In Western Australia, WSPs currently do not make service standard payments. Some provide redress in individual cases (e.g. for soiled clothing) and all make good or pay damages in cases of damage to property (as legally required).

WSP representatives on the WSCCWG were not supportive of service standard payments. They maintained that they generally delivered their services above standard and already received a lot of scrutiny. Problems uncovered in regular audits have to be rectified and may attract fines. In severe cases, WSPs can have their licence revoked. WALGA was opposed to standard payments for services that are supplied free of charge. Overall, WSPs wanted service standard payments considered in a broader context, including all costs and benefits to the community. The ERA and customer representatives were supportive of service standard payments.

The WSCC will not contain service standard payments.

## Appendices

### Appendix A - Codes of conduct in Australia

In Victoria, the Customer Service Code for Metropolitan Retail and Regional Water Businesses (ESC 2010a) applies to providers of water and sewerage services to the metropolitan area and regional towns. The Rural Water Customer Service Code (ESC 2008) applies to regulated services not covered under the metropolitan code; that is, businesses that provide water and sewerage services to rural areas, including irrigation and drainage services.

In the Australian Capital Territory, the *Utilities Act 2000* applies to all utilities – water, electricity and gas. The Independent Competition and Regulatory Commission (ICRC) is responsible for administering water industry and technical codes. The Act also establishes the Essential Services Consumer Council (ESCC) that reviews service standards, makes determinations on unresolved complaints and ensures provision of services to customers in hardship. The revised Utilities (Consumer Protection Code) Determination 2010 (No 2) came into effect in July 2010. The code outlines the basic rights of customers, consumers and utilities regarding access and provision of gas, water and electricity services. The code also deals with standards of delivery of utility services.

Queensland's *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* established three council-owned water businesses and sets out a number of customer protection provisions and standards of service with which these distributor-retailers have to comply. The provisions apply to water and wastewater services provided to all customers, large or small.

On 1 January 2011, a new Customer Water and Wastewater Code made by the Minister with the assistance of the Queensland Water Commission came into effect. It provides additional safeguards for 'small use customers' around the distributor-retailer's standards of service. Under the code, a 'small customer' is a residential customer or a non-residential customer who uses no more than 100 kL of drinking water and/or reticulated recycled water a year. The code covers services such as reticulated potable water (drinking water), dual reticulation water and certain sewerage services. Customers can complain to the Energy and Water Ombudsman Queensland (EWOQ) if a dispute relates to non-compliance with the code.

In Tasmania, the *Water and Sewerage Industry Act 2008* makes provisions for a customer service standards framework for water and sewerage services. The Water and Sewerage Economic Regulator is responsible for producing a customer service code that specifies minimum service standards and conditions with which service providers have to comply. The Water and Sewerage Industry (Customer Service Standards) Regulations 2009 specify the details of the code. The first code was published on 1 July 2010.

South Australia currently has its new water services legislation before parliament. An independent Water Industry Ombudsman and a Consumer Advisory Committee will further strengthen consumer protection. These provisions apply to the water industry, defined as 'any operations associated with the provision of water and sewerage services'. The Essential Services Commission of South Australia (ESCOSA) will

establish codes for consumer protection and service standards with which service providers have to comply as part of their licence conditions.

New South Wales does not have a code of conduct for the water industry, but the Water Industry Competition (General) Regulation 2008 that supports the *Water Industry Competition Act 2006* makes provision for such a code. Under the regulation, as part of their licence conditions, water businesses have to establish and comply with a code of practice for customer complaints and a code of practice for debt recovery.

In the Northern Territory, the Utilities Commission regulates electricity and water suppliers. It issues licences for water services in gazetted geographical areas. The Minister may give the commission some powers to monitor pricing and service standards. Under the *Water Supply and Sewerage Services Act 2009*, water and sewerage providers have to fulfil and comply with certain licence conditions (S.42), including:

- meeting minimum customer service standards set by the Minister (S. 45)
- preparing a customer service contract that sets out rights and responsibilities of customers and the supplier (S. 47)
- prepare codes that confirm the rights and responsibilities of customers and the supplier with regard to land development asset protection, new connections and trade waste approvals.

## Appendix B - Members of the WSCCWG

Members of the working group:

- Water service provider representatives:
  - Water Corporation
  - Busselton Water (Board)
  - Aqwest – Bunbury Water Board
  - Western Australian Local Government Association (WALGA).
- Customer representatives:
  - Western Australian Council of Social Service (WACOSS)
  - Consumers' Association of Western Australia
  - Tenants Advice Service (TAS).
- Government agency representatives:
  - Department of Housing.
- Observer:
  - Economic Regulation Authority (ERA).

## Appendix C - Terms of reference for the WSCCWG

### *Background*

The new Water Services Bill enables the Minister for Water to prepare a code of conduct for the water services industry in Western Australia that will govern the relationship with their customers – the Water Services Customer Code.

The Department of Water is preparing this code in a consultative process to achieve a balanced and fair outcome for both water service providers and their customers. The WSCCWG is part of this consultative process.

### *Purpose of the working group*

The working group will:

- 1 advise the Department of Water on the issues identified in the publication *Developing a Water Services Customer Code – issues paper*
- 2 contribute to the recommendations for the draft discussion paper
- 3 review the evaluation of submissions received for the draft discussion paper.

### *Membership*

The group will have the following members:

- a chairperson and a project team from the Department of Water
- representatives of:
  - water service providers
  - customer representative groups
  - state government agencies.

### *Process*

The working group will meet on a four-weekly basis or as required and will conclude its work when the recommended code is finalised.

The project team will provide general administrative and secretarial support to the group, including:

- organising group meetings
- compiling briefing papers and preparing reports including an issues paper and discussion papers
- drafting and distributing meeting minutes.

## Appendix D - List of licensed water service providers

### *Water supply (drinking)*

Water Corporation	Hamersley Iron Pty Ltd
Busselton Water Board	Peel Water
Aqwest – Bunbury Water Board	Rottnest Island Authority

### *Water supply (non-potable)*

City of Kalgoorlie-Boulder	Shire of East Pilbara
Gascoyne Water Cooperative	Shire of Gnowangerup
Harvey Water (South West Irrigation Management Cooperative)	Shire of Goomalling
Moama Lifestyle Villages Pty Ltd	Shire of Jerramungup
Ord Irrigation Cooperative	Shire of Kent
Peel Water	Shire of Koorda
Shire of Brookton	Shire of Lake Grace
Shire of Coolgardie	Shire of Moora
Shire of Dalwallinu	Shire of Morawa
Shire of Denmark	Shire of Ravensthorpe
Shire of Dowerin	Shire of Victoria Plains
Shire of Dumbleyung	Shire of Wickepin
	Shire of Yilgarn

### *Sewerage*

City of Kalgoorlie-Boulder	Shire of Coolgardie	Shire of Koorda
	Shire of Dalwallinu	Shire of Lake Grace
Hamersley Iron Pty Ltd	Shire of Dowerin	Shire of Moora
Moama Lifestyle Villages Pty Ltd	Shire of Dumbleyung	Shire of Morawa
Peel Water	Shire of East Pilbara	Shire of Ravensthorpe
Rottnest Island Authority	Shire of Gnowangerup	Shire of Victoria Plains
	Shire of Goomalling	Shire of Wickepin
Shire of Brookton	Shire of Jerramungup	Shire of Yilgarn
	Shire of Kent	

### *Irrigation*

Gascoyne Water Cooperative	Harvey Water (South West Irrigation Management Cooperative)
Ord Irrigation Cooperative	
Preston Valley Irrigation Cooperative	

### *Drainage*

Water Corporation	Rottnest Island Authority
-------------------	---------------------------



## Appendix E - Definitions identified by the WSCCWG

The following list contains terms that were identified by the WSCCWG as needing to be defined in the WSCC. The definitions below are preliminary and the wording will be finalised when the code is drafted by the Parliamentary Counsel's Office. Additional terms will be added as necessary.

### *Proposed definitions:*

**'customer'** means a residential customer, a business customer who receives a water usage account from a WSP; occupiers are customers to a limited extent for billing and payment purposes if their landlord has authorised the WSP to send them a bill.

**'residential customer'** means a customer who consumes water services solely for domestic use and receives a bill from the WSP.

**'business customer'** or **'non-residential customer'** means a customer who is not a residential customer or a commercial customer.

**'commercial customer'** means a customer who has a commercial contract with a licensee with regard to a water service or services; commercial customers are not subject to the code of conduct.

**'commercial contract'** means a contract between a WSP and a large commercial customer.

**'occupier'**, of land, means a person who is an occupier of the land within the meaning given in the *Local Government Act 1995* clause 1.4.

**'complainant'**, in relation to an approved ombudsman's scheme, means a person who may have a complaint or dispute dealt with under the scheme.

**'flexible alternative payment arrangement'** means an agreed payment plan that suits a customer who is in a position of hardship (or in payment difficulties, if appropriate).

**'Perth metropolitan area'** means the region described in Schedule 3 of the *Planning and Development Act 2005*<sup>13</sup>.

**'regional area'** means all areas in Western Australia other than the Perth metropolitan area; includes remote areas<sup>14, 15</sup>.

---

<sup>13</sup> *From the electricity code:*

**"metropolitan area"** means—

- (a) the region described in Schedule 3 of the *Planning and Development Act 2005*;
- (b) the local government district of Mandurah;
- (c) the local government district of Murray; and
- (d) the townships, as constituted under clause 26 of the *Land Administration Act 1997*, of—
  - (i) Albany;
  - (ii) Bunbury;
  - (iii) Geraldton;
  - (iv) Kalgoorlie;
  - (v) Karratha;
  - (vi) Port Hedland; and
  - (vii) South Hedland.

<sup>14</sup> *From the electricity code:*

**"regional area"** means all areas in Western Australia other than the *metropolitan area*.

**'non-standard agreement'** means an agreement between a WSP and a customer in which the customer agrees to receiving a water service or services under conditions in which one or more service standards cannot be fulfilled. (Note that under Australian consumer law such a 'non-standard agreement' may still be a standard form contract since it is provided on a take-it-or-leave-it basis and not negotiable.)

**'bill smoothing'**<sup>16</sup> means a billing arrangement under which bill payments are spread over a longer period broken into equal amounts and charged and reconciled at predetermined intervals as agreed to by the WSP and the customer.

**'works and maintenance'** means a licensee's activities associated with their water service works (see definition in clause 3 of the Water Services Bill) and the maintenance of these works.

*Other sources of definitions:*

Current operating licences contain definitions that will be transferred to the customer code as needed or appropriate. Definitions in the Bill will take precedence in case of overlap.

The definitions in the *National Performance Framework – 2010–11 Urban performance reporting indicators and definitions handbook* will be used where appropriate as long as they correspond to those used in the Water Services Bill; where they differ the Bill definitions will take precedence. The document is available at: <<http://www.nwc.gov.au/publications/topic/urban/handbook-2010-11>>.

---

<sup>15</sup> *From State Planning Policy 3.2: Aboriginal Settlements:*

**Remote regions**

Whole or part of those regions of Western Australia (as per schedule 4 of the *Planning and Development Act 2005*) described below:

- Gascoyne
- Goldfields-Esperance
- Kimberley
- Pilbara
- Mid West (Cue, Meekatharra, Mount Magnet, Murchison, Sandstone, Wiluna and Yalgoo local governments only)

<sup>16</sup> *From the gas customer code:*

**4.3 Bill smoothing**

(1) Despite clause 4.1, in respect of any 12 month period, on receipt of a request by a **customer**, a **retailer** may provide a **customer** with estimated bills under a bill smoothing arrangement.

(2) If a **retailer** provides a **customer** with estimated bills under a bill smoothing arrangement pursuant to subclause (1) the **retailer** must ensure –

(a) the amount payable under each bill is initially the same and is set out on the basis of the **retailer's** initial estimate of the amount of gas the **customer** will consume over the 12 month period;

(b) that the initial estimate is based on the **customer's** historical billing data or, where the **retailer** does not have that data, average consumption at the relevant tariff calculated over the 12 month period;

(c) in the sixth month –

(i) the **retailer** re-estimates the amount of gas the **customer** will consume over the 12 month period, taking into account any **meter** readings and relevant seasonal factors; and

(ii) if there is a difference between the initial estimate and the re-estimate of greater than 10%, the amount payable under each of the remaining bills in the 12 month period is to be re-set to reflect that difference; and

(d) at the end of the 12 month period, the **meter** is read and any undercharging or overcharging is adjusted for under clause 4.18 or 4.19; and

(e) the **retailer** has obtained the **customer's verifiable consent** to the **retailer** billing on that basis.

## Appendix F - Excerpt from *Local Government Act 1995*

### *Subdivision 6 – Actions against land where rates or service charges unpaid*

6.63. Term used: service charge

In this Subdivision –

**service charge** does not include a service charge imposed under clause 6.38(1)(b) on the occupier of land who is not the owner of that land.

6.64. Actions to be taken

- 1 If any rates or service charges which are due to a local government in respect of any rateable land have been unpaid for at least 3 years the local government may, in accordance with the appropriate provisions of this Subdivision take possession of the land and hold the land as against a person having an estate or interest in the land and –
  - a from time to time lease the land;
  - b sell the land;
  - c cause the land to be transferred to the Crown; or
  - d cause the land to be transferred to itself.

## Appendix G - Excerpts from *Rates and Charges (Rebates and Deferment) Act 1992*

### *Claims by administrative authorities*

#### Clause 16

(2) When a local government allows a rebate to a registered person, the local government may make a claim for reimbursement by the Minister of the amount allowed.

(4) When a Water Board allows any rebate to an eligible senior who as such is a registered person, the Water Board may make a claim for reimbursement by the Minister of the amount allowed.

### *Concessions*

#### Clause 40

(9) The portion of the prescribed charge to be used in determining the rebate of a person to whom this section applies shall be –

- a for an eligible senior, on any prescribed charge by way of the emergency services levy or rates or for the provision of water supply, sewerage or drainage – 25 per cent of the prescribed charge concerned, up to such limit as is prescribed;
- b for an eligible pensioner, on any prescribed charge by way of the emergency services levy or rates or for the provision of water supply, sewerage or drainage – 50 per cent of the prescribed charge concerned; and
- c on any other prescribed charge – the prescribed percentage.

## Appendix H - List of information provision requirements for the WSCC

<b>Information provision item</b>
Account
Bill payment options
Fees and charges
Concession entitlements
Programs available for customers with payment difficulties
Hardship policy
Complaints/dispute handling process
Ombudsman
Sustainable use of water resources
How customers may conserve water
Account history
Usage history
Answer request within a certain time
Provision of service and billing history (free of charge for material less than two years old)
Copy of regulatory instruments, including code but not primary legislation
How complaints are dealt with
How information is provided
Fees charged for information
Services for customers with special needs
Permitted uses of water services
Customer obligations
Drinking water quality and its management
Meter is accessible
Maintain property owner's infrastructure on notice
Seek consent for construction
Not alter any connected water or sewerage system without consent
Observe restrictions
WSP to provide details of incidents with significant impacts on customers if not reported elsewhere
Obligations and details of WSP privacy practices
Inform relevant customers of the permitted use of recycled water, non-potable water and sewerage services
Right to have bill redirected at no cost
Details of assessment on financial difficulties or hardship
Financial counselling
Financial assistance and grants
Planned interruptions

---

**Information provision item**

---

Protecting customer's and distributor's equipment

---

Reliability and quality of supply

---

Over-use policy

---

**Ways of providing information**

---

Inquiries facility

---

In non-technical language that is easily understood

---

Charge for providing information required under the code

---

Reasonable fee for account and usage information

---

**Communication assistance**

---

Interpreter service

---

TTY service for speech and hearing impaired

---

Large-print version

---

Statement in other languages to advise of interpreter service

---

## List of shortened forms

Bill	Water Services Bill 2011
CALD	culturally and linguistically diverse
code	Water Services Customer Code
ECCC	Electricity Code Consultative Committee
electricity code	Code of Conduct for the Supply of Electricity to Small Use Customers
ERA	Economic Regulation Authority
ESC	Essential Services Commission (Victoria)
GWA	Government of Western Australia
GRV	Gross rental value
HUGS	Hardship Utilities Grants Scheme
LGA	local government authority
MoU	memorandum of understanding
NWC	National Water Commission
TAS	Tenants Advice Service
WACOSS	Western Australian Council of Social Services
WALGA	Western Australian Local Government Association
WSCC	Water Services Customer Code
WSCCWG	Water Services Customer Code Working Group
WSP	water service provider

## References

- Australian Competition & Consumer Commission and Australian Securities & Investments Commission 2005, *Debt collection guideline: for collectors and creditors*, Commonwealth of Australia, Canberra, Australia.
- Australian Capital Territory 2000, *Utilities Act*, Author, Canberra, Australia.
- 2010, *Utilities (Consumer Protection Code) Determination (No 2)*, Author, Canberra, Australia.
- Economic Regulation Authority 2008, *Customer complaints guidelines*, Author, Perth, Australia, viewed 16 February 2011, <[http://www.erawa.com.au/2/470/51/water\\_licensing\\_regulatory\\_guidelines.pm](http://www.erawa.com.au/2/470/51/water_licensing_regulatory_guidelines.pm)>.
- 2010, *Financial hardship policy guidelines*, Government of Western Australia, Perth, Australia, viewed 16 February, 2011, <[http://www.erawa.com.au/2/281/51/electricity\\_licensing\\_regulatory\\_guidelines.pm](http://www.erawa.com.au/2/281/51/electricity_licensing_regulatory_guidelines.pm)>.
- 2010, *Schedule 2, Compendium of Gas Customer Licence Obligations (Gas Customer Code)*, Government of Western Australia, Perth, Australia, viewed 14 February 2011, <[http://www.erawa.com.au/3/462/51/codes\\_compendium\\_of\\_gas\\_customer\\_licence\\_obligati.pm](http://www.erawa.com.au/3/462/51/codes_compendium_of_gas_customer_licence_obligati.pm)>.
- Energy Ombudsman Western Australia 2005, *Charter of the Gas Industry Ombudsman (Western Australia) Limited*, Author, Perth, Australia, viewed 12 February 2011, <<http://www.ombudsman.wa.gov.au/energy/publications/index.phtml>>.
- Essential Services Commission 2007, *Rural Water Customer Service Code – final decision*, viewed July 2011, <<http://www.esc.vic.gov.au/NR/rdonlyres/4A29EF26-D03E-4E06-A4D7-CA069DA37CF0/0/FDPRuralWaterCustomerServiceCode20070426.pdf>>
- 2009, *Rural Water Customer Service Code*, Author, Melbourne, Australia, viewed 16 February 2011, <<http://www.esc.vic.gov.au/NR/rdonlyres/CA17D6A9-D42F-4555-8BAA-ADC1609B175/0/CODRuralCustomerCodeamended20080625.pdf>>.
- 2010, *Customer Service Code Metropolitan Retail and Regional Water Businesses*, Author, Melbourne, Australia, viewed 16 February 2011, <<http://www.esc.vic.gov.au/NR/rdonlyres/D8B6324D-1531-4BD2-B9A6-80FE9E0A44D1/0/CustomerServiceCode.pdf>>.
- 2010, *Issues paper – developing a hardship related guaranteed service level measure*, viewed July 2011, <<http://www.esc.vic.gov.au/NR/rdonlyres/39A44226-590C-4C3B-BB9D-920A37D89213/0/ISPHardshipRelatedGSLpaper20100611.pdf>>
- Government of Australia 2010, *Competition and Consumer Act*, Author, Canberra, Australia.
- Government of New South Wales 2006, *Water Industry Competition Act*, Author, Sydney, Australia.



- 
- 2008, *Water Industry Competition (General) Regulation*, Author, Sydney, Australia.
- Government of Queensland 2009, *South-East Queensland Water (Distribution and Retail Restructuring) Act*, Author, Brisbane, Australia.
- 2011, *Customer Water and Wastewater Code*, Author, Brisbane, Australia.
- Government of Tasmania 2008, *Water and Sewerage Industry Act*, Author, Hobart, Australia.
- Water and Sewerage Industry (Customer Service Standards) Regulations*, Author, Hobart, Australia.
- Government of Western Australia 1904, *Water Boards Act*, Author, Perth, Australia
- 1909, *Metropolitan Water Supply, Sewerage and Drainage Act*, Author, Perth, Australia.
- 1914, *Rights in Water and Irrigation Act*, Author, Perth, Australia.
- 1925, *Land Drainage Act*, Author, Perth, Australia.
- 1947, *Country Areas Water Supply Act*, Author, Perth, Australia.
- 1948, *Country Town Sewerage Act*, Author, Perth, Australia.
- 1952, *Country Towns Sewerage By-laws*, Author, Perth, Australia.
- 1981, *Metropolitan Water Supply, Sewerage and Drainage By-laws*, Author, Perth, Australia
- 1984, *Water Agencies (Powers) Act*, Author, Perth, Australia.
- 1987, *Residential Tenancies Act*, Author, Perth, Australia.
- 1987, *Water Agencies (Charges) By-laws*, Author, Perth, Australia.
- 1989, *Residential Tenancies Regulations*, Author, Perth, Australia.
- 1992, *Rates and Charges (Rebates and Deferment) Act*, Author, Perth, Australia.
- 1994, *Energy Coordination Act*, Author, Perth, Australia.
- 1995, *Water Corporations Act*, Author, Perth, Australia.
- 1995, *Water Services Licensing Act*, Author, Perth, Australia.
- 1995, *Local Government Act*, Author, Perth, Australia.
- 2004, *Electricity Industry Act*, Author, Perth, Australia.
- 2005, *Electricity Industry Metering Code*, Author, Perth, Australia.
- 2009, *Co-operatives Act*, Author, Perth, Australia.
- 2010, *Code of Conduct for the Supply of Electricity to Small Use Customers*, Western Australian Government Gazette – Special No.111, Government Printer, Perth, Australia.
- 2010, *Fair Trading Act*, Author, Perth, Australia.
- Northern Territory 2009, *Water Supply and Sewerage Services Act*, Author, Darwin, Australia.

National Water Commission 2011, *National performance report 2009–10: urban water utilities, Part C*.

Ombudsman Western Australia 2010, *The principles of effective complaints handling*, Government of Western Australia, Perth, Australia, viewed 16 February 2011, <<http://www.ombudsman.wa.gov.au/Publications/Guidelines.htm>>.

Productivity Commission 2011, *Australia's urban water sector*, draft report, Canberra.

Speers, A, Burn, S, Hatton MacDonald, D, Nancarrow, B, Syme, G & Young, M 2002, *Setting and evaluating customer service standards – overarching report*, BCE Doc. Number 01/199, CSIRO, Australia, viewed 14 November 2010, <<http://www.clw.csiro.au/publications/consultancy/2002/overarchingreport2002.pdf>>.

Utilities Commission (Northern Territory) 2004, *Developing a Standards-of-Service Framework – issues paper*, Author, Darwin Australia.

Water and Sewerage Economic Regulator 2010, *Tasmanian Water and Sewerage Industry Customer Service Code*, Author, Hobart, Australia, viewed 16 February 2011, <[http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/102710\\_WSI\\_Customer\\_Service\\_Code\\_First\\_Issued\\_1\\_July\\_2010.pdf/\\$file/102710\\_WSI\\_Customer\\_Service\\_Code\\_First\\_Issued\\_1\\_July\\_2010.pdf](http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/102710_WSI_Customer_Service_Code_First_Issued_1_July_2010.pdf/$file/102710_WSI_Customer_Service_Code_First_Issued_1_July_2010.pdf)>.



## Department of **Water**

168 St Georges Terrace, Perth, Western Australia  
PO Box K822 Perth Western Australia 6842

Phone: 08 6364 7600

Fax: 08 6364 7601

[www.water.wa.gov.au](http://www.water.wa.gov.au)

4987 00 0812