

**28 April 2008**

## Rural water customers in financial hardship getting a raw deal

“Rural and regional customers in financial hardship are still being treated badly by Victorian water companies. And they are still significantly worse off than customers in Melbourne,” James Henshall, Policy Officer of the Consumer Utilities Advocacy Centre, said today.

Mr Henshall was responding to the annual *‘Water Performance Report of Urban Water and Sewerage Businesses for 2006-07’* released today by the Essential Services Commission (ESC).

“It’s crucial that Victorian water businesses have effective hardship programs to ensure families retain safe and affordable access to water” he said. “That’s particularly necessary at a time when household budgets are under real pressure and water prices are about to double”.

The ESC has tentatively approved significant increases in the price of water in its Water Price Review, due to be finalised at the end of May. As such, the affordability of water will be a major concern for the next five years.

CUAC continues to be alarmed at the high level of restrictions on supply in rural and regional Victoria in 2006-07 (a flow restrictor is placed on the customers’ water supply to limit the amount of water to the minimum):

- Household restrictions increased by 15 % on 2006-07 – reversing a decline in restrictions the previous year;
- A massive 94.3% of domestic customers who were restricted for non-payment of bills were rural and regional customers, despite the fact that they represent less than a third of water customers in Victoria;
- Of those, 438 were concession-card holders, who are obviously on low incomes. This was 308 more customers restricted than in the previous year, and driven largely by the increased activity of North East Water, Gippsland Water and Goulburn Valley Water.

“Restrictions must only be used as a last resort – it is not appropriate to use such a punitive measure as a form of credit management. These companies need to understand that if a concession cardholder is on restriction, they should be assisted, not punished” James Henshall said.

A disturbing trend is the increasing number of restrictions over 14 days. Water businesses who had customers on long restrictions were Coliban Water (rising from 19.1 % of all restrictions in 2005-06 to 72 % in 2006-07), Lower Murray (increased to 42.2 %), Gippsland Water (36.6 %), South Gippsland Water (32.6 %) and Goulburn Valley Water (32.2 %).

Water businesses that had the greatest numbers of domestic customers on restrictions for non-payment were Goulburn Valley Water, Coliban Water and Lower Murray Water.

Another trend of concern is the rising number of legal actions taken against customers for non-payment – 556 more than the previous year. Of those, 122 were concession cardholders. Coliban Water again topped the league with the highest number of legal actions, and at the lowest average debt level of \$193. South Gippsland on the other hand did not take any legal action in 2006-07.

“CUAC agrees with the regulator that legal actions are not an appropriate course of action for small customers’ debts, as the legal costs only add to the total debt” James Henshall said.

The Consumer Utilities Advocacy Centre (CUAC) is an independent consumer advocacy organisation which ensures the interests of Victorian water consumers - especially low income, disadvantaged, rural and regional, and Indigenous consumers - are effectively represented in policy and regulatory decisions.

**Queries can be directed to James Henshall on (03) 9639 7600/ 0417 797 366.**