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MEDIA RELEASE

Friday, 23 March 2012

Consumer and welfare groups make eleventh hour bid to protect vulnerable Victorians

A group comprising consumer advocates and welfare agencies has made an eleventh hour plea to members of the Victorian Upper House, urging them to amend a bill which would allow metropolitan water businesses to charge interest on overdue accounts. The group said that charging interest would disproportionately affect low income Victorians and needed to be amended before passing into law.

The group, made up of the Consumer Action Law Centre, the Consumer Utilities Advocacy Centre, the Brotherhood of St Laurence, the St Vincent de Paul Society, the Victorian Council of Social Service and National Seniors Australia, has recently written to the Minister for Water Peter Walsh MP arguing that interest charges are, in effect, a late payment fee and penalise households that are already struggling to pay their bills.

Spokesperson for the group, Gerard Brody, said most people who fall behind with their utilities bills are experiencing financial stress and that adding interest into the mix would only exacerbate their situation. 'We'd like to see utility companies working with households to ensure this essential service remains affordable rather than penalising them for not paying the full bill by the due date.'

Mr Brody said the group was also concerned that allowing water suppliers to charge interest could reduce the incentive for them to offer support to low income households such as payment plans and access to hardship policies.

'We fear that some water companies might choose to penalise people who can't pay their bills on time rather than assist them to pay. After all, it could be better for their bottom line if they rely on interest charges rather than payment plans to address accounts which are in arrears. But we see interest charges as an inappropriate tactic – it's like using a big stick to encourage payment, and in the end, those who can't pay, will pay more' said Mr Brody.

In its letter to the Minister for Water the group also points out that energy companies are prohibited from charging interest on overdue accounts – a position recently re-affirmed by the Victorian Government in a discussion paper on implementing the National Energy Customer Framework in Victoria.

'At present regional-urban and rural water suppliers are the only utility providers that are allowed to charge interest. They're the exception to the rule. Our organisations believe no utility provider should be allowed to charge interest or late payment fees and that we should be moving away from the regional and rural water model rather than towards it,' said Mr Brody.

The bill passed the Legislative Assembly on 15 March 2012 and is due to be debated in the Legislative Council in the next sitting.

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