

24 February 2017



Mr Adam Wilson
CEO
Essential Services Commission of South Australia
By email

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Dear Mr Wilson,

RE: Inquiry into Regulatory Arrangements for Small-scale Water, Sewerage and Energy Services

SACOSS is the peak body for the community services sector in South Australia, with a long– standing interest in the efficient delivery of essential services. We thank the Commission for the opportunity to provide input into this inquiry.

As you are aware, SACOSS is funded by the Department of Communities and Social Inclusion (DCSI) to consult with key consumer groups to identify and recommend to DCSI projects to be funded under the Consumer Advocacy and Research Fund (CARF). The CARF’s objective is to ensure that SA water consumers¹ are effectively represented in water regulatory determinations, policy making and market monitoring/development.

Findings from the South Australian Financial Counsellors Association minor and intermediate retailers advocacy project

Following a recommendation by SACOSS, the South Australian Financial Counsellors Association (SAFCA) was contracted by DCSI to undertake a survey of customers of minor and intermediate water and sewerage retailers (MIRs) to better understand their experiences with their MIRs, and to provide a key input into this inquiry.

SACOSS wishes to highlight the key finding of the research project that “generally, most customers of small and intermediate water and sewerage providers are happy with the services they receive” and “there is little evidence of systemic issues for customers of minor and intermediate water and sewerage providers”².

However SACOSS also notes that a fifth of customers indicated they were either experiencing financial difficulty with paying a bill (20%) (of which only 50% felt their provider was helpful), or had a provider they felt would not listen or try and resolve an issue when raised with them (20%). For example some respondents noted:

“I would be listened to but not sure if I would get resolution. One issues I had was resolved, but it cropped up again 6 months later”

“Council is in disarray and difficult to get anyone who can help”

¹ Specified within Section 87 (5) (a) of the Water Industry Act 2012

² South Australian Financial Counsellors Association, Minor and Intermediate Retailers Research and Advocacy Project Report, November 2016

“Council decides how much you will pay, without taking into consideration affordability. No hardship arrangements”³

SAFCA has indicated to SACOSS that these sorts of issues were not systematically raised across all MIRs; rather they tended to cluster around particular MIRs. This suggests to SACOSS that there may be an issue with the internal dispute resolution processes within some MIRs.

Internal and external dispute resolution processes for MIR customers

SACOSS notes that clause 3.2.1 of the *Water Retail Code – Minor and Intermediate Retailers* requires that “a retailer must prepare and submit to the Commission for approval, procedures it will comply with for the management and resolution of customer enquiries and disputes, which must be prepared in accordance with AS ISO 10002-2006” and that “a retailer’s procedures may be reviewed by the Commission from time to time”.

Given the findings of the SAFCA report, SACOSS is concerned that some MIRs may not be complying with their approved internal dispute resolution process some or all of the time, and that this may be detrimentally impacting customers. As such **SACOSS recommends that in line with clause 3.2.2 of the Code, ESCOSA step up efforts to review the efficacy of MIR’s internal dispute resolution procedures, particularly where it becomes apparent that customers of a particular MIR are experiencing unresolved or ongoing issues.**

While SACOSS notes that it is always ideal in the first instance that customer disputes are addressed effectively and efficiently through internal dispute resolution processes, SACOSS also emphasises the importance of all customers having access to external dispute resolution process, where internal processes fail to address customer issues satisfactorily.

External dispute resolution is a well-recognised, effective and accessible mechanism for customers to resolve disputes with essential services providers without having to resort to legal processes, which are often too costly, time consuming and complex for customers to utilise. For water customers in South Australia, the Energy and Water Ombudsman SA (EWOSA) provides this service. However, as noted by EWOSA in its submission to this inquiry, “small-scale and off-grid providers of water, sewerage and energy services that have a very small customer base are unlikely to have the number of complaints (if any) to warrant becoming a member of an Ombudsman scheme, both from a fees and regulatory burden perspective”.

SACOSS acknowledges that the nature of MIRs presents some barriers to MIRs easily becoming members of EWOSA, and agrees that any moves to enable MIRs to join the ombudsman scheme should be carefully weighed against the costs to consumers of improved access to external dispute resolution.

Nonetheless, SACOSS believes that in principle that all water customers in SA should have some form of access to a free, independent, accessible, fair and informal external dispute resolution processes, regardless of whether their water provider is big or small, or based in a metropolitan or rural location. As such, **SACOSS recommends ESCOSA consider as a priority cost effective regulatory methods for providing this**

³ South Australian Financial Counsellors Association, Minor and Intermediate Retailers Research and Advocacy Project Report, November 2016

opportunity to all MIR customers, on par with other South Australian water customers, including options proposed by EWOSA in its submission to the inquiry⁴.

In making these recommendations, SACOSS also notes that the majority of MIRs are local councils and as such may be subject to internal and external dispute resolution process under the remit of local government policy and regulations. As such SACOSS suggests that in monitoring current practice and investigating the best possible mechanisms, that ESCOSA consult with the Local Government Association to ensure all cost effective and accessible avenues for dispute resolution are considered.

Ongoing monitoring of MIR customer experience

SACOSS believes that that the SAFCA research into the experience of MIR customers has been a valuable input into the inquiry, and has deepened understanding of the particular issues that MIR customers face. To ensure that MIR customer experience and views are routinely considered in all regulatory processes, **SACOSS supports SAFCA’s recommendation that “regulatory determinations for service providers should consider a consumer engagement model” to test the ongoing impact on customers of current regulatory arrangements and any future reforms.**

We thank you in advance for consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Vanessa Musolino on (08) 8305 4231 or via vanessa@sacoss.org.au.

Yours sincerely,



Ross Womersley
Chief Executive Officer

⁴ “The threshold number of customers at which these [MIR] service providers should become members [of EWOSA] is therefore open to debate, but we suggest 30 or above as a way of opening the discussion. For those with fewer customers, were they to receive complaints and be unable to adequately resolve them, it could be left up to the discretion of the Commission as to whether or not they would be required to become a Member of the EWOSA Scheme. This could be assessed through the effective performance monitoring regime established by the Commission”