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22 October 2019

Dear Mr Wilson,

**RE: Small-scale Networks Inquiry – Framework and Approach**

The South Australian Council of Social Services (SACOSS) is the peak body for the community services sector in South Australia, with an interest in the efficient delivery of essential services to communities across the state. We thank the Commission for the opportunity to provide input into the small-scale networks inquiry.

The following submission details specific issues around pricing, transparency, customer protections and maintenance identified by SACOSS for the Commission to consider as well as our response to the Commission's Framework and Approach paper. In response to regulation of the small scale networks industry, SACOSS supports the Commission in option 2 to harmonise regulations within and between industries, as well as retaining some form of reporting and compliance to ensure consumers are adequately protected.

**Pricing issues**

SACOSS understands that the cost of providing essential services, such as water, electricity and sewerage in regional and remote communities is higher and service providers have a lower customer base to recover costs from. In the context of off grid electricity services, SACOSS appreciates that providers of electricity are required to publish prices on their website. However the lack of price determination and stated efforts in the Framework and Approach paper to recover the cost of service provision to customers is a concern. In particular, given changes in service models that is likely to occur in this area, for example with changes to the Remote Area Energy Supply (RAES) scheme.

From discussions with the Department of Energy and Mines, SACOSS understands that tariffs under this scheme will be kept low and continue to be subsidised by the SA government in the initial stages of transitioning residents of the Anangu Pitantjatjara Yankunytjatjara (APY) lands, Oak Valley and Yalata communities from non-payment of electricity to a payment scheme. However, it would be imperative for tariffs for off grid electricity to be kept as low as possible, particularly in Aboriginal communities and that even increasing these prices over time to current on grid market prices in SA is too high. Remote Aboriginal communities in other states, do not have on grid SA electricity tariffs, so there is minimal reason for Aboriginal communities in SA to be subjected over the longer term to these prices, given they are not connected to the National Electricity Market. In addition, we would like to ensure that with the transition of power supply and payment methods in remote communities through the RAES scheme, that there is

consideration given by service providers to the potential impact that a cashless welfare card may have on ways that Aboriginal communities may share the costs of utilities.

In the context of providing cost efficient services for off grid electricity, and the preference of the Commission to have less emphasis on regulation and a greater emphasis on trust with service providers, we would urge the Commission to consider the risks that could occur with newer entrants into the market with a changing energy landscape. In particular, the risks of higher tariffs for customers if the Commission does not use its authority to provide some regulations or guidance around pricing.

### **Transparency and visibility of bills**

In relation to water and sewer provision, findings from the Minor and Intermediate Retailers Research and Advocacy Project conducted by the South Australian Financial Counsellors Association (SAFCA) in 2016 noted that 31 percent of water customers would like to see more information on their bill. The changes residents requested included details around their meter reading, comparisons with previous years' consumption and the status of payment plans for water. SACOSS recommends that the Commission take this into account with requirements for licensees to maintain transparency and visibility of water and energy use on customer bills.

### **Customer protection**

Customers of small scale networks who are experiencing payment difficulties and hardship should, at a minimum have access to support to avoid disconnection, such as payment plans, Centrepay, concessions applied to their bill and energy efficiency advice to reduce demand if viable. We also request that disconnection is considered as a measure of last resort and is prohibited for hardship customers and customers adhering to a payment plan.

The SAFCA report noted that 20 percent of water and 12 percent of sewer customers reported having financial difficulty paying a bill. As a result of this, the report made a recommendation to build the capacity of service providers to assist customers in financial difficulty and that all service providers should have the ability to apply the concessions available directly to a customer's bill. SACOSS supports this recommendation. SACOSS also requests that the Commission ensures that service providers (both water and electricity) be required (as a minimum) to report on the number of disconnections for non-payment of a bill to the Commission as part of their licence conditions, and that consistency in the application of consumer protections is applied for all South Australian customers.

### **Maintenance timeframes**

Another issue identified in the SAFCA report includes maintenance and repair timeframes and some issues of trust with service providers. As this report was only conducted in the water and sewer sector, we are not aware if this is also an issue with electricity services, however maintenance and repair equally applies to all remote services and we recommend that the Commission also ensure that timeframes for repair and maintenance of essential services are kept to a minimum and that licensees are reviewed regularly on this basis.

### **Response to Framework and Approach paper**

SACOSS is supportive of the harmonisation approach presented in the Frameworks and Approach paper to add consistency between and within industries and we support option 2 as an approach to retain reporting and compliance. We believe that over the longer term with a review of regulatory instruments that this approach has the potential to reduce duplication, while keeping customer protections in place and will be

much more fit to purpose with a changing landscape, such as different business models in service delivery for off grid customers.

Although SACOSS supports option 2 as an approach, we also believe that the building of trust in the small scale networks industry is important and there is still scope to reduce the regulatory burden and duplication on small scale network providers with option 2. We would support the Commission in harmonising consumer protections across licenses, or through the implementation of an industry code.

We also support the Commission's proposal that all small scale network providers become members of the Energy and Water Ombudsman SA (EWOSA), however we note that small scale networks with 30 customers or less may not be able to join EWOSA.

Thank you in advance for consideration of our submission. If you have any questions in relation to this submission, please contact Maureen Boyle at [maureen@sacoss.org.au](mailto:maureen@sacoss.org.au) or 8305 4233.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ross Womersley', enclosed in a thin black rectangular border.

Ross Womersley  
Chief Executive Officer