

Commissioner Lew Owens
Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE 5001

1st July 2004

Dear Mr. Owens,

COTA National Seniors welcomes the opportunity to comment on the final report of KPMG into the Essential Services Commission of South Australia's enquiry into "Consumer issues with pre-payment meters".

COTA National Seniors appreciates the research that was conducted into this issue and supports the principal findings and recommendations of KPMG to the Consumer Advisory Council. COTA National Seniors has consulted its membership through a number of forums, including the COTA National Seniors Policy Council, (which is made up of elected members from a variety of organizations for Older South Australians) the Council for Pensioners and Retired Persons (COPARP) and the South Australian Retirement Village Association (SARVRA).

After consultation we conclude that there is no logical rationale for the introduction of pre-payment meters in South Australia, as there is no evidence that meters offer any substantial advantage to our (or any) constituencies. We believe that there are other means of effecting pre-payment and that pre-payment meters are not a good mechanism for debt recovery from a consumer perspective.

It is believed that such meters have proven particularly hazardous for older people of whom there is an ever increasing number in SA. Not only are these people trying to maintain their independence by living in their own homes for longer periods of time, but many of these older people are frail or have complex health needs. Their independence relies on the regular supply of electricity to control ambient temperatures for a healthy environment. This is particularly true in extreme summer conditions in South Australia.

The premise of pre-payment meters which puts the onus on the consumer to take responsibility for meter monitoring, the purchase of credit and the recharging of the meter with credit have been identified as issues which will have significant consequences for many older people particularly those living alone.

COTA National Seniors does not support ESCOSA allowing for the provision of pre-payment meters in ETSA's costs for the 2005/10 period.

Having discussed all the potential risks and disadvantages highlighted in the KPMG report for the Consumer Advisory Council, COTA National Seniors would prefer that

ESCOSA not allow pre-payment meters at all. However, if they are to be allowed, we support the comments in the KPMG report that there must be a strong regulatory framework, and would welcome the opportunity to discuss this issue further.

We suggest that the framework should include

1. The collection of information on periods of disconnection.
2. The provision of quarterly advice to consumers on usage and costs
3. That pre-payment meters not be permitted if life support or other significant medical equipment be in use
4. That the costs associated with the removal of the equipment be borne by the retailer not the consumer.

Conclusion

Those consulted by COTA National Seniors S.A. did not believe that the potential consumer benefits of Pre-Payment Meters as described in this report outweighed the disadvantages to older people. They do not believe that Pre-Payment Meters will help this group with fuel poverty problems and that in fact the issue of fuel poverty will be further hidden by disguising disconnections and the reasons behind non use of electricity. Current information available on numbers of people on hardship policies will hence be skewed.

We would be pleased to provide further information on this issue.

Yours sincerely

Ian Yates
Executive Director