



SACOSS Submission to ESCOSA Draft Water Retail Code Consultation

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Introduction

As the peak body for the community services sector in South Australia, SACOSS has had a long-standing interest in the delivery of essential services and in particular in ensuring that the most vulnerable South Australians are able to access an adequate, affordable and always available supply of potable water for health and hygiene.

SACOSS thanks The Commission for the opportunity to provide comment on the Draft Water Retail Code.

SACOSS has been a keen contributor to the discussion leading to the development of the Draft Water Retail Code, and has provided related submissions to the ESCOSA Economic Regulation of the South Australian Water Industry – Statement of Issues Consultation (January 2011) and the ESCOSA Economic Regulation of the SA Water Industry Consultation (January 2012).

Recent price rises for domestic water can be expected to precipitate increased cases of hardship and inability to pay. This is likely to be exacerbated by similar increases in other utilities. For these reasons, the SACOSS focus in this submission is on the provisions relating to supply restriction and disconnection, hardship and payment difficulties. SACOSS encourages the establishment of a consumer-centric approach to these critical issues while allowing a more light-handed approach in other aspects of the new regime.

A Single Water Industry Code

SACOSS remains extremely concerned about the inclusion of residential customers in a code that also includes non-residential customers. The supply of drinking water to households is accompanied by significant obligations and therefore, a separate Code is warranted.

In our submission to ESCOSA on the Statement of Issues (January 2011, page 6), SACOSS stated that:

“SACOSS is of the view that the essential health and safety implications of residential water and sewer supply necessitate a separate, comprehensive code that can accommodate universal access to an essential consumption amount.”

Again, in our submission to ESCOSA on the Economic Regulation of the SA Water Industry (January 2012, page 3), SACOSS stated that:

“A single Water Industry Code should not be established as a code dedicated to serving residential customers is warranted. A residential customer code would make it entirely clear that supplying drinking water to households is accompanied by significant obligations.”

SACOSS notes our disappointment that ESCOSA has failed to accept the need for a separate code for residential customers. However, given the significance of the ESCOSA decision to establish a single Water Industry Code, SACOSS proposes that ESCOSA commit to conducting a consumer impact review of the Water Retail Code two years from commencement, with the objectives of the review being to determine whether the implementation of the Water Retail Code has resulted in best practice retailer behaviour when supplying retail services (water and sewerage) to customers or whether or not it has adversely affected customer health and safety.

Hardship

Minimum requirements for hardship policy

SACOSS agrees that a minimum set of requirements for hardship policy is a practical means of working towards best practice customer protections. SACOSS supports the range of minimum requirements set out in the Draft Water Retail Code.

At clause 16.2.1, SACOSS proposes additional sections as follows:

- (j) exemptions from supply restriction, legal action, and additional debt recovery costs – including payment of any interest accrued prior to the customer being identified as in hardship or which has accrued during the customer’s period of hardship – while payments are made to the retailer according to an agreed flexible payment plan or other payment schedule;
- (k) detail of any circumstances in which it will waive or suspend interest payments on outstanding amounts;
- (l) provision for written confirmation of any alternative payment method to be sent to customers within 10 business days of an agreement being reached;
- (m) processes to provide information about the retailer’s dispute resolution policy, and the customer’s right to lodge a complaint with the industry ombudsman scheme if their hardship claim is not resolved to their satisfaction by the retailer;
- (n) provision for a review mechanism of the policy and its associated procedures.

In relation to establishing an instalment plan, SACOSS proposes that provision by the retailer of a payment matching scheme for customers with a significant debt provides a vital incentive to the customer to meet all of their agreed instalments. SACOSS proposes that section 16.2.2 include the following:

- (i) determine an appropriate financial incentive for each instalment plan, with a value no less than one fifth of the total amount of all of the instalments, for all customers experiencing hardship with significant debt where the amount outstanding is more than an amount approved by the Commission.

Implementation of hardship policy

SACOSS believes that timely processing of customers experiencing payment difficulties to determine their hardship status will result in enhanced protections for those customers. With this in mind, in addition to the specified clauses at 16.3.1 of the Consultation Draft Water Retail Code, SACOSS proposes that a retailer must also:

- (e) determine the hardship status of any residential customer within 15 working days from the date of notification of the retailer’s residential customer hardship policy by the retailer, provided the residential customer has been informed of the hardship policy as per 16.3.1 part (d) and agrees to being considered for hardship status.

Payment

SACOSS supports the offering and application of flexible payment plans for residential customers experiencing payment difficulties, as well as the provision of important information to assist those customers.

In addition, SACOSS proposes that a retailer must also assist residential customers on a case-by-case basis who have payment difficulties by:

- (a) providing for written confirmation of an alternative payment method referred to in clause 17.7 to be sent to customers within 10 business days of an agreement being reached;
- (b) offering to extend the due date for some or all of an amount owed, and;
- (c) informing customers of any circumstances in which it will waive or suspend interest payments on outstanding amounts.

Supply Restriction and Disconnection

The concept of restricted supply is unique to water supply and is not an area where there is much practical experience in South Australia. Given the historic existence of the practice in SA, SACOSS supports the intended approach of ensuring that restricted supply remains an action of last resort. SACOSS believes that the intended approach strikes a reasonable balance between the interests of retailers and consumers.

Specifically, SACOSS supports the provision in the Draft Water Retail Code for all retailers to be prohibited from disconnecting water and sewerage services for non-payment given the essential nature of these services as well as the public health considerations. Further, SACOSS supports the proposal that SA Water be prohibited from restricting supply to residential customers in all cases as there is a lack of evidence to prove that restricting supply is an effective strategy. Overall, to ensure that restricting supply really is a last resort then, especially in these first few years of the new arrangements, it would be appropriate to institute what is effectively a moratorium until a case is made to allow it.

In addition and to compliment the above position, SACOSS proposes that any restriction processes which might be applied by all other retailers be transparently, accurately and comprehensively reported.

SACOSS wishes to alert the Commission to the readability issues in the section on supply restriction and disconnection in the draft Water Retail Code. In contrast to the draft Water Retail Code, the section on disconnections and restrictions in the Water Retail Code – fact sheet is written in plain language and more easily understood. SACOSS would recommend that as the Water Retail Code will be the main point of reference when it is finalised, ESCOSA consider the use of explanatory material within the Water Retail Code, as per the content of the fact sheet. This would enable consumers to more readily engage with the Water Retail Code.

Reconnection

In the “Consumer Protection Framework for the South Australian Water Industry – Explanatory Memorandum (Public Version, August 2011)”, ESCOSA flagged the possible requirement for licensees to waive reconnection fees for customers experiencing financial hardship that may not have been identified prior to having their supply restricted. SACOSS continues to support this proposal and urges the Commission to pursue the requirement in the appropriate mechanism.

Other issues

Customer Charter

SACOSS supports the proposed Customer Charter as long as the Charter is accessible by a diverse community (to include a number of languages). SACOSS welcomes the move to have large print versions of the retailer's Customer Charter available free of charge.

SACOSS also believes that the Charter must be written in plain language.

Special needs

The identification and support of special needs customers is a vital inclusion in the code and is supported by SACOSS.

Water Efficiency Advice

SACOSS supports the proposed clauses relating to provision of water conservation advice, as they enable residential customers to pursue water conservation measures as appropriate. SACOSS also welcomes the proposed clause relating to the issuing of an 'attention notice' as it strikes a balance between retailer obligation and customer protection.