

Review of Water Retail Code - Minor and Intermediate Retailers

Essential Services Commission of SA
GPO Box 2605
Adelaide SA 5001

By email: escosa@escosa.sa.gov.au

Marjorie Black House
47 King William Road
Unley SA 5061

P. 08 8305 4222
F. 08 8272 9500
E. sacoss@sacoss.org.au
www.sacoss.org.au

ABN 93 197 662 296

19 August, 2014

Dear Commissioners,

Thank you for the opportunity to comment on the Review of Water Retail Code - Minor and Intermediate Retailers.

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 particularly the cost of basic necessities like water because they impact greatly and disproportionately on low income and disadvantaged people.

SACOSS supports the general principles articulated in the Water Retail Code – Minor and Intermediate Retailers - Draft Decision, May 2014. In particular, SACOSS supports ESCOSA's objective to ensure that the benefits of the customer protections provided under the Water Retail Code are passed on to all South Australian customers, recognizing that the progress to establish standard contracts and provide information for customers of minor and intermediate water retailers has been slow.

SACOSS also strongly supports the objectives to standardise contractual arrangements and to ensure that consistent information on their rights and obligations is provided for customers of all water retailers across South Australia. SACOSS notes that ESCOSA promotes the principle that, to the extent possible, the contractual terms and conditions for customers of minor and intermediate water retailers should be consistent with those of major water retailers, as well as with customers of electricity and gas retailers. SACOSS supports this approach in principle. However, it is also noted that the gas and electricity markets are competitive and, in theory, the market for major water retailers is also competitive. This is unlikely to be the case for the minor and intermediate water retail market. Consequently, SACOSS urges that, in considering whether or not the contractual arrangements for customers of minor and intermediate water retailers are appropriate, that ESCOSA takes account of the fact that these customers do not have access to choice to the extent afforded to gas and electricity customers.

Against this background, SACOSS also supports ESCOSA's objective to simplify the contractual arrangements for customers of minor and intermediate retailers. However, SACOSS also supports that, where relevant and appropriate, consistency in customer protections should apply across gas, electricity and major water retail customers.

Specific comments

SACOSS has only reviewed the Standard Customer Sale Contract for a Water Retail Service and Sewerage Retail Service, and therefore our comments by necessity are limited. SACOSS acknowledges that the key customer protections are contained within this contractual document and substantially are consistent with those of the Water Retail Code – Minor and Intermediate Retailers, July 2013. Notwithstanding, there are a small number of clauses that raise concerns in relation to customers in some circumstances. These concerns are:

1. Capacity of customers of minor and intermediate retailers to meet potential infrastructure costs. That is:

Clause 22.2 Water retail service – Reliability

(a) We will use our best endeavours to provide you with a water flow rate to meet your reasonable needs. Please note that, for some customers, the flow rate may not be sufficient for all purposes without provision of additional on-site infrastructure. You assume the responsibility of providing such additional water infrastructure.

Clause 22.3(d) Sewerage retail service - reliability

If a blockage in the sewerage retail service occurs within our sewerage reticulation network, that is from the supply side of the connection, we will clear the blockage at our cost unless and to the extent you have contributed to the blockage occurring. If you have contributed to the blockage, you will be liable to pay us for the proportion of the costs reasonably determined by us to be attributable to your contribution to the blockage.

While SACOSS acknowledges the right of retailers to recover such costs, we are concerned that there is no consideration of customers who may not have the capacity to pay up-front costs or may be in financial hardship in these circumstances.

2. Information on tariff changes.

Clause 11.1 - Tariff Changes

If we vary the type of tariff rate you are charged for your retail service, we will notify you of the new tariff rate on your next bill.

It is not clear from this contractual clause whether the retailer is obliged to notify of the new rate on the next bill, and the amended tariff rate will take effect subsequently, or whether the new tariff rate takes effect with the next bill. SACOSS believes that customers should not be advised of tariff rate changes at the same time as an amended account.

3. Customers experiencing payment difficulties.

Clause 14.1 of the proposed standard contract states:

14.1 We offer flexible payment plans in accordance with this clause if you are a residential customer experiencing payment difficulties and you inform us in writing or by telephone that you are experiencing payment difficulties.

Clause 5.5 of the Water Retail Code – Minor and Intermediate Retailers, July 2013 states: “A residential customer experiencing payment difficulty (whether self-identified identified by the retailer) must be provided with information about:

- (a) *the retailer's flexible payment arrangements;*
- (b) *the retailer's residential customer hardship policy;*
- (c) *government concessions; and*
- (d) *independent financial and other relevant counselling services."*

SACOSS recognizes that there are other clauses in the proposed standard contract that require the retailers to provide the information stated in (a) to (d) above. However, we are very concerned that proposed clause 14.1 above does not appear to be consistent with the Code in that it does not require the retailer to identify payment difficulties as it places onus solely on the customer. Whilst it may be self-evident, we also query why the proposed clause specifically requires the customer to advise the retailer of payment difficulties in writing or by telephone.

Thank you for your consideration of these comments. If you have any questions relating to the above responses, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,



Ross Womersley
Executive Director