

SA WATER CUSTOMER COUNCIL SUBMISSION – ESCOSA ISSUES PAPER

BACKGROUND

The SA Water Customer Council was formed in 2004. It has a membership of 14 business and community groups representing a wide cross-section of the SA community.

Its primary role is to provide feedback on customer related issues to the Minister for Water, the SA Water Board and SA Water Executive.

The Chair of the Customer Council is appointed and reports directly to the Minister for Water Security to maintain the independence of the Council.

The Council's priority concern has always been the need to ensure the State's water supplies are adequate, safe and reliable, both in the short and long term and that the cost of water supply is both fair and equitable.

Since formation, Council members have been engaged in and are aware of SA Water's preparation for regulation.

Council has been consulted and provided advice with respect to SA Water's:

- Shadow Customer Charter
- Standards of customer service
- New water bill design
- Customer satisfaction research

The Council is pleased that in recent discussions, ESCOSA has agreed its existing customer advisory group will be expanded to represent the interests of water customers.

In terms of a regulatory framework, the Council has been generally supportive of the broad parameters outlined for economic regulation, particularly those based on successful adoption and implementation in other Australian States.

However, as details of the proposed regulations have been released for public comment, there is growing concern within Council, not so much with the role of the regulator to develop and administer codes of practice, but to how the regulator will interface with those responsible for determining water policy. It is particularly concerned that red tape may result in high compliance costs negatively impacting on water pricing.

Given current information, the Council does not have confidence in the ability of ESCOSA to set prices that will be fair to all customers and also to all resellers i.e. establish an equal playing field.

PRICING

As outlined in the Council's submission (December 2010) on the Water Industry Act, members are not convinced that ESCOSA can act with sufficient level of autonomy in setting prices.

The Council understands the regulator is required to consider government policy when setting prices. However, we have been advised that the regulator may deem that customers should not pay for government policy and require a community service obligation be made by the government.

The Council would like clarified as to who will establish priorities for pricing. In particular, how will ESCOSA identify and prioritise issues of interest and value to water customers.

Some members are particularly concerned over the ability of ESCOSA to identify realistic costs related to addressing community supported environmental issues. They would like to see guidelines established to ensure water pricing reflects the environmental cost of both the resource and resulting wastewater.

The Council is greatly concerned about the ability of some sections of the South Australian community to meet future significant water price increases and supports the current methods of assisting customers in hardship.

While the extent of future price increases is unknown, Council understands that ESCOSA must adhere to National Water Initiative guidelines when determining price.

This raises a number of issues:

- Water consumption is decreasing in SA as a result of increased water consciousness. Any price determination that penalises consumers for water efficiency gains through higher water consumption or supply charges appears to be inequitable.
- The impact of increasing prices on sections of the agricultural, industry and gardening sectors is already being felt. It is important that the cost of water and as such, the cost of doing business in SA does not discourage new business entrants or influence the decision of existing industries to relocate.
- The Council notes the intention to move to a single water price. This will impact on residential customers only and as indicated and will impact most on sectors of the community already disadvantaged. The Council favours retaining the existing block tariff pricing structure. This promotes water conservation while protecting disadvantaged consumers from higher prices.
- A single water price will require increased concession funding by the Government. While hardship programs outlined within the Code are supported, Council believes funding should be provided by the

Government to provide transparency and to avoid unfair competition between suppliers.

- Understanding ESCOSA does not input or influence Government policy and given the implications of policy on pricing and licensee operations, Council believes it is important that consumers have an ability to provide relevant feedback to those responsible for policy.

CUSTOMER CHARTER & SERVICE STANDARDS

The Customer Council is supportive of the concept of a Customer Charter that clearly sets out the duties and obligations of licensees and customers, as well as their rights and obligations.

When reviewing its service standards, SA Water has in the past consulted with the Customer Council. Council believes the standards of service self imposed by SA Water satisfy the requirements of its customers.

Council notes that SA Water consistently rates well in areas considered of high importance for customers. These include a reliable supply of safe drinking water and good response times in addressing customer problems.

Given the demonstrated performance by SA Water against its service performance targets relative to other Australian water utilities, the Customer Council has never had to concern itself with SA Water's service delivery.

Under regulation, any licensee should be subject to the same performance standards as SA Water. This will ensure ESCOSA meets its stated aim of achieving a level playing field. It will also provide customers with the protection and performance outlined within the Code.

The SA Water Customer Council supports the expansion of the role of the Energy Industry Ombudsman to provide complaint handling and dispute resolution as is currently performed for the electricity and gas industries in SA.

However, SA Water should not be disadvantaged should complaints be directed through channels which it cannot control in terms of responding within timeframes outlined within the service Code.

The SA Water Customer Council welcomes the opportunity to provide further submissions to ESCOSA with respect to issues affecting customers.



Jon Lamb
Chair, SA Water Customer Council