

Essential Services Commission of South Australia
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SA 5001



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

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RE: Water Retail Code – Restriction Thresholds

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Dear Commissioners,

Thank you for the opportunity to make a submission to this important consultation¹. As the peak body for the community services sector in South Australia, SACOSS has a long-standing interest in the delivery of essential services. Our research shows that the cost of basic necessities like energy and water impacts greatly and disproportionately on vulnerable and disadvantaged people. Our advocacy is informed by our members; organisations and individuals who witness these impacts in our community.

The consultation paper proposes two important parameters to apply to minor and intermediate water retailers. The minimum outstanding debt amount on which a retailer may seek to restrict a household's water supply is proposed to be \$300. This is the same amount that applies to SA Water and the same as that applied by the Australian Energy Regulator under the National Energy Customer Framework. SACOSS supports the proposed amount.

The minimum flow rate to apply when a household's water supply is restricted is proposed to be two litres per minute. SACOSS understands that this would be consistent with that applying to SA Water. However, SACOSS does not believe sufficient rigour has been applied to adopting this figure for SA Water and therefore does not support the proposal.

It is not clear to SACOSS where the original decision by ESCOSA to apply a minimum restricted flow of two litres per minute to SA Water is documented. In correspondence with ESCOSA staff we have been told that the Commission accepted the figure as an industry norm on advice from SA Water. We were also directed to the final report of the Productivity Commission's Review of the Australian Urban Water Sector (Volume 1, page 226):

"... water utilities are often permitted to, but rarely do, limit the flow of water to a dwelling. This is intended to provide sufficient water to allow only basic water uses such as drinking, cooking, hygiene and sanitation (two litres per minute is a commonly cited limited flow rate for non-payment of water bills). Given the importance of water to personal and public health, disconnection or flow limitation of water services should be avoided where possible. However, if a user does not follow payment plans or other conditions of hardship provisions, flow restrictions provide a reasonable compromise between protecting an individuals' right to water and creating an incentive through inconvenience to contribute to the cost of providing the service."

¹ <http://escosa.sa.gov.au/projects/215/minor-and-intermediate-retailer-restriction-thresholds-debt-and-flow-rate.asp>

SACOSS can understand this regulatory perspective and we certainly prefer restrictions over disconnection. However, the PC report does not provide any evidence that the 'reasonable compromise' referred to would also not also be achieved at, for example, 4 litres per minute. Are we confident that two litres per minute is just 'inconvenient' and does not put health at risk? Further, the proposal does not outline how or where the minimum flow is measured (or even if it is to be tested at all). Overall, our view is that this is too important a parameter in the regulatory framework's safety net to be set in such a way.

We understand from ESCOSA's published data for the 6-months Jan-Jun 2013 (the most recently reported figures) that SA Water restricted the supply at 195 residential properties and 82 of these had this restriction removed within 7 days. Compared to electricity disconnections (in the order of 10,000 per annum), the scale of the issue is more manageable and SACOSS believes that a much more comprehensive analysis is both needed and possible.

I would like to draw your attention to the fact that the Consumer Advocacy and Research Fund (CARF) established under the *Water Industry Act 2012* remains unavailable to water consumers over two years since the legislation's proclamation². SACOSS is of the view that, in the absence of this resource for consumers, the Commission is obliged to undertake this further analysis itself.

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

Yours sincerely,



Ross Womersley
Executive Director

² <http://legislation.sa.gov.au/LZ/C/A/WATER%20INDUSTRY%20ACT%202012.aspx> refer to Part 10 s87 for information on the CARF