



Level 1
231 Adelaide Terrace
PERTH WA 6000

Phone: (08) 9221 7066
Fax: (08) 9221 7088
cclswa@inet.net.au

21 August 2009

Paul Kelly
ECCC Chairman
Level 6 Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000
Email: eccc@era.wa.gov.au

Dear Mr Kelly

**Submission from Consumer Credit Legal Service (WA) Inc
Discussion Paper 1: Proposed Pre-Payment Meter Amendments to the Code of
Conduct for the Supply of Electricity to Small Use Customers 2008 - 2009**

CCLS(WA) is a non-profit community legal service that provides legal advice, assistance, and representation to Western Australian consumers in the areas of credit, debt, banking and finance and utilities. The Service is also active in community legal education and policy and law reform.

We have an interest in and ongoing contact with utility issues, predominantly as a result of providing services to low income and vulnerable consumers. In addition, we actively engage with other consumer advocates, and agencies that have an interest in utility issues. We have worked with Aboriginal individuals, communities and consumer support agencies across the Kimberley throughout 2008-2009. This contact has assisted us in forming a position on the issues raised in this review.

Our response to the Discussion Paper and the Allen Consulting Group Report is based on the premise that all Western Australians, regardless of whether they live in regional Western Australia or elsewhere should be able to rely on a safe and fair electricity market.

Connection to electricity supply supports basic human needs and is critical to social well-being, family health and education.

We have restricted our comments to the issues that we believe will have the most significant impact on WA consumers, particularly vulnerable and disadvantaged consumers.

We set out our responses to the questions raised in the Draft Review Report as follows:

Pre-payment Meters

Prescribed areas

Should clause 9.2(1) be deleted?

All Western Australians, regardless of whether they live in regional Western Australia or elsewhere should be able to rely on a safe, fair and effective electricity service.

CCLS(WA) does not support the expansion of the use of PPMs outside the TRRP and ARCPSP communities. In addition, we are concerned about the current operation and possible future expansion of PPMs, particularly under the current regulatory landscape. In our view, the use of PPMs removes electricity supplier's obligation to provide an essential service to customers who are suffering from hardship.

In particular, we are concerned that there is currently no standard for pre-payment meter market contracts and no adequate provision for dealing with payment difficulties and hardship. In addition, there is only limited provision to address health and safety issues that arise from disconnection.

We are also concerned at the potential for increasing vulnerable customers' financial burdens. PPM customers already pay higher costs to access electricity and will face incidental costs when the power is disconnected, such as the loss of perishable foods. The consequences of not having a power supply can be far reaching.

PPMs are essentially paid in advance. This means that vulnerable and disadvantaged customers will need to make choices about keeping the power on or cutting back on other essentials. PPMs do not address the problem of financial hardship and provide a mechanism for electricity suppliers to avoid a relationship with their customers. In addition, options open to standard meter customers to protect them from disconnection are not available to PPM customers.

It is the view of CCLS(WA) that PPMs do not deliver a safe, fair or affordable electricity supply to vulnerable consumers and CCLS(WA) does not support the current operation or expansion of the use of PPMs without comprehensively addressing the above issues.

Harassment & Coercion

CCLS(WA) supports a new clause (9.3.1) dealing with coercion or harassment. We would argue that the clause include terms that explicitly state that a customer should not be "*harassed or coerced in any manner*" to install or maintain the installation of a PPM. Given the linguistic and cultural issues involved in the remote regions of Western Australia, we believe it is important to state the specific terms "harass or coerce" specifically rather than use the more generalised term, "require" as proposed.

Trial Period

CCLS(WA) supports a trial period of three months with removal of the PPM at no cost to the customer. Again, given the linguistic and cultural issues arising in the remote regions of Western Australia the notice regarding the expiry of the trial period must be in a form that is appropriate to Aboriginal communities. Sending a letter to a remote community may not serve as appropriate notice.

We support the retailer keeping a record of the total number of customers reverting as well as the reasons for the reversions.

Reversion

CCLS(WA) supports the requirement that retailers immediately respond to a request by a PPM customer to revert to a standard credit meter. However, we do not support a general expectation that clients will be charged if the customer requests the meter change outside of the mandatory trial period. Given the transitory nature of some Aboriginal families due to cultural or social obligations, we would support a case by case review of whether or not a charge should be levied whenever the request arises from a remote consumer.

Recovery of outstanding debt

CCLS(WA) supports the inclusion of provisions which do not allow a retailer to recover any debts from customers through adjustment of charges under the pre-payment meter contract.

Disconnection times

Many remote schools finish early in the afternoon – often usually by 2:15pm. CCLS(WA) proposes that the allowable time for disconnection in the afternoon be changed from 3:00 p.m. to 2:00 p.m. (Clause 9.8.1(a))

Identification of self disconnection

Given the vulnerable situation of many of the consumers in the rural and remote regions of WA, CCLS(WA) supports that the record keeping of self-disconnection not only include the duration of the disconnection, but the primary reason for that disconnection. We are concerned that many of the disconnection will occur due to financial hardship. If record keeping to this extent is not financially feasible in every disconnection, the reasons for disconnection should be noted in random sampling.

Payment difficulties / Financial Hardship and offer of reversion to a credit meter

CCLS(WA) supports 9.13 in principle. However, given that the remote Aboriginal communities face particular difficulties – especially regarding information sharing as to the reason why the disconnections occurred – we would support a community liaison or personal contact arranged by the retailer as alternative to written or electronic notice. Sending written or electronic information to remote communities is often an ineffective strategy if the intention is to support vulnerable clients.

Meter checking Clause (9.11)

Given the distances involved and the potential expense, CCLS(WA) proposes that if members from a rural or remote community indicate to the retailer that the meter is not working properly that the retailer must respond immediately. If the meter is found not to be working, a process to reimburse the customer any excess charges in a timely manner should be included in the clause. Any potential costs to the consumer for the checking of the meter should be outlined with the customer prior to the retailer attending.

Concluding Comments

Finally, CCLS(WA) would like to make a comment on the consultation process. The visit to the Kimberley region was useful, but local views provided in meetings in the Fitzroy Crossing region were those of older men in the community. Some informal comments were obtained

by ECCC members during visits to the communities, but our view is that we do not have a large enough sampling of the communities in the Fitzroy valley to speak with any certainty on what the local people want or do not want in terms of Pre Paid Meters.

If you or your committee would like further information or clarification on any comments made, please do not hesitate to contact us on (08) 9221 7066. We look forward to receiving your final report.

Yours sincerely

Gerard Cleveland
Solicitor
Consumer Credit Legal Service (WA) Inc