

Submission for Consultation on Residential Land Lease Communities Electricity

Charging Options – Prepared by Ballina Waterfront Village & Tourist Park

The government worked long and hard on having a fair system for electricity charging under the Residential Parks Act 1998 and Regulations and it was the intent of the Government to continue that charging system under the RLLC Act, however, due to an amendment not being made following the deregulation of the electricity market in 2014 this meant, following the Supreme Court decision, that electricity was no longer able to be charged the same way.

Upon tenant/resident advocacy groups, and home owners, becoming aware of the error in the legislation not being amended they were driven to take advantage of that error and pushed to change the way electricity was charged under section 77 (3) of the Residential (Land Lease) Communities Act 2013, as they could see that there would be drastic decreases in electricity charges, with one advocate, at a residents information session hosted by the Department of Fair Trading, trying to push for electricity charges to go down to 6 cents per kilowatt hour and fuelling the false notion that operators were ripping off residents, creating animosity towards operators. All this resulted in operators no longer being able to charge the way they had been under the Residential Parks Act 1998 and operators were also told that they must refund residents. Feedback we have had from residents was that they knew it was because of an error in not amending the RLLC Act that caused the issue with how electricity was charged but were still happy to take advantage of this by applying for refunds. Operators received no support from the Government for refunds. In some instances, once the Supreme Court handed down its decision, residents were receiving free electricity, or better, because the amount that they were receiving from the Government for their electricity rebate was actually more than what they were paying out for their electricity bills. Residents and advocacy groups were not interested in having reasonable discussions to work out a solution, such as the Government making an amendment to section 77 (3) of the RLLC Act, to make it fair and equitable for both the operator and resident and instead took advantage of an error. It was clearly not the Government's intention to change the way that electricity was charged going from the Residential Parks Act 1998 to the Residential (Land Lease) Communities Act 2013.

The effect on operators, following the Supreme Court decision, has been huge and detrimental to both our businesses and the industry as a whole. We, as an operator, suffered an enormous amount of angst, we were demonised by the residents, had income taken from us and we were unable to recover any costs to both maintain our networks and cover membership fees.

As a result, many operators made the decision to sell their businesses due to the enormous stress and undue financial burden that was placed on them. This has resulted in larger corporations purchasing small, often family owned and run, parks. Once a large corporation purchases a park it takes away the care and personal attention/investment that a small family owned and run park has for their business. For large corporations it just comes down to money and looking at the bottom line.

The reasons stated above are why it is so vital for the Government to get electricity charging right.

The method of charging under the Residential Parks Act 1998 was a fair system for both the resident and the operator, however, in the absence of being able to return to that method of charging Option 3 of the Discussion Paper, for the review of the Residential (Land Lease) Communities Act 2013, is the most viable and workable option for the industry in the long term.

Why should residents of Land Lease Communities with embedded networks be charged any differently to any other residential customer of an authorised electricity retailer. In Land Lease Communities where residents are direct to market, they pay the standing offer plus 100% of the Service Availability Charge. There are also Land Lease Communities where some residents are direct to market and some are within the embedded network, having a different charging method for those in the embedded network to what the other residents pay, who are direct to market, creates an atmosphere of inequality and resentment.

We ask the question “Why are residents in Land Lease Communities with an embedded network treated differently to residents in communities where they are direct to market, other embedded networks and any other residential customer of an authorised electricity retailer?”.

Of the two options that the Government is now asking for feedback on the separate charging method is our preferred choice and would be a workable, interim solution for our industry until electricity charging for Residential (Land Lease) Communities becomes fair, equal and consistent with every other resident in NSW.

The separate charging method still restricts the amount the operator can receive to maintain our network, which includes, but is not limited to, repairs and maintenance for our infrastructure, reading the meters, processing and issuing the bills, processing payments, dealing with customer enquiries and complaints, insurance costs and membership fees to EWON. There is no ability for innovation and upgrades to be implemented. There is no recompense to operators for the membership fees that we are required to pay to join organisations such as EWON.

Operators also carry the burden of the debt, they bear the cost of paying the electricity bill upfront and if a resident defaults on their account operators suffer that loss with the only recourse being to pay, currently in excess of \$100, to make application to the NCAT to seek orders for the resident to pay their account.

In regards to Service Availability Charges there should be no discount as it doesn't represent any cost, it is still the same cost to supply electricity and maintain the network no matter what amperage the residents receive.