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## About the Tenants' Union of NSW

The Tenants' Union of New South Wales (TU) is a Community Legal Centre specialising in residential tenancy law and policy. We are the resourcing body for the state-wide network of Tenants Advice and Advocacy Services (TAASs).

The TU also assists home owners directly and through our work with resident organisations.

## About this submission

The Tenants' Union NSW welcomes the opportunity to provide comment on the Discussion Paper on electricity charges in the *Residential Land Lease Communities Act (2013)*.

We have consulted extensively on electricity charges in connection with the statutory review of the Act, and the proposals contained in the Discussion Paper. Our submission is based on our own expertise and feedback obtained from stakeholders.

## Contact

Julie Lee,  
Residential Parks Officer

**Tenants' Union of NSW**  
Level 5, 191 Thomas St  
Haymarket, NSW 2000  
Ph: 02 8117 3700  
Email: [julie.lee@tenantsunion.org.au](mailto:julie.lee@tenantsunion.org.au)  
Website: [tenants.org.au/thenoticeboard/](http://tenants.org.au/thenoticeboard/)



The Tenants' Union of NSW' office is located on the unceded land of the Gadigal of the Eora Nation.

## **Median market price**

The Tenants' Union (TU) acknowledges that resolving electricity charges for land lease community residents supplied through an embedded network has not been easy. We further acknowledge the consultative approach taken by the Government and appreciate the opportunities provided to the TU to contribute to the discussion on this very important issue.

In our submission on the statutory review of the Act the TU argued for maximum electricity charges to be no more than the best market offer for a single rate tariff without discounts for the relevant distribution area. Whilst that is still our preferred option, we can support the proposal that the maximum charge is the median market price charged to retail customers. The median market price provides a reasonable price for residents plus funds for operators to manage embedded networks.

For both of the proposed methods for calculating charges – the single charge method and the separate charge method – it is proposed the Independent Pricing and Regulatory Tribunal (IPART) will annually supply data about the median electricity bill for each distribution area for a standard level of consumption. We recommend the data supplied should be published and made available online to residents and operators via the IPART or Fair trading website.

## **Third party providers**

The TU supports the application of electricity charges to third parties contracted by operators to take over embedded networks. This is an important customer protection for residents who are unable to go 'on-market' to purchase electricity from a retailer of choice.

This measure will ensure equitable charges for residents of land lease communities who are often supplied with less than 60 Amps. The current contracts provided by third party retailers do not reflect the inferior supply and discounts are not provided on either supply or usage charges.

The TU notes there are currently a number of home owners in dispute with third party providers because they refused to sign unfavourable contracts. These home owners are facing allegations of unauthorised electricity use and threats of disconnection. Clarity regarding charges by third parties should put an end to such disputes and alleviate the stress currently being experienced by these home owners.

## **Single charge method**

Initial consultation with land lease community home owners and resident advocates produced mixed responses on the single charge method. Since moving to the 'Reckless' method many home owners have come to appreciate the simplicity of a single charge whereas others believe separate charges are fairer.

One of the key complaints about the 'Reckless' method was that it could not facilitate a discounted charge for home owners who were supplied with less than 60 Amps of electricity. The proposal in the Discussion Paper addresses the discount problem, which

indicates the single charge method would have broader appeal. In our most recent consultation, the majority of residents and resident representatives expressed a preference for a single charge.

The TU supports the single charge method with discounts where the supply is less than 60 Amps. We believe the single charge method is simple, fair and balanced.

We do not support a single discount for residents supplied with less than 60 Amps. The level of amps supplied to a site impacts the quality of life of the residents of the site and differing supplies should be matched by appropriate discounts. The TU recognises that a discount system should not result in charges below those produced by a pass-through method such as 'Reckless' and that any discount system must be easy to understand and administer.

The TU recommends the following discounts on the single charge:

- 30 – 59 Amps = 20% discount on the total bill
- Less than 30 Amps = 25% discount on the total bill.

## **Separate charges method**

Initial consultation undertaken by the TU around the review of the Act indicated a preference for separate charges for electricity. This preference was based largely on the discount structure whereby home owners supplied with less than 60 Amps paid a lower service availability charge based on the number of Amps. The TU continues to support discounted supply charges and we believe the current rates are appropriate.

Consistent feedback regarding the service availability charge was that it is not understood and is often thought to be a meter reading or administrative charge. The TU recommends that, if the separate charges method is adopted, the service availability charge is relabelled as the daily supply charge.

Having conducted further consultation with stakeholders and considered the two options proposed in the Discussion Paper the TU no longer supports separate charges.

## **EWON membership**

The TU notes the comments in the Discussion Paper regarding EWON membership being compulsory and that it can cost up to several thousand dollars a year. This claim requires a response.

It is correct that membership of EWON is compulsory however, to date, only a small number of operators have complied with that obligation, leaving many residents without access to EWON's complaints and dispute resolution processes.

EWON membership fees for exempt entities are based on a sliding scale according to customer numbers. A Joining Fee is paid in the first year only, which means that annual membership fees (excluding GST) range from \$300 to a maximum of \$5000. The fees for 2019/20 were published by EWON in 'New member application material-Exempt Retailers':

Fees Table (excluding case fees) Residential Parks, Exempt Entities and WICA Members from 1 July 2018							
Bandwidths below 5000 customers			Joining Fee	Annual Fixed Fee			Total Fee in First Year
				Base Fee	Customer Number Fee	Total	
	Lower	Higher					
1	1	50	\$ 125	\$ 150	\$ 150	\$ 300	\$ 425
2	51	100	\$ 250	\$ 500	\$ 200	\$ 700	\$ 950
3	101	500	\$ 1,000	\$ 1,000	\$ 500	\$ 1,500	\$ 2,500
4	501	2,000	\$ 2,500	\$ 2,000	\$ 1,000	\$ 3,000	\$ 5,500
5	2,001	5,000	\$ 5,000	\$ 3,000	\$ 2,000	\$ 5,000	\$ 10,000

The TU encourages EWON membership and supports operators being able to recover the costs of membership through electricity charges. However, the recovery of costs must be based on real figures, not spurious claims.