



MEDIA RELEASE – FOR IMMEDIATE RELEASE

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'Unreasonable', 'unjust', 'wrong' and 'contrary to law' – management of financial debts for the sale and supply of electricity and water to members of Coober Pedy's Aboriginal community

The South Australian Ombudsman, Mr Wayne Lines, has concluded an investigation of the District Council of Coober Pedy (**the council**). The investigation concerned the council's actions as the retailer of electricity and water to Coober Pedy's Aboriginal community members.

The investigation was prompted by contact from the Aboriginal Legal Rights Movement (**ALRM**) on behalf of a significant number of members of Coober Pedy's Aboriginal community.

The Ombudsman interviewed Aboriginal community members in order to hear their experiences first hand. The investigation also reviewed the council's records relating to each community member.

ALRM and the community members told the Ombudsman that:

- the council had not been complying with the conditions of its Electricity Retail and Distribution Licence and Water Industry Retail Licence
- the council had not been properly applying its Hardship Policies, which are designed for customers experiencing financial hardship and who may have difficulty making payments towards an electricity or water debt
- community members had accumulated significant debts of electricity and water, without a clear understanding of how those debts had accumulated
- community members felt pressured by the council to enter payment agreements with the council to pay off their debts that left them with little money for day-to-day living, or face disconnection of their electricity and water
- community members felt pressured by the council to have family members and other third parties join financial arrangements with the council to contribute towards electricity and water debts
- community members felt pressured by the council to seek emergency payments from a Native Title trust fund.

The Ombudsman concluded that:

1. The council acted in a manner that appears contrary to law, because the council acted contrary to the conditions within the Electricity Retail and Distribution Licence and Water Industry Retail Licence by:
 - omitting particular information from water bills that is required under the Water Retail Code for Minor and Intermediate Retailers

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- disconnecting the electricity of numerous community members for non-payment of a bill without offering an instalment plan, and without the community members having had two payment arrangements cancelled in the previous 12 months
 - disconnecting a community member's electricity on a Friday (ie before the weekend)
 - failing to comply with the Hardship Policy for water customers
 - failing to report the council's non-compliance with the Electricity Retail and Distribution Licence and Water Industry Retail Licence to the Essential Services Commission of South Australia (ESCOSA).
2. The council acted in a manner that was wrong by failing to ensure electricity and water customers were informed of the impact of any payments made under a financial Hardship Agreement, and other such payment arrangements, with the council.
3. The council acted in a manner that was unreasonable, unjust and wrong by acting in a manner that appears contrary to the Hardship Policies for electricity and water customers by:
- failing to identify community members who were evidently eligible to enter into hardship discussions
 - requiring significant payments from community members under Hardship Agreements
 - including third parties, such as family members, in community member's Hardship Agreements
 - failing to provide community members with information relating to energy saving techniques.

In his investigation report, the Ombudsman explained:

"At the core of this investigation is the very serious concern that Aboriginal community members of Coober Pedy have been allowed to accumulate considerable debts in relation to their electricity and/or water accounts. This in turn has had a significant impact on their quality of life. These debts appear to have accumulated over several years until the council determined that action needed to be taken to recover the amounts owed and any ongoing usage of customers."

...

"In seeking to recover the amounts owed, the council has created Hardship Agreements that require oppressively high payments to be made by community members."

The Ombudsman was troubled that many community members felt pressured to seek Native Title payments to contribute towards their electricity and water debt. The Ombudsman noted that previous council employees had amended hardship templates to include reference to Native Title payments as a matter of standard practice. While not making a conclusive determination about this particular issue, the Ombudsman commented:

"... I make it abundantly clear that I do not consider it is appropriate for a council to in any way suggest that a rate payer should seek financial assistance from a Native Title body as a means to managing a council debt or to have a necessary resource, such as a connection to electricity or water, reconnected."

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As part of the investigation, the Ombudsman wrote to the relevant regulator of electricity and water licensing in South Australia, ESCOSA. ESCOSA has assisted the council to implement change and make significant improvements to the council's practices, policies and application of the Electricity Retail and Distribution Licence and Water Industry Retail Licence.

The Ombudsman observed that the investigation occurred during a turbulent period for the council and at completion of the investigation, the council remains in administration. Many of the alleged actions of the council occurred under a different council administration, and the current administration has expressed a commitment to implementing the six recommendations that have been made by the Ombudsman to the council.

The Ombudsman also recommended that the State Government review whether there are alternative options for the supply of electricity and water in Coober Pedy that would place less of an administrative and financial burden on the council.

The Ombudsman commented:

"It is apparent that:

- *the council has been unable for quite some time to manage its electricity and water retail services in a manner that is financially viable, given that the council is currently in administration due to historical issues*
- *the payment of debts for essential services in Coober Pedy have been, in effect, 'propped up' by a Native Title fund, with many community members otherwise not in a position to contribute financially towards their electricity debt*
- *the [Remote Areas Energy Supplies] scheme is clearly not sufficient to bridge the gap between the cost of distributing electricity and water to Coober Pedy residents and collecting revenue for those services."*

The State Government has advised that it has been working with the council to address the financial and operational challenges facing the council, including exploring options relating to the future provision of water and electricity services to the community.

A redacted version of the Ombudsman's final report is available on the [Ombudsman SA website](#).

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