



## Council of Social Service of New South Wales

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7<sup>th</sup> May 2007

Mr James Cox  
Chief Executive Officer and Full Time Member  
NSW Electricity Regulated Retail Tariffs and Charges  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230

Dear Mr Cox

I understand that IPART is currently considering the issue of security deposits returns within the context of the 2007 Electricity Retail Tariffs Review. NCOSS shares the concern raised by the NSW Energy and Water Ombudsman that some customer security deposits are currently being held for 2 or more years because of late payment of bills.

A security deposit will place pressure on households that are attempting to establish the delivery of other essential services, and erode savings and credit that may have been available to respond to future episodes of financial stress. As a result, NCOSS reiterates that security deposits place an unnecessary barrier on low income households that are attempting to connect to an essential service.

At present, retailers are required to refund security deposits when the customer has completed on time payment of all electricity retail bills for one year from the date of the first bill. For households that face difficulty paying their electricity charges on time, this can mean that security deposits can be held indefinitely, even for customers who do not pay on time, but nevertheless always pay their electricity bills. NCOSS also notes that there are a range of other instruments available to retailers to ensure continuity of payments that do not generate the same financial hardship, in particular payment plans.

It can be assumed that the purpose of a security deposit is to offer protection retailers from potential financial loss from customers without an established history of repayment. The *function of a security deposit should not be to punish customers for late payment.*

NCOSS recommends that security deposits must be refunded once the customer has paid in electricity charges an amount equal or greater than the amount of the security deposit, or after a period of 6 months, whichever is sooner.

If security deposits are to be maintained, NCOSS asks the Tribunal to consider the above proposal in order to provide some protection to electricity retailers and ensure that

customers are able to receive a refund as soon as they have demonstrated their commitment to payment of their electricity charges.

Yours sincerely

Michelle Burrell  
Acting Director