

## Informed

This edition of *Informed* focuses on the issue of utilities. The focus of this edition is on the energy sector and will provide a broad outline of some of the regulatory, policy and practice issues in this sector. The wide range of articles in this edition reflects some of the complexities in the energy sector. CISVic agencies are seeing an increasing number of vulnerable clients facing not only financial difficulties as a result of increasing energy costs, but regulatory issues around consumer protection.

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## CISVic Perspective – Kate Wheller

Welcome to the 2nd edition of *Informed*.

Our member agencies, information and support services, assist people in their local community everyday with utility issues - be it payment plans, extensions, and referrals to hardship teams, financial counsellors or the Ombudsman. I think we'll all agree that the cost of utilities is a significant and constant concern for people on low-incomes. Emergency Relief plays an important role in supporting people struggling to pay their utility bills and these costs are reported as one of the primary reasons people seek ER, second only to housing costs. Our members tell us that they are having more difficulty negotiating payment plans with utility providers for their clients, they are seeing more clients who have had services disconnected, and are hearing more stories of unacceptable conduct in relation to door-to-door sales. I think it's fair to say that the gains made in industry practice via the Energy Retail Code have been eroded and providers need to lift their game. The utility

landscape is a complex one. This newsletter will provide you with an overview of this landscape and major players. We have given you practical tips and policy updates. Once again we have a range of articles from experts including Dean Lombard, Deanna Foong and Gavin Dufty who draw out the various complexities in this sector, and CISVic member agency experiences.

We also note that with there are government policies and programs that seek to address some of the price issues associated with utilities, such as the Home Energy Saver Scheme which will go some way in supporting low income households improve energy efficiency and cut energy costs. We particularly welcome the HESS initiative as it brings together financial literacy services and access to no interest loans with practical energy saving information and advice in people's own homes.

## Utilities Overview – Minh Nguyen

Economic reforms in the early 1980s sought to remove barriers to local and international competition in the markets across a range of goods and services. In 1991, the Industry Commission conducted an inquiry into energy generation and distribution that became the foundation of today's energy market. Under the Kennett Coalition Government, steps were taken to implement the recommended reforms, which involved corporatisation, structural separation and eventual privatisation of Victoria's energy sector. Access to utilities services significantly contributes to the social and economic wellbeing of all Victorians. Deregulation of the retail market over the past 10 years culminated in full retail contestability in Victoria by 2009. Introduced via a staged process, the largest consumers were given access to the competitive market first, followed by medium sized business consumers and finally small business and residential consumers. Whilst the market has been freed to set prices, non-price regulation has continued to operate to ensure customers' interests are maintained within the more competitive environment.

This rapidly changing energy environment of complex and multilayered compliance and enforcement frameworks is entering a new phase of regulation and market competition under a national regulator, the AER. Consumer experiences of the energy retail market, the introduction of smart technology, increasing government policy and focus on renewable energies and carbon price and a continuing evolving market structure are some of the complexities that we are seeing in the energy sector. This edition of *Informed* canvasses some of these changes and their impact on vulnerable consumers.

## The Regulatory Framework

The current regulatory regime was created to provide for appropriate economic and consumer protection for new energy market governance arrangements. This occurred progressively during the late 1990s, beginning with distribution network providers, and followed by generators and transmission network providers and finally, retailers.

### Australian Energy Regulator [www.aer.gov.au](http://www.aer.gov.au)

The Australian Energy Regulator (AER) is Australia's national energy market regulator and an independent statutory authority. The AER is funded by the Commonwealth, with staff, resources and facilities, provided from the Australian Competition

and Consumer Commission (ACCC). Its functions are set out in national energy market legislation and rules, and mostly relate to energy markets in eastern and southern Australia.

## Future retail functions

A new National Energy Retail Law and National Energy Retail Rules have been developed by the Ministerial Council on Energy (now Standing Council on Energy and Resources or SCER). The Ministerial Council on Energy agreed on 10 December 2010 that jurisdictions would work towards a common target date of 1 July 2012 for commencement of the new law, rules and regulations. The AER will have various roles under the Retail Law and Rules. Further information can be accessed at <http://www.mce.gov.au/>.

The AER will assume new responsibilities in 2012 for regulating retail energy markets. The responsibilities are wide ranging and will include monitoring and enforcing compliance with the National Energy Retail Law; authorising retailers to sell energy; approving retailers' policies for dealing with customers in hardship; administering a national retailer of last resort scheme, to protect customers and the market if a retail business fails; and reporting on retailer performance and market activity.

## Energy

The AER is responsible for the regulation of the natural monopoly transmission and distribution sectors of the national electricity market, monitoring the wholesale electricity market and enforcing national electricity law and rules. A key feature of this regime is the monitoring and analysis of the behaviour of participants in the national electricity market. By monitoring activity and behaviour in the market, the AER is able to assess compliance and identify breaches of the law and rules. The AER's monitoring of the wholesale electricity market includes:

- maintaining a 'market snapshot' on the AER website, including up-to-date information on the wholesale electricity market
- weekly public reporting, including details of market outcomes for each week
- preparing public reports when the spot price exceeds \$5000/MWh.

Enforcement action by the AER can be taken against participants in breach of the national energy framework. The AER aims to:

- ensure the offending conduct stops, minimising damage to the market
- prevent offending conduct from recurring
- clarify interpretation of the national energy framework

AER compliance and enforcement, statement of approach is available from the website at

[www.aer.gov.au/content/index.phtml/itemId/685897](http://www.aer.gov.au/content/index.phtml/itemId/685897)

## Essential Services Commission (ESC) [www.esc.vic.gov.au](http://www.esc.vic.gov.au)

The Commission is Victoria's independent economic regulator of essential services supplied by the electricity, gas, water and sewerage, ports, and rail freight industries. Established in the mid-1990s to regulate a privatised energy sector, the Commission's functions have been transferred gradually into the national regulatory framework. In addition to its regulatory decision making role in these sectors, the Commission also provides advice to the

Victorian Government on a range of regulatory and other matters. It is also responsible for *developing and administering the Victorian Energy Efficiency Target Scheme*. With the transition to the National Energy Customer Framework (NECF), responsibility for energy retail regulation will pass to the AER in July 2012.

## Water

The Commission regulates the prices and service standards of 19 businesses supplying water, sewerage and related services to residential, industrial and commercial, and irrigation customers throughout Victoria. The Commission's general regulatory powers are set out in the *Essential Services Commission Act 2001*

The legislative framework provides the Commission with powers and functions to:

- make price determinations (section 33 of the ESC Act), also imposing consultation obligations in relation to determinations (section 35 of the ESC Act)
- regulate standards and conditions of service (section 4E of the Water Industry Act)
- develop Codes in relation to its functions and powers (section 4F of the Water Industry Act)
- require regulated businesses to provide information (section 4G of the Water Industry Act).

## Regulatory Issues

In 2010-2011, Victoria had 27 licensed energy retailers into the Victorian markets for the supply of gas and electricity to residential and business customers (six had less than 500 customers, nine actively seeking gas customers). This means that Victoria has the largest number of retailers operating in Australia, some of whom operate in other jurisdictions.

In its 2010-2011 *Victorian Retail Energy Market Overview*, the ESC expressed concerns that although electricity prices have increased less than in the previous year (6% compared to 13.5%), customer service indicators showed a decline in performance (such as, average wait time to speak to operator increased from 82 to 101 seconds). The number of complaints recorded by retailers had also increased significantly (electricity complaints doubled, whilst gas rose by 50 per cent). Participation in hardship programs decreased by 16% in 2010-2011, whilst at the same time, electricity disconnections have increased by 33%. The ESC was also 'particularly concerned with the quality, reliability and accuracy of the data reported by retailers'. The report highlighted 'numerous cases of incomplete, inconsistent or doubtful data reporting,' and expressed concerns about retailers' approach to their obligations within Victoria's non-interventionist regulatory framework. Ron Ben-David, Chair of the Commission expressed that '[F]ailing to comply with a regulator's requirements – no matter how unnecessary a retailer may consider them to be – represents a certain contempt for the 'deal that underpins the right to retail energy in this State. In the little time that remains for the Essential Services Commission in this sector, we will do all that is within our capacity to press energy retailers to 'lift their game'. We will certainly be urging the Australian

Energy Regulator to deploy all the powers at its disposal to do likewise.<sup>1</sup>

The Commission also expressed concern the Energy and Water Ombudsman (Vic) has been increasingly required to play a role in negotiating payment plans, GSL payments and wrongful disconnection payment, when these are actually regulatory obligations that retailers must comply with of their own accord. As the ESC regulatory functions in the energy sector devolves to that of the national regulatory framework in July 2012, Ron Ben-David urges the sector to 'not be sidelined..into interminable debates about the minutiae of regulatory impositions – whether this-or-that marketing method ought to be banned. Rather, keep a vigilant focus on the underlying market; look to deal with the causes, not just symptoms... regulatory frameworks must be encouraged to evolve so that they continue to reflect the deep economic realities of the underlying market.'<sup>2</sup>

**Price regulation** ensures that energy providers do not set inefficiently high prices and earn super-profits, known in economic terms as monopoly rents. In Australia, this function is performed by the AER. They set prices for Victoria's five electricity distribution networks every five years by specifying in a price determination the revenue that a distribution business can collect over the period. The current price determinations apply for the period 2011 to 2015. Generally, the distribution component of a customer's bill accounts for 40-50% of the total price.

Under Division 3A of the National Electricity Law (NEL) distribution businesses have a right to 'limited merits review' where they are able to select parts of the AER's determination on pricing that they believe are erroneous. In a limited merits review, the Tribunal may only review those parts that are brought before them, and does not have power to re-examine areas of the AER's determination that are not appealed by the businesses. In the current round of Australian electricity distribution price determinations, all but one jurisdiction have been subject to distributors' appeals. CUAC and Consumer Action Law Centre attempted to intervene in merits review of the AER's 2011-2015 distribution price determination. Although consumers have a right to lodge an appeal or seek leave to intervene in a distributor's appeal, both CUAC and CALC eventually withdrew because there are inherent barriers, substantial and numerous, that taken together, are 'so great as to be insurmountable'. The intervention attempt highlighted the need for reform to an appeals process that is heavily weighted in favour of distribution business. Consumer advocates therefore argue for legislative reform that allows for full merit judicial review which is a process whereby tribunals examine not the merits of a particular (or cherry-picked) decision, but whether the government decision-maker acted within their powers when making a particular decision. A copy of the report can be found at

[http://www.cuac.org.au/index.php?Itemid=30&option=com\\_docman&limitstart=5](http://www.cuac.org.au/index.php?Itemid=30&option=com_docman&limitstart=5)

<sup>1</sup> R. Ben-David (2012) *Retail energy markets: A case for economics redux*, presented to Consumer Utility Advocacy Centre, 7 march 2012, p.7 accessed <http://bit.ly/z0KUb1> 14/03/12

<sup>2</sup> ...p.13

## New Energy Schemes

### Smart meters

Interval meters – or Smart meters – are new types of digital meters that record electricity usage in half hour blocks. They communicate meter readings directly to electricity distributors, so no more access problems. It also reduces the need to change electricity retailer, reconnect or disconnect power when moving residences. This reduces fees and usage costs by eliminating estimation. Customers pay for what they use, and can check usage and identify ways to save electricity. It also notifies electricity distributor of power outage in real-time and potentially speed up power reconnected because the source of the problem can be pinpointed instantly.

Digital Smart Meters are rolled out by Victoria's five electricity distributors – CitiPower, Powercor, Jemena, United Energy and SP AusNet. These are companies that own poles and wires that deliver power to homes and businesses. Smart meters are essentially part of the distributors' infrastructure and are the property of the distribution business. It is therefore an obligation on the property owner to provide reasonable access for meter replacements and repairs.

Following the Baillieu Government's review of the Smart Meter program, the main changes to the Smart Meter program include:

- subsidising in-home displays to help households control their energy bills, with some basic in-home displays available at low cost by mid-2012 (for more information: <http://www.dpi.vic.gov.au/smart-meters/about-smart-meters/in-home-displays>)
- progressively offering remote connections for Victorians moving house from 1 Jan 2012, saving customers around \$15, or more than \$100 after hours
- extending the delay on the introduction of flexible pricing until at least 2013, to allow time for consumers to learn more about their options
- ensuring Victorian consumers can choose to remain on flat rates even when flexible pricing is introduced
- toughening the regulation of Smart Meter cost recovery by distribution businesses through removing the automatic allowance for cost overruns of 10 to 20 per cent put in place under the former Labor government
- providing greater oversight by government and giving consumer and welfare groups a much stronger voice in the Smart Meter rollout process through a new Ministerial Advisory Council.

The hold on flexible pricing will allow the Government to respond to report findings regarding customer impacts of pricing structures, including more time for community consultation and orderly introduction of new pricing regimes.

### VEET

The Victorian Energy Efficiency Target (VEET) is a Victorian Government initiative promoted as the Energy Saver Incentive. It was established under the *Victorian Energy Efficiency Target Act 2007* (the Act) and commenced on 1 January 2009. It is legislated to continue in three-year phases until 1 January 2030. The purpose of the scheme is to reduce greenhouse gas emissions, encourage

the efficient use of electricity and gas, and to encourage investment, employment and technology development in industries that supply goods and services which reduce the use of electricity and gas of consumers.

The scheme operates by placing a liability on large energy retailers in Victoria to surrender a specified number of energy efficiency certificates every year. Each certificate represents in tonne of greenhouse gas abated and is known as a Victorian energy efficiency certificate (VEEC). Around 30 Prescribed Activities are currently included in the scheme, ranging from the installation of high efficiency hot water systems, air heater/coolers, lighting, draught proofing and window treatments through to the purchase of high efficiency appliances like refrigerators and televisions. A full list of these activities can be found on the VEET website. For further information about the VEET scheme and to obtain copies of the VEET legislation please visit the website [www.veet.vic.gov.au](http://www.veet.vic.gov.au).

## Consumer Protection

### EWOV [www.ewov.com.au](http://www.ewov.com.au)

The Energy and Water Ombudsman (Victoria) (EWOV) is an alternative dispute resolution scheme. It is not a government body, but a not-for-profit company. It receives, investigates and resolves customer complaints about electricity, natural gas, bottled gas (LPG) and water companies operating in Victoria. EWOV has the power to investigate and resolve disputes between Victorian consumers and their electricity, gas and water companies. EWOV's role is also to identify systemic issues and potential compliance issues from cases they receive. Where appropriate, reporting is made to relevant companies and regulatory authorities to assist in preventing further issues from arising, and/or redress for consumers affected who did not complain in the first place.

EWOV also make submissions to public consultation processes of other bodies, consult with different stakeholders and maintain an active involvement within the Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON) and the Australian and New Zealand Ombudsman Association (ANZOA).

### Community sector & EWOV

The Ombudsman's office aims to provide useful industry information through publications and face to face contact. Connect is a quarterly electronic newsletter for community agencies. The Community Outreach Section provides information and education to Victorian community through community outreach work which includes community visits and other education/promotional work.

### CUAC

The Consumer Utilities Advocacy Centre Ltd (CUAC) is a specialist consumer organisation established in 2002 to represent Victorian energy and water consumers in policy and regulatory processes. As Australia's only consumer organisation focused specifically on the energy and water sectors, CUAC has developed an in-depth knowledge of the interests, experiences and needs of energy and water consumers. CUAC's advocacy and research focus on consumer interests – particularly those of low-income, disadvantaged and rural and regional consumers. CUAC's advocacy maintains a focus on the principles of affordability, accessibility, fairness and empowerment through information and

education. CUAC's evidence-based approach to advocacy is developed and supported by research into topical electricity, gas and water issues.

In the past 12 months, CUAC have been active in researching and reporting on various aspects of consumer interests including:

- Consumer experience of door-to-door energy sales in Victoria: Findings from a CUAC survey (February 2012)
- Wein, Paen, Ya ang Gim: Victorian Aboriginal Experiences of Energy and Water (December 2011)
- Improving Energy Market Competition through Consumer Protection (December 2011)

### Consumer Action Law Centre

The Consumer Action Law Centre (CALC) is a 'campaign-focused consumer advocacy, litigation and policy organisation' based in Melbourne. It is also a community legal centre that offers free legal advice and representation to vulnerable and disadvantaged consumers, and is the largest consumer legal practice in Australia. CALC also provides legal assistance and professional training to community workers who advocate on behalf of consumers. CALC auspices the National Electricity Market (NEM) Project, which designed to develop capacity of community sector to participate in debates around the policy and regulatory framework of the national electricity market and related energy market reform issues. The NEM Project also advocates on behalf of consumers, particularly low-income vulnerable consumers. The NEM Project informs and educates the community sector and its advocates through ongoing meetings, consultations and joint advocacy campaigns. On the Wire is a quarterly publication that also provides up-to-date information, news and developments in the energy sector.

### Australian Competition and Consumer Commission

The Australian Consumer Law (ACL) is a single, national consumer law and replaces laws in 20 national, State and Territory consumer laws. This includes:

- one national unfair contract terms law covering standards form contracts;
- new national law guaranteeing consumer rights when buying goods and services, which replaces existing laws on conditions and warranties;
- new national product safety law and enforcement system;
- new national law for unsolicited consumer agreements, which replaces existing State and Territory laws on door-to-door sales and other direct marketing;
- simple national rules for lay-by agreements; and
- new penalties, enforcement powers and consumer redress

The ACL will be enforced by the Australian Competition and Consumer Commission (ACCC), each State and Territory consumer agency, and with regard to financial services, the Australian Securities and Investment Commission (ASIC).

The ACL provides one law across Australia, aimed at making it easier for consumers to understand, with simpler and clearer provisions than its equivalent provisions under the Trade Practices Act. Complex legal terms have been replaced with plain language. There is also better enforcement with uniformity across jurisdictions, and a memorandum of understanding between regulators which will ensure uniformity in enforcement.

The ACCC is Australia's peak consumer protection and competition agency. The ACCC is an independent statutory government authority serving the public interest. Consumer information and rights across a broad range are provided at their website including: energy; trading; real estate; communications; credit & debt banking; motor vehicles, health; professional services and product safety.

## Consumer & Policy Issues

The impending transitioning to the NECF has raised uncertainty in various aspects of regulation, price control and the impact of technology. As previously outlined, energy retailers' performance have been found to be in decline in Victoria. The challenge for the AER and the NECF is to ensure that industry, market forces and consumer protection are afforded a level of regulatory and policy certainty that keeps pace with changes in the period ahead.

The introduction of smart meters, and the technology being used could potentially open up more products and services to consumers, which if proceeded without caution, may have negative impacts for consumers. CUAC outlines concerns over smart meter technology and potential capacity control products. There are two types of capacity control products:

- supply capacity control – are operated by switching off all power supply when a customer's load reaches a certain threshold. Power resumes after a short period, but will be disconnected again if the load exceeds limit. This can be used by distributors in emergencies to avoid blackouts by limiting powers. Retailers can also offer tariffs which ration power to a certain threshold.
- Direct load control – can turn individual appliances on and off. For example, a customer may wish to receive cost saving on the bill by agreeing to have an air-conditioner cycled on and off, thereby reducing load on the network on hot days.

Currently, retailers are prohibited from offering these products, but CUAC is concerned that the ESC's final decision leaves it unclear whether or not these products can be used as a debt management tool. Similarly, the decision to allow the development of supply capacity control and load control products as part of voluntary customer trials raised concerns. CUAC asserts that introducing the products to the market before consultation and research can potentially be detrimental to customers. They advocate for a comprehensive government review of risks associated with these products, and incorporating test of consumer acceptance and development of appropriate regulatory framework prior to any wide-scale introduction.

Over and above the technological aspects of smart meters, the roll-out of smart meters and tariffs will also need to occur in a context of comprehensive community and consumer education. The possibility of new capacity control products may assist consumers to reduce their energy consumptions, but for those experiencing energy hardship, the cost of energy in proportion to income will be too high for these measures to have much impact. The introduction of smart meters will need to be accompanied by new (promised) government concessions to ensure a basic safety net.

The most quoted energy affordability or energy stress measure is from the United Kingdom, where a measure of 10% of income spent on keeping warm has been set as a benchmark for 'energy stress'. This 10% of income spent on energy is also known to have been

referred to by AGL in as 'fuel poverty'.<sup>3</sup> It recognises that in NSW and QLD, around 6.6% of households could be in 'fuel poverty', and calls for (amongst other things) agreement by all levels of government that assistance (in the form of rebates) be provided to customers and paid directly on their bill to ensure hardship is minimised. In their report, *The Boomerang Paradox: How a Nation's Wealth is Creating Fuel Poverty*, AGL calls for both hardship and energy efficiency policies to ensure a smooth transition towards higher prices. They assert that the real drivers of price increases are networks and fuel costs, not renewable energy or carbon. They also warned that fuel poverty alleviation policies cannot be pursued in isolation, that price de-regulation remains a critical objective of the energy industry. Fuel poverty alleviation policies need to be pursued simultaneously to ensure that hardship is addressed.

Mark Henley, in Uniting Care Australia's *Energy Affordability Benchmark, Discussion Paper*<sup>4</sup> discusses the desirability of advocating for the establishment of a National Energy Affordability Benchmark. Here he reports that the Australian experience has caused some financial counsellors to suggest that 6% of income being spent on energy as a good benchmark for electricity affordability.

## Practice Notes

Under the Energy Legislation (Hardship, Metering and Other Matters) Act 2006, all energy retailers must have a financial hardship policy approved by the Essential Services Commission. In Victoria the Energy Retail Code sets out the minimum retail standards. It covers such things as billing and payments, connection and disconnection, contract terms, customer information and complaint handling. The ESC's most recent Energy Retail Code is Version 9, released March 2012. Versions 8 and 9 were amended to include Smart Meter provisions in preparation. Version 9 was amended to allow retailers to offer supply capacity control and load control products for non-credit management purposes.

All electricity, natural gas and urban water companies must have a **hardship policy**. Most have specialist teams that work with vulnerable customers to help them manage ongoing bills and usage issues. LPG retailers are not required to have a hardship program, but are required to offer customers payment assistance through payment plans, inform them of local financial counsellors and available concessions. For those who are using more energy and water than they could afford, all electricity and natural gas companies must offer energy usage audits. Some water companies may offer water usage audits. In some cases, this may be done over the phone, whilst in other cases, the utility company may arrange for somebody to come to the home to conduct a field audit. Webtools also exist for 'do-it-yourself' audits and are available from the energy providers: AGL, Country Energy, Origin Energy and TRUenergy.

<sup>3</sup> Slide 16, *The Boomerang Paradox*, accessed from <http://www.aglblog.com.au/2010/12/powerpoint-presentation-outlining-the-boomerang-paradox/>. *The Boomerang Paradox: How a Nation's Wealth is Creating Fuel Poverty* was reported by 2 AGL economists in Working Paper No. 17 published in *The Electricity Journal* in January 2011.

<sup>4</sup> In *On the Wire*, Edition 27, May 2011 [www.consumeraction.org.au](http://www.consumeraction.org.au)

**Wrongful disconnections** occur where an energy company disconnects service to a consumer without following required steps. Before a consumer's energy supply is disconnected, the following actions by the energy company must have taken place:

- Sent a bill to the consumer, and a reminder notice not less than 14 business days from the date the initial bill was sent. The reminder notice must have a new pay-by date not less than 20 business days from the original bill.
- Sent a disconnection warning, and included certain information on the warning (eg. Contact number for payment assistance, EWOV's phone number)
- Waited 7 business days after sending the disconnection warning before supply is disconnected.

Where it is found that supply is wrongfully disconnected, energy retailers are required to pay residential customers \$250 a day for each day they were without power, or part thereof.

Where a consumer has difficulty paying a bill, and the company have made every effort to contact the customer by phone or in person. In line with 11.2 of the Energy Retail Code, the company have to take certain steps before disconnecting. This includes:-

1. Assessing the customer's capacity to pay (taking into account how much the customer says they can afford to pay, or advice from an independent financial counsellor) and
2. Offered an instalment plan, and
3. Provided information on available concessions, energy efficiency and availability of an independent financial counsellor.

Disconnection can occur where the consumer has either not accepted an instalment plan within 5 business days of the retailer's offer, or has agreed but has not made any payments on the plan.

**Energy pricing:** [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au) provides standing offers and published market offers to assist consumers to find the best energy price. When comparing offers, it is important, especially for tenants who have to move, to consider not only the price per kilowatt unit but also the fixed supply cost and early termination fees. Companies do differ on discounts offered for paying on time. The ESC through its website provides a snapshot of electricity prices according to distribution zone: <http://www.esc.vic.gov.au/public/Energy/Regulation+and+Compliance/Electricity+Price+Updates.htm>.

**Grants & concessions:** State and federal governments provide different grants and concessions to assist those experiencing hardship. State concessions and grants change from time to time and are managed by the Department of Human Services (DHS) Concessions Unit. They can be contacted to obtain useful guidelines and other information on 1800 658 521. Some Grants and Concessions at state level include include:

**Utility Relief Grants Scheme (URGS)** Eligibility criteria apply. Applicants have to meet one of these criteria:

- a significant increase in utility usage
- a recent decrease in income because of unemployment, illness or household/family
- breakdown
- high unexpected expenses on essential items, such as funeral costs or car repairs

- Housing costing more than 30% of the household income
- Utility usage costing more than 10% of the household income.

Applicants are eligible to apply only once for each utility (water, gas and electricity) every two years.

### **Non-mains Utility Relief Grants Scheme (NURGS)**

#### **Sewerage Connection Grant Scheme**

**Energy Concession** (previously winter concessions but now extended year round for concession card holders – amount of concession 17.5% of the bill)

**Water and Sewerage Concession** (50% of service and volume charge)

**Life support** (concession for life support machines)

**Medical cooling concession** (17.5% discount over summer months, November to February for people with certain health conditions like multiple sclerosis and other qualifying medical conditions such as Parkinson's, motor neurone disease, scleroderma and lupus)

**Group homes** (17.5% discount on gas and electricity)

**Transfer fee** (electricity connection fee waived, except for newly built residences)

**Service to property charge** (if the energy consumption charge is less than the fixed charge to supply the energy, the fixed charge is reduced to match it)

**Firewood Licence Concession:** 50% deduction from the licence fee – via Department of Sustainability and Environment

**Non-mains winter energy concession-Rebates for Carted Water and LPG and Firewood :** A cash rebate for those people spending more than \$80 a year on Water and LPG, firewood (and some other heating methods). Applicants attach their receipts for the previous twelve months to the application form. Water rebates operate on financial year (i.e. July 1 – June 30) and LPG and alternative fuel rebates operate on the calendar year and should be applied for by the end of the next January. DHS will post a cheque to the applicant, the amount depending on the amount spent on the utility. Rebate amounts are revised each year.

The Commonwealth provides **Commonwealth Government Utilities Allowance:** assists health care card holders of Aged Pension age and Aged Pension cardholders, as well as a range of others, with the cost of services such as energy, rates, water and sewerage.

This utilities allowance is \$500 per annum per single person or \$250 per annum for each eligible member of a couple. More information including eligibility can be found on the Energy and Water Ombudsman of Victoria web site. [www.ewov.com.au](http://www.ewov.com.au) This allowance is included with pension payments.

**Other government assistance in special circumstances:** there may also be special Federal Government and local funding allocated to agencies to meet changed or exceptional circumstances such as droughts or bushfires.

**Clean Energy Future** [www.cleanenergyfuture.gov.au](http://www.cleanenergyfuture.gov.au) provides the framework from which the Australian government will seek to implement the carbon tax. There will be incentives and support packages to assist households through tax cuts, increased

government payments and other financial support programs, particularly to those on low incomes. There are a number of programs and initiatives administered by various government departments under the Clean Energy legislation, and they can be found at

<http://www.cleanenergyfuture.gov.au/clean-energy-future/programs-and-initiatives/>. The functions of these programs include bringing the carbon pricing mechanisms into effect, distributing household assistance, rolling out clean energy and providing energy efficiency initiatives.

The **Home Energy Save Scheme (HESS)**, previously called the Household Energy and Financial Sustainability Scheme was developed in the context of the expansion of the Low Carbon Communities Program. It is aimed to help low-income households by improving household energy efficiency and cutting back energy costs. The four-year funded program, at \$30 million, will commence next year and is expected to reach more than 50,000 households. It will provide access to energy efficiency and financial management information and education, advice, advocacy, support and referral to NILS in an integrated service coordination around energy efficiency and financial management. It will be delivered through not-for-profit organisations that provide general financial counselling services and builds on and complements other financial management and energy initiatives. The Scheme is expected to be in place by 1<sup>st</sup> July 2012.

## Useful Resources:

### PRACTICE

#### EWOV

##### -Representing your clients

<http://www.ewov.com.au/CommunityAgencyInfo.aspx> provides links to guides, fact sheets on how to represent a client when dealing with EWOV

##### -Factsheets

<http://www.ewov.com.au/Publications/EWOVFactSheets.aspx>

**-Binding Decisions Digest** can be downloaded at [http://www.ewov.com.au/site/DefaultSite/filesystem/documents/PDF/Binding%20Decisions%20Digest\\_Sept%202002.pdf](http://www.ewov.com.au/site/DefaultSite/filesystem/documents/PDF/Binding%20Decisions%20Digest_Sept%202002.pdf)

**-Codes of Practice** provides links to Codes in the Energy Retail, Electricity & Natural gas, LPG Retail code and Customer Service Code for Metro retail and regional water corporations <http://www.ewov.com.au/Publications/Energyandwatercodes.aspx>

**Foolkit** <http://www.foolkit.com.au/vic/public> provides information about all areas of law, including understanding the courts, legal system, how to look for a lawyer and other tools to help you navigate the legal system.

**Scamwatch** keeps you updated on possible scams [www.scamwatch.gov.au](http://www.scamwatch.gov.au)

**Australian Consumer Law** provides for one national law for fair trading and consumer protection [www.consumerlaw.gov.au](http://www.consumerlaw.gov.au)

**Australian Competition & Consumer Commission** provides a comprehensive consumer information section on their website, including 'how to make a complaint' <http://www.accc.gov.au/content/index.phtml/itemId/815215>

**Your Choice** helps consumers decide on the best utilities services for them. It is designed to make it easier for Victorians to make the best energy choice for their home or small business, and includes a comparator [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au). The **Energy Comparator & Resource** provides consumers with a tool to compare retailers and all standing offers and published market offers to assist clients to find the best price. It also contains practical tips about contracts and negotiating for contracts with providers.

The AER from 1 July 2012 will provide an **online price comparison service for small customers:** <http://www.aer.gov.au/content/index.phtml/tag/aer/>

**Resource Smart** provides information, tools and guides about how to best reduce household utilities consumption including: Ideas for the home; Rebates; Energy and Water. [www.resourcesmart.vic.gov.au/for\\_households.html](http://www.resourcesmart.vic.gov.au/for_households.html)

**VEET** [www.veet.vic.gov.au](http://www.veet.vic.gov.au)

The VEET scheme is designed to make energy efficiency improvements more affordable, contribute to the reduction of greenhouse gases, and encourage investment, employment and innovation in industries that supply energy efficiency goods and services.

**Smart Meters** [www.dpi.vic.gov.au/smart-meters](http://www.dpi.vic.gov.au/smart-meters) for all information about Smart Meters, how they work, installation and roll-outs. You can also access factsheets from the site at [www.dpi.vic.gov.au/smart-meters/publications/fact-sheets](http://www.dpi.vic.gov.au/smart-meters/publications/fact-sheets) and information in other languages at [www.dpi.vic.gov.au/smart-meters/publications/other-languages](http://www.dpi.vic.gov.au/smart-meters/publications/other-languages)

**DHS Concessions Unit** [www.dhs.vic.gov.au/concessions](http://www.dhs.vic.gov.au/concessions) or 1800 658 521

#### Information on door-to-door selling

Do Not Call Register allows for registration of home, personal, mobile or fax numbers to reduce telemarketing calls. Registration is free and is available from [www.donotcall.gov.au](http://www.donotcall.gov.au) or via phone on 1300 792 958 or post by faxing 1300 793 514

**Consumer Affairs Victoria (CAV)** <http://www.consumer.vic.gov.au/>

**Consumer Utilities Advocacy Centre (CUAC)** <http://www.cuac.org.au/>

**Victoria Legal Aid** <http://www.legalaid.vic.gov.au/3068.htm>

**Australian Competition and Consumer Commission (ACCC)** <http://www.accc.gov.au/content/index.phtml/itemId/142>

## POLICY

**CUAC – Power + Water:** newsletter can be accessed at [http://www.cuac.org.au/index.php?Itemid=33&option=com\\_docman](http://www.cuac.org.au/index.php?Itemid=33&option=com_docman)

**CALC – On the Wire:** newsletter can be accessed at <http://www.consumeraction.org.au/publications/on-the-wire.php>

**AER – General Market Issues** section of the website contains various reports and submission on energy market issues and can be accessed at <http://www.aer.gov.au/content/index.phtml/itemId/656067>

**EWOV – Research Section** of the website contains submissions and consultation reports on a range of issues, including surveys of customer satisfaction and consumer awareness.

**ACCC – update** magazine examines the broad range of issues the regulator deals with and is available at <http://www.accc.gov.au/content/index.phtml/itemId/815249>

## Keeping the Lights on: protecting vulnerable households from energy disconnection

**Dean Lombard, Policy Analyst – Essential Services, Victorian Council of Social Services**

*“... a couple of times I’ve fallen off Easy-Pay just because I didn’t have the money; and each time I have to call them and pretty much beg to be allowed to stay on the plan. Then they send you a big bill...”*

*“... when I asked to pay it fortnightly they said ‘no way’; they said I had to pay the lump sum, \$275... and the impact on the household – I had four dollars in my purse after that and had to go get a food hamper from Vinnies and petrol money from mum and dad...”*

*“... it’s hard to negotiate yourself, they are so pushy that you end up agreeing to things you can’t afford... and extra \$15 a week is a huge amount of money for me and means that I can’t buy nappies or food...”*

Just about anyone working in an emergency relief service has encountered stories like these. For people who are really struggling to get by, even a modest electricity or gas bill can be completely out of reach. In this situation, sometimes concessions, emergency relief or even Utility Relief Grants are not enough – a little understanding and a little flexibility from the energy retailer is the only solution.

A decade ago, such understanding and flexibility was hard to find. After the historically low prices that followed the break-up of the government-owned State Electricity Commission (SEC), the newly privatised energy retailers were starting to crack down on customers in hardship, while the regulated tariff was slowly climbing. Disconnection numbers were going through the roof, and it was largely due to pressure from a coalition of community-based organisations, including VCOSS, that the Victorian Government

conducted an inquiry into energy hardship and followed it up with what is now recognised as the best customer protection legislation in Australia – including bans on prepayment electricity meters, obligations on retailers to offer payment flexibility, and strict rules around how disconnections take place that include a hefty financial penalty if they are broken. Together, these reforms led to Victoria having the lowest disconnection statistics and other hardship indicators in Australia.

But in recent years, things have changed. Deregulation of energy prices has led to sharp increases (for example, even adjusted for inflation, electricity has gotten 36 per cent more expensive over the last five years), and the anecdotal evidence of retailers treating customers in hardship more harshly is backed up by rapidly rising disconnection figures and growing customer debt. VCOSS continues to address these and other industry problems in a variety of ways – participating in government-convened working groups on energy policy issues, writing submissions to consultative processes, and meeting with relevant Ministers and bureaucrats to raise issues of concern.

The problem is not the customer protection framework – which, if anything, has gotten stronger. Rather, many energy retailers have become quite cavalier in the way they deal with customers in hardship, and this lack of compliance with the law is too often not being identified or addressed. Unfortunately, the enforcement system (primarily the regulator and the Ombudsman) is not so good at responding to instances of non-compliance unless they are brought to its attention.

This is where you come in: if community service workers dealing directly with people in hardship are able to readily identify badly behaving energy retailers, good results can often be achieved. In a best-case scenario, retailers will often suddenly become very friendly and helpful if they are called out on their regulatory breaches. Failing that, a call to the Ombudsman will quickly sort them out. Many emergency relief workers are already fairly across this; but to further increase their effectiveness – and to help out those who aren’t – VCOSS has produced a new resource.

The Keeping The Lights On cards, developed in conjunction with the community sector-based VicUtilities Reference Group with funding from the Victorian Government, give you three chunks of useful information:

- An overview of customers’ rights for flexible payment and protection from disconnection, including explaining when a customer should not be disconnected;
- Flowcharts depicting step by step processes for dealing with unaffordable bills, imminent or actual disconnection, and disputes with retailers; and
- Contact numbers for all energy retailers’ call centres and hardship teams.

Printed on laminated A4 card for durability, they are designed to be kept one in each interview room for reference as required. We’ll be sending a pack of four to each CISVic member agency. We have also produced a version that can be given to clients to help them negotiate more effectively with their retailer themselves: this can be downloaded from [bit.ly/keepingthelightson](http://bit.ly/keepingthelightson) and printed as required. Please contact [dean.lombard@vcoss.org.au](mailto:dean.lombard@vcoss.org.au) if you have any further



questions, or if your organisation needs more (or fewer) than four cards.

## Door-to-Door Energy Sales – what are your rights?

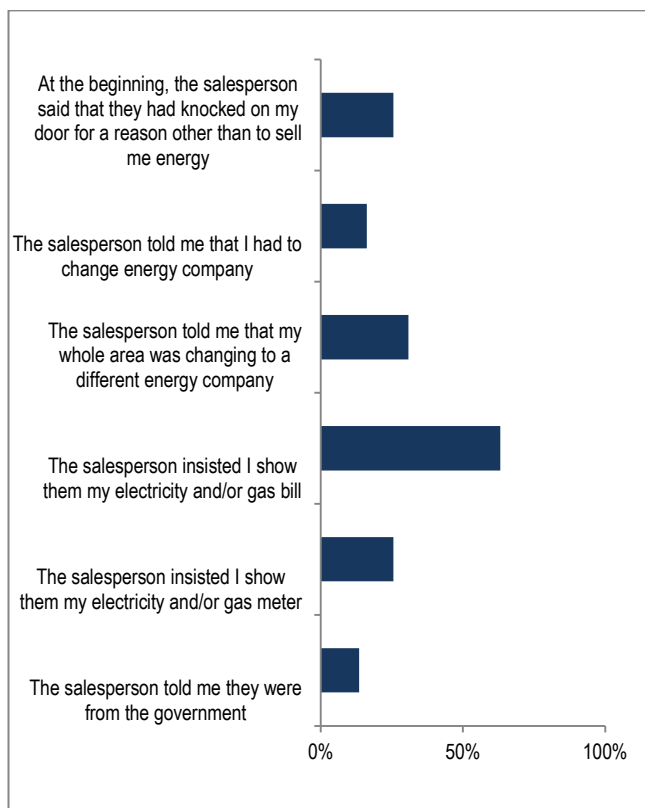
**Deanna Foong, Senior Policy Officer, Consumer Utilities Advocacy Centre**

Despite legislation and regulation in place to protect consumers, door-to-door sales misconduct and mis-selling remains an issue of major community concern.

In late 2011, a CUAC survey looked at Victorian energy consumers' experiences, including the experience of door-to-door sales. Nearly 90 per cent of the 327 survey respondents had been approached by a door-to-door energy salesperson over the past two years, with most people approached a number of times.

CUAC's survey asked consumers about the sales tactics used by the last energy door-to-door salesperson they dealt with. Chart 1 shows that a large proportion of respondents reported a range of mis-selling tactics, including failure to disclose the purpose of the visit or pretending to be from the government.

**Chart 1: Reported incidence of common mis-selling tactics**



The high levels of misleading and deceptive marketing practices raises questions as to whether consumers can make an informed choice in the door-to-door sales environment. In fact, Chart 2 shows that respondents who had accepted the offer from a door-to-door salesperson reported relatively low levels of understanding of the

offer contents and a low level of confidence that they were better off as a result of the switch.

**Chart 2: Experience of consumers who switched as a result of their last contact with a door-to-door salesperson**



Nearly half of the survey respondents took the opportunity to write optional extra comments on any energy issue, and of these, three quarters made a negative comment about door-to-door sales. Common issues highlighted included: salespeople came late (often around dinner time); salespeople provided inaccurate information; salespeople were a nuisance; and the overall experience of dealing with door-to-door sales was unpleasant and would better be avoided. The survey results suggest that there is a need to address the high rates of mis-selling and consumer dissatisfaction around door-to-door sales. You can read more about the findings of CUAC's survey on our website at [www.cuac.org.au/research](http://www.cuac.org.au/research)

### Consumer information

Consumer information and education campaigns have an important role to play in ensuring that consumers are aware of their rights in relation to door-to-door sales.

In October 2011, Consumer Action and Financial Counselling Australia launched the national "Do Not Knock" campaign, which aims to end unwelcome, dishonest and intimidating door-to-door sales tactics. The "Do Not Knock" sticker, when displayed in a prominent location, sends a clear message to salespeople – "you're not welcome at this address." The sticker can be printed from the website <http://donotknock.org.au/>; the website also lists places where the sticker can be obtained.

In February 2012, Consumer Affairs Victoria (CAV) in conjunction with a working group of government, industry and consumer advocacy bodies launched an Energy Marketing campaign. The campaign focuses on educating consumers about their rights in relation to door-to-door selling. Information is being disseminated through regional, ethnic and social media channels and with face-to-face presentations at a range of community events in metropolitan and regional Victoria. Updated consumer information on energy and door-to-door sales (including information in community languages) is now available on the CAV website at: [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au).

## Tips for consumers approached by salespersons

- If someone comes to your door, ask to see their identification. By law they must show you identification. They must also leave immediately if you ask them to. If they ask to see an energy bill, you do not have to show them one.
- Make sure you read and understand documents before signing them and check with your current energy retailer whether any cancellation fees apply if you switch.
- Under the Australian Consumer Law, you have up to 10 business days to end an agreement made from door-to-door and telemarketing sales.
- Keep an eye out for suspicious salespeople. Consumer Affairs Victoria has received several complaints about salespeople who give the impression they are from the government when they are not.
- Don't feel pressured into making a decision on the spot. Take time to research all of the energy service retailers in your area, and work out which offers are the best deal for your circumstances. The Victorian Government website [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au) has impartial tips and tools for choosing an offer.
- If you don't want to be contacted by phone salespeople, register on the Australian Government's "Do Not Call" Register at [www.donotcall.gov.au](http://www.donotcall.gov.au) or by calling 1300 792 958.
- Order a "Do Not Knock" sticker from [www.donotknock.org.au](http://www.donotknock.org.au) if you want to deter door-to-door sales people.

## Getting the Carbon Tax Compensation Package right: Briefing Note

**Gavin Dufty, Manager Policy and Research, St Vincent de Paul Society, Victoria**

The Federal Government has provided strong indication that household carbon compensation will be provided solely through the tax transfer system of increased pensions, rebates or reduced taxes or a combination thereof.

Electricity bills are expected to comprise approximately 50% of the cost impact on households and as such appropriate and commensurate levels of compensation should be directed onto the household electricity bill to avoid inequality in the distribution of carbon tax compensation.

### Background

Acknowledging the final details are yet to be finalised the Federal Government has indicated that in excess of 50% of carbon tax receipts will be returned to households in the form of compensation.

This compensation will be distributed through increased payments and or rebates and or corresponding tax decreases. We understand that this is a permanent, ongoing form of compensation; therefore any mechanism to distribute the compensation should be as robust and well targeted as possible.

Treasury predictions indicate \$11.5 billion in carbon tax receipts and it is reported that 50% of this or \$5.75 billion will be redistributed to households. Utilising ESAA figures for the 2008/09-year total residential consumption was 51,742,293 MWh. The average CO2

intensity for the NEM is 0.95 CO2t per MWh. Therefore the cost impact would be  $51,742,293 \times \$26^5 \times 0.95 = \$1,278,034,629.69$ .

### Issues for Discussion/ Key Issues

If the federal government provides assistance through the tax transfer system there are 2 issues worth highlighting:

1 – The amount of compensation delivered to a recipient or category of recipients is not geographically sensitive. This results in the potential for inequality of distribution where some Australians will be over and others under compensated based on factors beyond their control. This is a particular issue given the higher average use of electricity in the northern states versus the southern states, this occurs as a result of differentials in fuel mix of households for example metropolitan Victoria (often dual fuel) vs country Victoria (all electric). In addition factors such as PV systems installed who under a net or gross scheme avoid paying CO2 tax due to direct of indirect subsidies provided by other energy consumers.

2 – At a household level compensation delivered is not be aligned to their consumption level, and hence increasing individual budgeting expectations and hence reducing the ability for households to meet increased energy costs at the time the energy bill arrives, resulting in increased energy hardship and at the extreme increases in disconnection.

### 1. Geospatial impacts of the CO2 tax

NSW and Queensland residents are far more dependent on electricity than Victoria (note Victorian metro consumption on average is 4.7 MW while non-metro is 6.5MW) and South Australia, natural gas penetration in the southern states is high and is thus a perfect substitute for heating and hot water (the 2 biggest contributors to household energy use). The average electricity usage per state<sup>6</sup> is listed below:

State	Average household electricity use (MWh/annum)
NSW & ACT	7.4
VIC	5.7
QLD	7.5
SA	6.1

As outlined in the table above, Victorians use 77% of the electricity of NSW residents. As such they are disadvantaged should the level of compensation be geographically agnostic.

To illustrate the potential for inequity in distribution the table below has modelled compensation by state on 2 different scenarios.

Scenario 1 – Average compensation per household

Scenario 2 – Average compensation per household on a per MWh consumed basis

Compensation is calculated at \$1,278,034,629.69

<sup>5</sup> Treasury assumed carbon price in FY11

<sup>6</sup> 2008/09 figures from ESAA EGA 2010 report

## Scenario 1 – Equal compensation per household

State	# Residential Electricity customers <sup>7</sup>
NSW & ACT	3,000,551
VIC	2,190,588
QLD	1,697,545
SA	708,242
TOTAL	7,596,926

\*\*\$1,278,034,629.69/7,596,926 = \$168.23 per household

## Scenario 2 – Average compensation per household on a per MWh consumed basis

State	Average household electricity use (MWh/annum)	# Residential Electricity customers	Residential Electricity Usage
NSW & ACT	7.4	3,000,551	22,204,077
VIC	5.7	2,190,588	12,486,352
QLD	7.5	1,697,545	12,731,588
SA	6.1	708,242	4,320,276
TOTAL		7,596,926	51,742,293

\*\*\$1,278,034,629.69/51,742,293 = \$24.7per MWh

Comparison of the 2 different applications demonstrates unequal distribution of compensation based on the geographic location of a household.

State	Ave. h/hold electricity use (MWh/annum)	Residential Electricity customers (#)	Compens. (per h/hold)	Compens. per h/hold (@ \$24.79 per megawatt hour)	Net benefit / loss
NSW & ACT	7.4	3,000,551	\$168.23	\$182.78	-\$14.55
VIC	5.7	2,190,588	\$168.23	\$140.79	\$27.44
QLD	7.5	1,697,545	\$168.23	\$185.25	-\$17.02
SA	6.1	708,242	\$168.23	\$150.67	\$17.56

The above table demonstrates that Victorian and South Australian customers are better off under an equal per household distribution model compared to households in NSW and Queensland.

The basis for this inequity lies in the reliance on electricity as opposed to gas and is on the basis of a factor that individuals have little control.

Within these states there is likely to be greater reliance on electricity by rural customers as the availability of reticulated natural gas is less accessible in general than in metro areas thus exacerbating this differential.

## 2. At a household level compensation delivered should be aligned to their consumption level

Electricity consumption varies by household, often due to factors beyond the control of the individual; this includes not only geography referred to above but also personal factors such as owner vs tenant, income level (ability to invest in energy efficiency).

If we apply the above comparison to a sample of consumption of households that re assisted by the St Vincent de Paul Society, the compensation would be distributed as outlined below:

Band (Annual MWh)	Average compensation per household	Compensation per household (per hour megawatt)	Difference
0-3	\$168.23	\$37.05	\$131.18
3-6	\$168.23	\$111.15	\$57.08
6-9	\$168.23	\$185.25	-\$17.02
9-12	\$168.23	\$259.35	-\$91.12
12-15	\$168.23	\$333.45	-\$165.22
15+	\$168.23	\$407.55	-\$239.32

As a result of an evenly distributed carbon tax compensation the compensation does not adequately support larger consumption households, this includes those with disabilities and other needs often expressed in this particular group.

## Summary

At both a state and individual level the above analysis demonstrates there is the potential for unfair and potentially regressive distribution of the carbon tax compensation should the federal government maintain the tax transfer system as the sole mechanism for the distribution for carbon tax.

Assuming that the compensation is to be distributed to households to ameliorate the impact of increased costs then allocation to households on the basis of how much electricity they use and the carbon content of this electricity is the only equitable and administrative efficient to remove these inequities.

Any alternative that provides a single unadjusted amount is clumsy and would fail to meet the government stated policy objective to ensure the most vulnerable are protected in addition it also reduced the risk of over compensation

The application of compensation directly on the bill at a per MWh is the only solution that can work to address a number of compensation objectives such as:

- Direct compensation proportion to energy consumption is efficient delivery of compensation directly to the cost impact (electricity retailers already distribute hundreds of millions of dollars a year in concessions and rebates)
- Removes the likelihood of increasing the unaffordability of electricity for those unable to invest in energy efficiency or those that are under compensated and hence exposed to increased disconnection and financial and energy hardship.

<sup>7</sup> 2008/09 figures from ESAA EGA 2010 report

- Ensures there is no discrimination against people who have no alternative energy due to circumstances beyond their control such as the availability of reticulated gas
- Does not over compensate those who are already being subsidised through solar feed in tariffs and as such have insulted themselves from the impact of the carbon price
- Ensures the level of compensation can be directly in proportion to the level of impact
- Ensures the level of compensation can be adjusted as required by the Federal government over the longer term as the impact of the tax changes

The Federal government has the opportunity to ensure that households receive compensation on a per MWh consumed basis, at the time when energy bill are received. This approach is the rational, fair and achievable objective.

For more information contact Gavin Dufty SVDP 0439357129

## Consumer & Legal Assistance: Consumer Action

*Daniel Simpson, Consumer Action Law Centre*

With electricity prices continuing to rise it's not surprising that Consumer Action's solicitors and financial counsellors are dealing with energy issues on a daily basis. They see the tangible effects of energy price rises, billing disputes and service problems and are able to offer support to Victorian consumers and community workers.

There are a number of ways in which Consumer Action may be able to help you or one of your clients.

**Legal:** Consumer Action runs a free *Consumer Advice Line* (1300 881 020) which Victorians can call for free and confidential legal advice on issues such as contracts with energy retailers, disputed bills and supply problems. Our solicitors also advise on issues such as dealing with debt collectors – so even if your client's energy issue had escalated beyond dealing with the service provider, we may be able to help.

We also understand that energy retailers rely heavily on door-to-door sales to increase their market share, and that these salespeople can use high pressure selling tactics and sometimes mislead consumers in order to get them to sign up. Don't forget that these salespeople are regulated and all goods sold at the door come with a cooling off period of at least ten days. If your client signed a contract at the door and felt misled, pressured or just decided the product wasn't right for them, we can offer advice on their legal rights.

To complement our *Consumer Advice Line* we also run a *Worker Advice Line* (03 9602 3326) where community and public sector workers and lawyers can call Consumer Action for specialist legal advice on handling consumer matters. Our Consumer Advice Line and Worker Advice Line can:

- Review consumer contracts and documents;
- Help draft letters; and
- Provide ongoing advice on a particular cases where required.

**Financial Counselling:** Consumer Action also runs the *MoneyHelp* financial counselling service. *MoneyHelp* provides free, confidential and independent financial advice to Victorians who're struggling to pay their bills. If one of your clients is struggling to pay their energy bill it may be symptomatic of greater financial problems. Feel free to refer them to our experienced team of financial counsellors for assistance.

### Tips when dealing with utility providers:

If you're dealing with an energy retailer company on behalf of a client it's worth remembering that:

- They're obliged to offer customers payment assistance through payment plans or hardship programs;
- They cannot cut off someone's supply solely because they're having difficulty paying; and
- If an energy retailer fails to send a bill and you eventually get one large bill covering a number of billing periods – they can only back charge you for a maximum of nine months.

For more information on the services Consumer Action provides, visit our [website](#) or sign up to receive our bimonthly newsletter by emailing [media@consumeraction.org.au](mailto:media@consumeraction.org.au). In addition, we publish a number of factsheets which you can use to assist your clients directly.

## Power On: Origin Energy's Financial Hardship Program

*From the Customer Advocacy Team at Origin Energy*

Origin recognises that some customers suffer financial hardship and need help to pay their energy bills. Origin offers an industry leading financial hardship program, called **Power On**, which assists eligible customers in three ways. We work with customers to:

- develop effective payment plans;
- commission and oversee home energy audits; and
- help facilitate access to certain government assistance programs.

Power On is available to our residential customers and is not limited to concession card holders. This means the program is available to *families on low incomes who may be experiencing longer term payment difficulties*. To determine the best outcome for the customer, Origin will undertake an assessment of the customer's capacity to pay and will also take into consideration the information provided to us by the customer about their circumstances.

Origin has endeavoured to create an environment where our customers' privacy and circumstances are protected and managed with respect, therefore there are no qualification criteria required by

Origin when considering what assistance may be provided under the Power On program.

For example we do not ask the customer or any third party to verify their payment difficulties or circumstances - in fact we take the customer's word at face value and will provide the appropriate level of support based on our discussions.

In addition to addressing immediate financial needs through payment assistance, Origin promotes a number of energy efficiency measures as a way to help customers manage their energy costs over the longer term. Last year Origin carried out 880 home energy audits, helping customers identify energy saving opportunities within their homes and providing more than \$89,000 worth of energy efficiency items as a part of this service. We also implemented a new program to provide support for our elderly customers. This year, we are focused on working with our community partners to help customers to identify opportunities to improve their energy efficiency and manage energy costs.

The most important advice we can give to customers who think they may have difficulty paying their energy bills is to ring us immediately. Our contact centre representatives are trained and ready to help, and we can work together to achieve a long term sustainable outcome.

### Some tips for effectively working with Power On Hardship team:

Some tips for effectively working with Power On Hardship team:

- Please provide your name and the agency you are representing
- Remember to provide a signed authority to act form for all clients unable to provide verbal authority
- Have the required documentation and information such as customers account number , concession card details (if applicable) and an approximate guide to the customers financial capacity to pay
- Be aware that from time to time the Hardship team will be required to transfer your call to additional internal departments to ensure the highest level of service is provided to your client.

## Working with the CALD Community: Assistance with Utility Expenses at Springvale Community Aid & Advice Bureau

*Emergency Relief Team, Springvale Community Aid & Advice Bureau, Springvale*

### OVERVIEW

Springvale Community Aid & Advice Bureau (SCAAB) assists the local community with emergency relief, information, advocacy and

referrals through their Community Support services. In 2011 SCAAB assisted 5447 clients with emergency relief, many of these clients accessing the service on multiple occasions. 80% of SCAAB clients are from CALD backgrounds. SCAAB assists clients with food relief, medical and transport costs. The Bureau educates clients on utility usage, bill payment and provides advocacy with utility companies for payment plans or disputes. Many clients are referred to financial counsellors and the Energy and Water Ombudsman. Workshops are delivered through Settlement services and Community Development programs within CALD communities, covering topics such as using and understanding utilities and charges, consumer rights, payment options and financial hardship programs.

### ISSUES FOR CLIENTS

Clients who access our emergency relief program generally struggle to meet their utility costs because of their low incomes; however CALD communities are particularly vulnerable due to the additional language barrier that can limit communication and accurate information.

Clients may face the following issues.

- Understanding their rights and obligations with utility suppliers
- Being pressured by door knockers to change providers when they do not understand what they are agreeing to
- Difficulties reading a bill and understanding the differences in charges
- Not receiving concession rates
- Repayments for payment plans being set too high, and confusion about the payment plan process can cause clients to pay more money than they have agreed
- The lack of information on grants and concessions
- Understanding and using utilities and planning for bills with strategies such as budgeting and monitoring usage
- Difficulty negotiating bills when sharing accommodation with others

### VOLUNTEER PERSPECTIVE

SCAAB Volunteers who assist clients through the Community Support services receive many requests for assistance around utility bills. Among the common issues brought to them are the following:

- Many clients come to the Bureau wanting to know why their bill is so high when friends and family seem to pay less.
- When clients are put on a payment plan there is no flexibility for late payments. If the client misses the due date for an installment they are exited automatically their plan. Once they have broken a payment plan two to three times it is very difficult to have another one approved.
- They receive a bill for the total amount owed and don't understand that they have been taken off the plan.
- Clients who have mental health or drug and alcohol issues may also require support and often have difficulty paying their bills.
- CALD clients often have difficulty reading and understanding their bill. When bills are unusually high and the client is required to read the meter to check for leakage they really struggle to understand the process.

- Many clients in office of housing accommodation have electricity only and do not have the option of choosing gas appliances.
- Clients signed up by door knockers sometimes end up paying two bills or don't understand why they are now receiving bills from a different company.

Volunteers at SCAAB generally assist clients to organize payment plans, apply for grants and emergency relief, facilitate access to information on payment plans and payment options and provide information & ideas for reducing energy consumption.

## CASE STUDIES

### Working with Utility Company for Positive Outcome

Fatima attended her Emergency relief appointment. A telephone interpreter was used. When the initial assessment for emergency relief was completed she began to cry and showed the worker an electricity bill for \$550. She was not sure how she could pay it as it was higher than her previous bills. The worker arranged with the telephone interpreter to contact the utility company to make a payment arrangement. The electricity company suggested a payment plan of \$60 per fortnight until the debt was paid out, on the condition that all payments be made on time or the plan would default and she would have to pay the entire amount. They said she could contact them in advance to change the payment date if necessary. The client was happy with the outcome of the plan. The worker informed the client that if she needed to change the payment day and didn't feel able to contact the company herself she should come back to SCAAB and we would advocate on her behalf. The worker also gave the client a brochure in her language listing tips on how to save money on her electricity bill.

### Utilising URGs

Kyaw was a client who dropped in to the Bureau; he did not want an interpreter. He presented with an outstanding water bill for \$655.50 and stated that it had been very tough for the last 6 months as he had lost his job, was paying rent at over \$250 per week, his wife is caring for three small children and is therefore unable to work and the washing machine had broken down a few weeks ago, requiring them to purchase a new one. Under the circumstances he will struggle to pay the water bill. The worker asked the client if he had heard of the Utility Relief Grant Scheme. The client did not understand the worker's explanation so a telephone interpreter was engaged. The interpreter assisted to explain the scheme to the client. He was eligible because of his high rent as well as the purchase of the washing machine. We explained that the grant could be accessed every 2 years and that there was a maximum payment of \$500 as long as he met the criteria. The worker explained that he will receive a form from the utility company that he will need to fill out & return in the pre-paid envelope. If he required assistance to complete the form he could come back to SCAAB for assistance. The worker called the utility company to request the form, the client was very happy with the outcome.

### Maria

Maria attended an Emergency relief appointment and had requested food vouchers. She spoke basic English. She stated that this week

she was very short of money due to her family visiting from overseas. The client stated that she is on an aged pension but that it is an inadequate payment for her basic expenses. She was embarrassed to ask her visitors to contribute to the household expenses. Towards the end of the interview she mentioned difficulty in paying utility bills as she was living alone in a large home as her children had moved out and her husband had died.

The worker was able to explore payment options for her and advocate for a suitable payment plan. She opted to pay her bills through Centre pay which would stop large bills that had to be paid all at once. The client stated that she could manage smaller amounts more frequently. The client was happy with the arrangement and received a brochure on reducing her energy consumption in her language.

### Upcoming projects & Information Sessions

The SCAAB Income Support Team will deliver an information session on utility issues for the Burmese community in the next few weeks.

## Wein, paen, ya ang gim: Victorian Aboriginal experiences of energy and water

Highlights from CUAC's Report on the experiences of Victorian Aboriginal experiences of energy and water is produced here to bring attention to the issues faced by a group of consumers whose social and economic disadvantage is interlinked with issues of housing, health, education and social welfare.

*Most of my clients can't read their bills. Any information about assistance that the business can provide on the bill is basically useless.* - Case worker, the Mallee

*"There's a sense of entrapment when you get on the phone with them. They speak fast and suddenly you feel like 'I'm powerless.'"* - Consumer, Gippsland

*"The biggest problem is the quality of housing. The older public housing properties are really bad, and even some of the newer ones are a bit dodgy, and this impacts on bills for our mob."* - Consumer, Melbourne

*"Koori Liaison Officers would work well and help a lot of people. Non-Koori people at the businesses often don't understand where we're coming from."* - Consumer, Melbourne

*"Often elders and those with a disability don't understand telemarketers and they just say 'yeah, yeah, yeah.' Door knocking is a huge issue... They're shockers."* - Consumer, Mallee

The Report makes wide-ranging recommendations to industry, regulators and stakeholders. Some of the findings include:

- Larger average household size contributes to utility stress for Victorian Aboriginal consumers
- Utility stress has a range of direct and indirect impacts on Aboriginal consumers' health and wellbeing
- Accessing help requires effective communication, but this is often hindered by feelings of embarrassment or intimidation,

- high call costs, and difficulty understanding call centre staff
- Consumers and service providers strongly emphasised the impact of housing quality upon living conditions, energy and water consumption and bills
  - Awareness of energy retail options, consumer rights, hardship assistance and energy efficiency is low among Aboriginal consumers, particularly those with poor literacy
  - Consumer information that targets Aboriginal communities with relevant content and appropriate dissemination methods has been lacking
  - Dissatisfaction with energy door-to-door marketing is widespread among Aboriginal consumers

Some recommendations included:

- That businesses work with community sector partners to establish and fund an Aboriginal Community Energy and Water Advocates Program
- That the Australian Energy Regulator include an Aboriginal representative on its Consumer Consultative Group
- That efficiency improvements are made to public properties and appliances, prioritising housing stock in Victoria's hottest and coldest regions
- That businesses set service targets for low-income Aboriginal customers (e.g. for debt write-offs, outreach activities etc.)
- That the Victorian Government introduce a high-density living concession for households with a concession card holder and 6 or more occupants.

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Emergency Relief Victoria	MELBOURNE	9672-2005	www.cisvic.org.au
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