



Ethnic Communities' Council of NSW Inc.

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Responses to AEMC consultation on 2016 Retail Competition Review

The Ethnic Communities Council of NSW (ECC NSW) welcomes the opportunity to comment on the consultation paper issued by AEMC on their approach to the 2016 Retail Competition Review and the state of competition in each NEM jurisdiction.

Since its formation 40 years ago the ECC NSW has been the peak body for culturally and linguistically diverse (CALD) community members and representative organisations in NSW. The Ethnic Communities' Council of NSW main activities are advocacy, education and community development. It is a member of the Federation of Ethnic Communities Councils of Australia (FECCA) and the Energy Advocacy role represents FECCA in the National Energy Market.

We would like to respond to the document and to some of the questions posed in Appendix A of the Approach Paper.

Questions on the approach

1. Is the approach described above appropriate for this year's review of competition and why?

We agree fully with the proposal that the assessment of competition cannot be based on the observation of one indicator at one point in time, but that multiple indicators are required.¹ We have concerns with respect to CALD consumers with the first two of the five competitive market indicators to be used in conducting the 2016 review, namely

- customer activity in the market
- customer satisfaction with market outcomes.²

Extrapolations from the 2011 Census indicate that approximately 28% of Australian residents were born overseas, an increase of about 24% over the decade 2003 – 2013. Within NSW and Victoria, those states with the majority of the CALD population, 2011 Census figures give approximately 29% of the population as born overseas and 25% speaking a language other than English (LOTE) at home. These figures represent increases of approximately 3 – 4% over the 2006 Census statistics.

¹ AEMC Approach Paper, 2016 Retail Competition Review, October 2015, page 1

² *ibid* page 1

The figures for LOTE speakers at home can be unreliable, as respondents who are asked what language is spoken at home often reply English while there remains a strong first language presence within the home, often with the older members of the extended family network. This response also raises questions regarding their level of English proficiency which can often be at low literacy level.

Australia wide, within the five year changes in those figures, we find an over 250% increase in residents born in India and Sri Lanka, and a 22% increase in residents born in Asia.

Approximately 40% of small to medium enterprises within Australia are owned/operated by members of CALD communities – all of these businesses are consumers of electricity and/or gas.

In the past two AEMC competition reviews, no questions were asked about language spoken, ethnicity or cultural affiliations, and so no evaluation of successful access to any CALD community demographic can be made. Indeed, none of the sources of information used in addition to the quantitative surveys undertaken by Newgate (retailer surveys and data provided by ombudsmen, retailers, jurisdictions regulars, the AER and AEMO) include any collected data about first (or second) language spoken, ethnicity or cultural affiliation. We have discussed this critical shortfall in available data with all of the above agencies at some length over a number of years.

We are very pleased to note that following our representations the AEMC 2016 survey will track how many respondents do not speak English ordinarily at home, as well as considering LOTE backgrounds for recruiting participants in the vulnerable customer qualitative research. This has the potential to determine whether the required demographics of the research is actually and accurately reflected in the results.

ECC NSW has done extensive work on successful methods of gaining information from, and imparting information to, members of CALD communities. The Guidelines, *Cultural Perspectives: engaging CALD energy consumers*³ set out a range of options for organisations wishing to consult CALD communities successfully. Evidence based research undertaken in several ECC NSW projects⁴ clearly shows that successful communication with CALD consumers is not evident when using traditional methods such as online or phone surveys, distributed written material (in English) or even in-language directions to information or questions then written in English.

Questions on the competitive market indicators

2. *Is there any new evidence about how customers are behaving in retail energy markets and what does that evidence tell us about the level of competition in those markets?*

3. *What are the barriers to some customers (such as, customers that remain on standing offers) seeking out a new market offer that better suits their needs?*

³ ECC NSW, *Cultural Perspectives: engaging CALD energy consumers*, 2015 can be downloaded at <http://www.eccnsw.org.au/What-we-do/Advocacy/Guidelines.aspx>

⁴ See, for example, ECC NSW projects such as Experiences of energy consumption for CALD communities, 2012, Business Energy Smart Tips (BEST) project, 2015, Saving Water in Asian Restaurants project (SWARP), 2010

We contend there are a number of barriers for a range of CALD communities seeking out a new market offer that better suits their needs. CALD communities are by no means homogenous, but they can be roughly classified into three groups based on their arrival in Australia in the post-war period, all with particular energy service needs and issues:

- the 1940s and 1950s (these are considered the more established CALD communities and are largely Greek and Italian),
- the 1970s and 1980s (predominately Vietnamese, Thai, Cantonese speaking Chinese, Phillipina/o and Spanish speakers from Latin America) and
- new and emerging communities – those who are newly arrived and refugee migrant communities (Sudanese (Arabic and Dinka speakers), Mandarin speaking Chinese, Tamil and Hazara (Afghan speakers)).

Those from newly arrived and refugee communities have specific needs as energy consumers. They often come from areas where energy and water supply are unreliable and they may not have had the open and easy access to power and water that Australian society accepts as normal. Particular problems around bill shock, inability to pay, understanding of contractual arrangements for supply, knowledge about concessions and hardship provisions, language difficulties, lack of familiarity and access to the internet, are some of the common challenges being faced.

Counter to the assumption that the longer migrants have been in Australia the more familiar they are likely to be with information across the energy sector, longer term residents, particularly those from the more established CALD communities, are less likely to be aware of what is available in the energy market. They also exhibit a marked lack of familiarity with the internet and do not access information this way, rather by word-of-mouth and local community sources of knowledge. As LOTE speakers age, it is also often the case that their first language replaces English as their main language of communication.

Over 1200 ethno-specific small to medium enterprises (SMEs) were part of a longitudinal survey of energy use as part of the ECC NSW Business Energy Smart Tips (BEST) project, which provided energy audits and advice to ethno-specific SMEs about reducing their energy bills. While there were indications of behaviour change over the life of the project, initially most businesses did not use the internet for their information, and did not actively engage in the competitive energy market.

Generally, less than ideal experiences with energy retailers during the door-to-door sales push era, where CALD consumers experienced very negative consequences, had a considerable impact on the trust CALD consumers have for energy retailers and the retail energy market. This has been borne out in all the research we have undertaken in ECC NSW's various projects over the past five years.

4. Is there any new evidence about what the outcomes are for customers in retail energy markets (such as their level of satisfaction with their experiences) and what does that evidence tell us about the level of competition in those markets?

As indicated above, there is little CALD community enthusiasm for engaging in the retail energy market at this time. There is a considerable level of distrust and an entrenched view

that there a few advantages, if any, in changing retailers or seeking what may, or may not be, a better deal for energy.

Questions on the key issues for this year's review

7. What are the differences between the experiences of vulnerable customers in retail energy markets and other customers; and what do these tell us about how effectively vulnerable customers are able to participate in retail energy markets?

We are very pleased that in the 2016 Review there will be the possibility for CALD consumer voices to be part of the responses across consumer groups. Again, successful communication with CALD consumers, vulnerable or otherwise, will involve a range of techniques, some of which are outlined in the Guidelines referred to earlier.

Our research has shown that there is a clear distinction between vulnerable CALD consumers and the broader definition of vulnerable consumers, as well as the wide differences in experiences and actions among some CALD communities in comparison to non-CALD consumers.

8. Is there any evidence that new products and services are currently impacting competition in retail energy markets and if so, what is that impact?

Research being conducted by ECC NSW under an Energy Consumers Australia (ECA) grant is currently investigating evidence of impact within CALD communities. At this stage, we are unaware of any work that has been undertaken in this area for CALD consumers. Results of the survey, conducted in the community and in small focus groups by trained bi-lingual educators, should be available early in 2016.

We again thank the AEMC for the opportunity to be involved in the consultation process around the 2016 Retail Competition Review and to have our views considered.

If you require additional information please contact Iain Maitland, Energy Advocate on 02 9319 0288 or email energy2@eccnsw.org.au .

Sincerely yours,

Mary Karras



Executive Officer
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