



# Ethnic Communities' Council of NSW Inc.

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## **Submission to Essential Services Commission re Safety Net for Victorian Energy Consumers facing Payment Difficulties**

The Ethnic Communities' Council of NSW (ECC NSW) welcomes the opportunity to provide feedback on the draft decision of the Essential Services Commission dated October 2016 and concerning the Safety Net for Victorian energy consumers facing payment difficulties and the draft customer advice manual. <sup>1</sup>

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 (NEM).

The ECC NSW thanks the Commission for the opportunity to comment on this draft and to provide a CALD perspective on some of the issues where appropriate. ECC NSW welcomes initiatives to promote protections for customers including those experiencing payment difficulty. We strongly support efforts to address the sustained and concerning level of energy disconnection evident in the Commission's performance reports in 2014 and 2015. We support the improvement of the safety net that provides a consistent minimum standard which can be better monitored and enforced by the Commission.

This submission addresses two main areas, namely:

1. Responses to some of the questions raised in the discussion section;
2. The consultation process, feedback, monitoring and evaluation.

### **1. Responses to some of the discussion points <sup>2</sup>**

- the incentives for customers to engage with their retailer when experiencing payment difficulties

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<sup>1</sup> Essential Services Commission, October 2016, *Safety Net for Victorian Energy Consumers facing Payment Difficulties*, Draft Decision

<sup>2</sup> *ibid* pages 21-22

Retailers have consistently pointed to the difficulties in engaging some consumers who do not wish to be engaged.<sup>3</sup> Early engagement with a retailer when experiencing payment difficulties is crucial and this manual has the potential to provide support for engagement when utilised in concert with consumer and community support agencies. While attempts have been made to make the manual accessible to a wide audience, we see little likelihood that individual CALD consumers on their own will find the English language version simple and easy to access and use. Based on 2011 Census data, approximately 25% of Victorians speak a language other than English at home,<sup>4</sup> which often means verbal proficiency not literacy levels.

Recently completed research by ECC NSW of CALD household and small business consumers in NSW and Victoria<sup>5</sup> points to both a concerning lack of knowledge of payment assistance mechanisms in some CALD communities and a low take-up of those options even when there is knowledge in the community. This is particularly disturbing given that a range of CALD communities are over-represented in the lowest two income groups in ABS data from the 2011 Census.<sup>6</sup> Future research by ECC NSW (subject to funding constraints) will be directed at establishing the reasons for these and the exploration, construction and dissemination of engagement and information tools to address the issues.

- the expected cost of participation in dispute resolution for customers, financial counsellors, welfare and other agencies, and Energy and Water Ombudsman Victoria

Dispute resolution in a language other than English (LOTE) can be a costly and challenging process for all concerned. Energy businesses, welfare agencies, EWOV and others generally have translation and interpreter services available for CALD consumers, with widely varying effectiveness and availability. A major concern expressed by CALD consumers is that it can be too difficult (and these could be consumers in payment difficulty) to navigate through to genuine help that is delivered in a culturally appropriate way, and so it is not attempted.

- the risk of enforcement action by the Commission and imposition of penalties
- the cost to retailers of complying with obligations under their existing hardship policies, such as assessing eligibility and capacity to pay
- the cost to retailers of complying with the obligation to have regard to a customer's capacity to pay in establishing payment plans
- the need for interpretation and value judgment of customer circumstances

The sensitivity and judgement of call centre staff and initial agency contact points for assistance are critical to the success of measures and mechanisms such as those central to the Customer Advice Manual. Appropriate communication and engagement of CALD consumers needing information, advice and guidance adds another layer to an already

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<sup>3</sup> For example the work done in ERAA Working Group # around engaging 'hard to engage' consumers, 2015

<sup>4</sup> ABS Census 2011 Population data

<sup>5</sup> ECC NSW, *Experiences of Energy Consumption for Culturally and Linguistically Diverse (CALD) communities*, 2016

<sup>6</sup> ABS Census 2011 Income and Language data

complex process and will rely heavily on training, monitoring and evaluation of the use of the manual in practice.

- the capacity to automate the delivery of assistance

While the automation of some of the delivery of assistance may provide cost savings for agencies and businesses, for CALD consumers it could result in a negative effect on their engagement. This is compounded by the recognition, supported by ECC NSW research over several years across domestic and small business consumers,<sup>7</sup> that CALD consumers are yet to use the internet in the same way as others. The internet is not a regular source of information for CALD consumers, rather word-of-mouth, relatives and trusted sources are. If automated assistance delivery is web-based it will not reach quite large sections of the wider CALD consumer population.

- the levels of customer debt.

The Australian Energy Regulator (AER) is in the process of reviewing minimum disconnection<sup>8</sup> amounts across the NEM and this will be a factor in reviewing the implications of the levels and consequences of consumer debt.

We also welcome submissions that provide data on how the proposed framework will change:

- customer awareness of entitlements to assistance and how to access that assistance

It is not clear how the proposed framework will change either the awareness of entitlements or the low take-up of payment assistance in a range of CALD communities. As indicated earlier, ECC NSW research points to a low to zero accessing of payment assistance by some CALD communities even when they have information about the assistance. Information about the reasons for, and techniques and mechanisms to change this are yet to be determined.

- barriers to customers accessing assistance

Language is a primary barrier and one which is not necessarily relieved merely by providing access to interpreters or providing information in language. Literacy in their first language can be an issue with some CALD communities, particularly newly arrived and refugee communities.

As indicated above, internet use by some CALD communities is low, and provision of information and automation of the delivery may have major consequences for CALD consumers' engagement and utilisation.

Payment for energy services may not be one of the first priorities of a consumer from a recently arrived or refugee community. Housing, schooling for children, income, heating and cooling among a plethora of others require sorting out well before the first power

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<sup>7</sup> See research findings ECC NSW, *Experiences of Energy Consumption for Culturally and Linguistically Diverse (CALD) communities*, 2012 and 2016 as well as *Energy Smart Ethnic Small Business (BEST) project* 2014 available at <http://www.eccnsw.org.au>

<sup>8</sup> AER Review, Minimum Disconnection Amount, 2016, in process

bill arrives, if in fact they are the consumer who has the contract or offer from the retailer. Anecdotal evidence indicates that the arrival of that first (most often quarterly in arrears) bill for electricity, gas or water use can be a complete surprise to recently arrived consumers who have not experienced consistent, regular and reliable supply in their country of origin.

- the cost to customers of obtaining assistance
- how customers access assistance

ECC NSW research has indicated current issues with CALD understanding, access to and use of payment assistance programs. This, coupled with CALD communities' general low use of the internet, will mean that there will be a reduced CALD take-up of assistance if their engagement and understanding rests on web-based methods of information and access. Information and engagement processes that work in CALD communities have been extensively trialled and form the basis for the ECC NSW Guidelines, *Cultural Connection: Engaging CALD energy consumers, 2015*.<sup>9</sup>

- the capacity of customers to manage their payment difficulties
- the assistance available when a customer's circumstances change
- the level and impact of consumer energy debt
- consumer confidence in the industry.

Consumer confidence in the energy industry is low. Recent research conducted by Energy Consumers Australia in their Consumer Sentiment Survey<sup>10</sup> (next half-yearly iteration to be published in December 2016) indicates that when compared with the value for money of a range of other services, households in Victoria indicate that the value for money of electricity services is significantly less than for their banking, water, mobile phone, insurance and internet services. Levels of trust and confidence in the industry are generally low. They can in part be illustrated by the Net Promoter Scores (NPS = the difference between 'advocators' and 'detractors') when asked whether they would recommend their provider to a friend. Across the jurisdictions, NPS scores range from a 'best' of – 23 to – 38, with Victoria the lowest at – 23 and small business at – 32.

Submissions are invited on the scope of energy saving measures that could make a material contribution to reducing the cost of the customers' energy use, and the cost of these measures.

Programs for energy productivity measures targeted at low income and vulnerable consumers exist, or are being rolled out in a number of jurisdictions.<sup>11</sup> ECC NSW research<sup>12</sup> points to a strong commitment to energy efficiency and productivity measures and actions by CALD consumers in both domestic and small

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<sup>9</sup> ECC NSW, *Cultural Connections; Engaging CALD energy consumers, 2015*, digital version at [www.eccnsw.org.au/what-we-do/Advocacy/Guidelines.aspx](http://www.eccnsw.org.au/what-we-do/Advocacy/Guidelines.aspx)

<sup>10</sup> Energy Consumers Australia, 2016, Energy Consumer Sentiment Survey, National and Victoria, July 2016 page 4 for both

<sup>11</sup> See for example NSW Home Energy Action Plan, 2016; NSW Energy and Money Draft Plan, part of the NSW Climate Change Fund Draft Strategic Plan 2017, AGL Affordability Initiatives 2014 among others

<sup>12</sup> ECC NSW research op cit footnote 7

business settings when they have access to information and advice delivered in an appropriate way. These programs and methods, delivered in an appropriate and successfully tested fashion can cost more than other methods of delivery, such as online content and automated information delivery. A process of inaction and avoidance, with energy affordability declining for those least able to afford it as well as disconnections and retailer debt levels rising comes also with considerable costs.

### **3. The consultation process, feedback, monitoring and evaluation**

Unfortunately ECC NSW was unable to attend the consultative forum in September 2016 due to the short timeframe and funding constraints. Up to this time we have not not been formally involved in this consultative process, although we have presented submissions in other consultations.

While ECC NSW recognises the importance of the issues and concerns attempting to be addressed by the Safety Net, the Customer Advice Manual and the amendments to the Energy Retail Code, the informal consultative process undertaken appeared rushed and did not seem to tap into the depth of knowledge in the consumer advocacy space around these issues. We understand from some of those groups who were able to attend the consultations, that they would welcome further input and consultation prior to the release of a final Safety Net, Customer Advice Manual and amendments to the Energy Retail Code. These are very important issues and it is imperative that the practical, in-the-field experience and knowledge of expert practitioners and consumer advocates forms the backbone of a successful roll-out and implementation of the Safety Net. ECC NSW strongly suggests that the Commission undertakes further consultation with consumer advocates to refine the mechanisms of the Safety Net prior to its release.

We support the Minister for Energy and Resources, The Hon Lily D'Ambrosio, comments on the Commission's *Supporting Customers, Avoiding Labels* report, which indicated the establishment of an expert panel to monitor and report on the new Safety Net arrangements to ensure they are delivering on the recommendations of the report.

We again thank the ESC for the opportunity to be involved in the consultation process and to have our views considered.

If you require additional information please contact Iain Maitland, Energy Advocate on 02 9319 0288 or email [iain.maitland@eccnsw.org.au](mailto:iain.maitland@eccnsw.org.au) .

Sincerely yours,

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