



Ethnic Communities' Council of NSW Inc.

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Submission in response to the AEMC Discussion Paper: *Strategic Priorities for Energy Market Development 2015*

The Ethnic Communities' Council of NSW (ECC NSW) welcomes the opportunity to provide comment on the AEMC's Discussion Paper, *Strategic Priorities for Energy Market Development 2015*.¹

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 NEM.

The ECC NSW would like to comment on two of the strategic priorities discussed in the paper, namely:

- Consumer priority – strengthening consumer participation and continuing to promote competitive retail markets
- Market priority – market arrangements that encourage efficient investment and flexibility

Consumer priorities

We agree with the sentiment of the discussion paper that “consumers must be able to make their needs heard, and also be well equipped to make decisions about energy use.”² We are also of the view that the consumer priority should remain as a major focus area for 2015 and beyond.

The three areas proposed,³ *engagement, participation and protection*, can all present significant challenges to CALD consumers.

The **successful** provision of information about the energy market to CALD consumers will not follow a ‘business as usual’ approach to information delivery. Approaches such as brochures, web-based information, phone surveys and the like have been shown to have

¹ AEMC 2015, *Strategic Priorities for Energy Market Development, Discussion Paper*, 10 September 2015, Sydney

² *ibid* page 8

³ *ibid* page 14

very minimal impact when their targets are CALD consumers.⁴ Different approaches need to be taken if CALD consumers' information and understanding needs are to be addressed successfully. While they share some attributes, CALD consumers and communities are not homogenous. Those communities who arrived in the immediate post-war period, those who arrived during the 1970s and 1980s, and the more recently arrived and refugee communities all have different needs and understandings. Approaches to each different community need to be carefully tailored.

Some successful approaches have been detailed in our publication, *Cultural Connections: Engaging CALD energy consumers*.⁵ Poor consumer experiences and lack of understanding within CALD communities can have, as indicated in the discussion paper,⁶ wide-ranging and enduring impacts within a particular community and close off opportunities and participation for those communities in both the short and long term.

The rapid expansion of new energy products and services presents further challenges in engagement, understanding and participation for CALD consumers. Savvy energy businesses will see the potential markets and opportunities within the various CALD communities; successful interaction will be dependent on the processes they use for engagement.

Some CALD communities were hit particularly hard during the door-to-door sales phase and there remains a considerable trust deficit operating for energy businesses within CALD communities. Comparator sites established by independent bodies have considerable appeal, but their usefulness is currently hampered by a lack of consumer knowledge about their existence and their ease of use.

There is a real need for an independent advice and comparison mechanism, not just on energy plans and tariff structures, but also on the plethora of new products and services already hitting the market. As with the existing official comparator sites, their effectiveness will be determined by how easy it is for consumers to access and understand as well as the establishment of trust and familiarity with the process.

New products, services and business models also present challenges for consumer protection. We agree with the discussion paper that "current arrangements lack the flexibility required to provide appropriate consumer protections for evolving relationships between consumers and energy service providers."⁷

As noted in our submission to the Review Panel for the Review of Governance Arrangements conducted by Dr M Vertigan, Prof G Yarrow and E Morton in April 2015,⁸ we feel that to ensure adequate consumer protections for energy consumers arising from the growth of new products and services (both regulated and exempt) a radical re-

⁴ see ECC NSW, 2012, *Experiences of energy consumption for Culturally and Linguistically Diverse (CALD) communities*, and ECC NSW, 2015, *Business Energy Smart Tips (BEST) Project Final Report*, July 2015

⁵ ECC NSW 2015 op cit

⁶ AEMC op cit page 14

⁷ ibid page 16

⁸ ECC NSW, *Submission in response to the Review of Governance Arrangements for Australian Energy Markets: Issues Paper*, May 2015, *Recommendation 13*: In order to further deregulation in transforming Australian energy markets, in the review of the NECF, consideration be given to creating a mandatory energy-related code (including dispute resolution provisions) to complement the Australian Consumer Law, rather than further amending the NECF. page 4

appraisal of the protection mechanisms is needed urgently. Protections should reside with the consumer/purchaser, and not depend on who provided or sold the product or service, whether they are regulated or exempt, and whether the protection falls under the National Energy Consumer Framework (NECF) or Australian Consumer Law (ACL). As Angela Catt (AGL) indicated at the AEMC Strategic Priorities for Energy Market Development Public Forum, “transforming without adverse consequences for consumers should be the aim”.⁹

Market priorities

We agree with the 2015 areas of focus set out in the discussion paper,¹⁰ namely *technology and new business models, network evolution and wholesale markets*. As the discussion paper asserts, regulatory frameworks (and consumer protections) will need to carefully balance the competing (and sometimes contradictory) issues of limiting barriers to entry or innovation for new business models, bringing new business models within appropriate regulation as well as positive energy market and consumer outcomes.

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



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⁹ A Catt, AGL, in her presentation to the AEMC Strategic Priorities for Energy Market Development Public Forum, September 2015

¹⁰ AEMC op cit page 30