

30 September 2013

Ms Jacqui Thorpe
General Manager – Retail Markets
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

By email: AERInquiry@aer.gov.au

Dear Ms Thorpe

Draft AER Stakeholder Engagement Framework

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 has been an active participant at AER meetings/forums and through formal submissions to the AER's consultative process. We are also members of the AER's Customer Consultative Group (CCG) and the AER's Better Regulation Programme Consumer Reference Group (CRG). We have previously provided input into the AER's Service Charter through the CCG. We are pleased to see that the AER has identified "strengthening stakeholder engagement" as priority number 2 in the AER's Strategic Priorities and Work Program 2013-14. We welcome this opportunity to participate in the AER's consultation on the *Draft AER Stakeholder Engagement Framework* (Draft Framework).

CUAC supports best practice consumer engagement. We believe that effective consumer engagement relies on a commitment to genuinely engage and communicate openly and honestly with consumers on a variety of matters using an engagement methodology suitable to the task. As you may be aware, CUAC is currently undertaking a research project on consumer engagement and capacity building based on international literature and qualitative interviews with consumer advocates designed for energy and water businesses, regulators and government. We hope that CUAC's research will serve as an additional resource to compliment the AER's Draft Framework and add to the body of information available on consumer engagement. CUAC will provide the AER with a copy of our research report when it is completed.

Draft Framework

Does the framework cover the appropriate range of AER activities and stakeholders affected by the AER's activities and decisions?

Yes, paragraph 4.2 of the Draft Framework covers the appropriate range of AER activities. We are pleased to see that “consumer capacity building and education activities” have been included and we see this as aligned with priority 3, “building consumer confidence in markets,” in the AER’s Strategic Priorities and Work Program 2013-14. Consumer capacity building and education are key functions for the AER and require internal capacity and expertise. It is also important that the AER provides a best practice model in consumer engagement for the businesses it regulates.

With regard to the stakeholders mentioned in paragraph 4.1 of the Draft Framework, CUAC’s research on consumer engagement found that some consumer groups expressed to us that they are often have often been overlooked in a wide range of consultation processes on energy and water issues. We believe, therefore that the AER should consider the extent to which its stakeholders provide sufficient representation of these groups or the extent to which some of these stakeholder groups should be consulted on particular issues. This includes, single parents, people with disabilities, Aboriginal people, seniors and people from culturally and linguistically diverse communities (CALD). It should be noted that CALD is not a uniform group as within this group there are numerous subgroups.

The AER’s Strategic Priorities and Work Program 2013-14 envisages that the Consumer Challenge Panel (CCP) members will meet with other consumer representatives and stakeholder groups—including the CCG and the national energy consumer advocacy body—to understand jurisdictional issues and to provide an effective consumer focus. We support this initiative and believe that the CCP engagement should include a diverse range of consumer representatives/groups perspectives are sought as consumer views are not uniform. We suggest that joint forums with the CCP and other AER consumer stakeholder groups such as the CRG and CCG may be appropriate from time to time and specifically around jurisdictional DPRs. We would like to see an engagement strategy for the CCP and as much information as possible made available to these groups who may want to engage directly with the AER around specific DPRs.

Are the proposed principles relevant and appropriate to the AER's activities, in particular given the considerable complexity of many of the regulatory and economic issues that make up the AER's work? Are there additional or alternative principles that should be included?

We are pleased to see that “adequate time and resources” has been included in principle two (accessible and inclusive) of the Draft Framework. Scare resourcing is an important issue for the community sector and amongst consumer organisations. Consideration should be given to adequate reimbursement to participants for their time and transport costs, ensuring that information is presented in a way which facilitates consumers capacity to participate, flexibility in taking submissions; adequate response times; ensuring that meetings are held at convenient times and locations, that agendas/documents are sent in advance (and not the day before), that forums/meetings allow for genuine two way communication and that feedback is provided on how views were or were not incorporated and why.

It is also important to have an effective chairperson to ensure that everyone has an opportunity to participate. Given the broad spectrum of consumer issues considered, consumer organisations should have the flexibility to send the staff member whom they believe is best able to contribute in a particular meeting.

Are the commitments included under each principle relevant and appropriate? Are there additional actions we could undertake that would assist us to embody the principles in our engagement activities?

With regard to principle three (transparent), in addition to the need to clearly communicate to stakeholders the purpose of the engagement, we think it is also important for stakeholders to understand the parameters, i.e. what is negotiable and non-negotiable in a consultation. It would also be helpful to have an AER point of contact for stakeholders so that stakeholders know who to approach if they have concerns.

We propose to review the Framework after three years. Is this an appropriate timeframe?

We believe that it may be appropriate to conduct an initial stakeholder evaluation of the framework after a year of operation so that this learning can be captured and the framework adjusted if necessary. Three yearly reviews would then be appropriate.

What measures could the AER use to evaluate our engagement?

We agree that evaluation is critical, and this should be undertaken across the spectrum of AER activities/programmes. This could include surveys, setting time aside for direct discussion and feedback (for groups such as the CCG CRG or CCP) or a combination. We suggest that there may be some value in an external evaluation being undertaken to test the views of those stakeholders who may feel they have less access to AER processes.

Thank you for the opportunity to participate in the AER's consultation on the Draft Framework. If you have any queries, please do not hesitate to contact the undersigned at 03 9639 7600.

Yours sincerely,



Jo Benvenuti
Executive Officer



Deanna Foong
Research & Policy Advocate