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Ms Angela Bourke
General Manager (Ag),
Consumers and Markets
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

AERConsumerandPolicy@aer.gov.au
(submitted electronically)

Dear Ms Bourke,

AER Draft Customer Hardship Policy Guideline

Thank you for the opportunity to provide a submission on the draft Customer Hardship Policy Guideline Version 1, February 2019.

COTA Queensland is a state based organisation committed to advancing the rights, needs and interests of people as they age in Queensland. We aim to help create a more just, equitable and caring community in which older people are actively involved and have access to appropriate support, services and care. COTA Queensland believes that everyone, regardless of age, health status, wealth or social status has a fundamental right to sustainable, ongoing, secure and affordable access to energy. Our submission reflects aspects of the draft Guideline applicable to older residential consumers.

Access to Hardship Programs

COTA Queensland observes that older consumers are generally under-represented in energy retailers' hardship programs. There are several reasons for this, including:

- Older consumers are not aware of hardship programs (a survey conducted by COTA Queensland several years ago revealed that around 3% of participants were aware of retailer hardship programs);
- For older consumers, there is a stigma attached to not being able to pay their bills on time. They typically prefer to go without food, medication or discretionary expenditure in order to make energy payments;
- Use of the word 'hardship' is a barrier. Many older people think they are able to 'get by', whereas other people are more in need of assistance;
- Sometimes older consumers are reluctant or too embarrassed to engage in confidential financial conversations with young call centre staff.

We are pleased to note inclusions in the draft Guideline which attempt to address some of these issues. These include the requirements that:

- there be no restrictive criteria for entry (or re-entry) into support programs, that may act as barriers to consumers receiving the support and assistance that their retailer is required to provide them, in particular the requirement that entry into a support program is not contingent upon a customer failing to pay their bills on time; and
- a range of standardised statements will be required to be incorporated into retail policies in order to improve consistency of responses by retailers; and
- a retailer must identify how it will effectively communicate information about its hardship policy to consumers with diverse needs.

Use of the word 'hardship'

We understand that while the National Energy Retail Law (NERL) and National Energy Retail Rules may make obligations in relation to people experiencing 'payment difficulties due to hardship', COTA Queensland regards hardship as an inappropriate and ineffective term for any material intended for consumers, or retail service staff. The AER guidelines and standardised statements represent an opportunity to utilise less pejorative, more objective and more effective terminology in reference to consumers in these circumstances, and the programs that are intended to assist them. It has been suggested that because the legal and rule framework provides for a requirement to respond to 'hardship' that this terminology must be maintained. We disagree and recommend that the AER can provide direction through the guidelines that it will consider a range of appropriate terminology in place of 'hardship' or consumers experiencing payment difficulty 'due to hardship', ideally specifying alternative terms which will be regarded as acceptable.

Purpose and Objectives of the Guideline

A crucial gap in the current draft guideline, is a clear statement of purpose and objective, not merely of the guideline but of the assistance and support they seek to enable. While both the law and the rules make provisions for the 'minimum' requirements which retail policies must fulfil, COTA Queensland contends that merely relying upon adherence to 'minimum standards', without a statement of the purpose or objective to which these requirements relate, is a key failing of the current framework. Clear direction to retailers regarding how the minimum requirements must be enacted, for the benefit of consumers, is essential. Therefore we recommend that the overview section should commence with a clear, concise declaration of the purpose and objective of the following guideline. Specifically, the following wording is recommended:

“These guidelines provide direction to retailers regarding how their minimum requirements under the NERL and NERR should be enacted, in order to ensure that all consumers experiencing in need of assistance, are provided with the support to which they are entitled. The objective of these guidelines, and the retail requirements they facilitate, is to ensure that in all dealings with consumers, retailers act in the best interests of their customers to ensure that they are able to retain affordable access to electricity as an essential service, with disconnection a last resort response that is kept to a minimum.”

Process for Development of a Retailer Hardship Program

Hardship Programs are developed to support customers who are experiencing difficulty paying their energy bills. They should be tailored to meet the needs of customers which may vary in different geographic locations and for different cohorts of customers. COTA Queensland is disappointed by the lack of engagement between retailers and their customers in developing hardship programs. We recommend that the AER should require retailers to demonstrate effective engagement with customers in developing hardship programs prior to submitting for approval.

A ‘debt trigger’

COTA Queensland supports the application of a quantified ‘debt trigger’ amount to identify customers who are potentially experiencing payment difficulty due to hardship consistent with that implemented in the Victorian Essential Services Commission Payment Difficulty Framework (PDF). We encourage the AER to expedite analysis of the impact of this requirement in Victoria, and move to swift implementation if it is shown that these measures are benefitting customers.

Standardised Statements

The Standardised Statements are intended to inform customers of how the retailer will deliver its hardship program, and provide guidance to customers on their rights and retailer obligations. It is important that the Standardised Statements are presented in customer-focussed language. COTA Queensland believes that statements identifying that:

- customers being supported under a hardship program cannot be disconnected for non-payment; and
- dispute resolution services are available free of charge to customers if needed

should be included in the Standardised Statements.

Specific comments on the Standardised Statements:

- the last two paragraphs in Statement 3 are problematic and should be revised,
- wording in Statement 9 requires revision – generally a customer would not be aware of what the terminology ‘security deposit’ or ‘shortened collection cycle’ refers to.

Next Steps

COTA Queensland regards the current process, and the guidelines as drafted, as an interim step that represents unfinished business, and consider it important to note that a more fundamental re-evaluation of the framework for supporting and assisting consumers is needed. We look forward to working with the AER on this in the coming months.

If you require additional information about COTA Queensland or its energy policy position, please contact me on telephone (07) 3316 2999 or by email to mte@cotaqld.org.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Tucker-Evans', written over a horizontal line.

Mark Tucker-Evans
Chief Executive