4 June 2010

By email: AERInquiry@aer.gov.au

Mr Tom Leuner
General Manager
Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Leuner,

Developing National Hardship Indicators

The Financial and Consumer Rights Council (FCRC) thanks the Australian Energy Regulator (AER) for the opportunity to provide feedback on the AER’s consultation to develop National Hardship Indicators.

The FCRC is the peak body for Financial Counsellors and community based organisations in Victoria who are concerned with the rights of low income and vulnerable consumers. We are an independent not-for-profit organisation which is primarily funded by the Department of Justice and have been in operation since 1996.

Amongst other things, we provide a support network for over 250 member Financial Counsellors, primarily through ongoing training, education and professional development seminars and policy development. Additionally, the FCRC is active in promoting the rights of consumers and seeks to achieve this through the provision of consumer information and community education, as well as effective casework support and advocacy.

Upon reading the issues paper our initial concern is that the National Hardship Indicators should be amended to be known as National Hardship Program Indicators. The rationale behind this is that it is clear from the issues paper that the Indicators are designed to assess the performance of retailer’s hardship programs. They are not monitoring the level or breadth of hardship itself.

We are generally supportive of the inclusion of National Hardship (Program) Indicators as a tool to measure the performance of retailers in adhering to their hardship policies; however we feel it is
important that it is not just the data that forms the basis of the Performance Reporting Procedure. For the data to have relevance and meaning it must be supplied in addition to contextual information. This information should reflect:

- The social and economic climate; including cost of living, income and disposable income levels.
- Changes in the wider energy market, including changes in tariffs.
- The types of assistance offered by each retailer’s hardship program.
- Any assistance offered to customers prior to the hardship program stage.
- Recent policy or procedural changes made by the retailer within or just prior to the reporting period.
- Jurisdictional changes to energy concessions and grants.

The importance of the AER’s Energy Affordability work cannot be stressed enough, and we would also like to see energy affordability examined in the context of the external market; particularly housing affordability, income levels and costs of living.

Our views regarding the development of the National Hardship (Program) Indicators echo those made by the Queensland Council of Social Service (QCOSS) in their submission on the development of National Hardship (Program) Indicators. We also consider that it is important for the indicators to have the overarching purpose of determining whether retailers firstly offer enough assistance to customers via hardship programs and assistance offered in addition to the hardship program. The second purpose should be to assess the effectiveness or success of the hardship program and assistance offered. These two principles are vital to determining how robust and adequate a hardship policy is in assisting customers in need, and preventing energy disconnection.

In addition to the views put forth by QCOSS, we recommend that there be an indicator which reports on the number of internal referrals made to the hardship program. That is, how many customers referred by the credit and/or call centre team to the hardship program. This is an important indicator as it demonstrates the overall awareness and commitment of the retailer to identifying customers experiencing payment difficulty at the earliest possible point. A hardship program should not be assessed in isolation of the greater retailer context.

We would also recommend that the level and frequency of staff hardship training be reported on as an indicator of further commitment by the retailer in assisting customers in payment difficulty and hardship.

Should you have any questions regarding this submission, please contact Kristen Gobbo at the FCRC on (03) 9663 2000.

Yours sincerely
Richard Foster
Chief Executive Officer

Kristen Gobbo
Policy and Public Affairs Officer