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Dear General Manager,

Re: AER National Hardship Indicators

SACOSS is pleased to contribute to the consultation process around the creation of National Hardship Indicators. We strongly believe that the Indicators are an important step in assisting and protecting low income and disadvantaged South Australians under the National Energy Customer Framework (NECF).

As the peak non-government representative body for the health and community services sector in South Australia, SACOSS believes in justice, opportunity and shared wealth for all South Australians. We have a strong membership base representing a broad range of interests in the social services arena. Our core activities include analysing social policy, and advocacy on behalf of vulnerable and disadvantaged South Australians; providing independent information and commentary; and assisting the ongoing development of the health and community services sector. SACOSS has a key interest in the protection of low income and vulnerable consumers, extending to the interaction between essential service providers and energy consumers.

SACOSS supports QCOSS' detailed submission and proposed set of 'National Hardship Program Indicators' to the AER. Our submission will not provide a detailed analysis of the 26 questions asked in the AER Issues Paper. It will, however, outline a number of key issues as seen from a South Australian perspective. These issues will be arranged under four main headings: language and definition in national hardship indicators; developing effective hardship program indicators; retailer reporting on hardship indicators; and AER reporting on socio-economic conditions.

1. Language and Definition in National Hardship Indicators

The current title 'National Hardship Indicators' does not adequately reflect the current scope of indicators in the AER Issues Paper and NECF2, which are limited to retailer hardship programs. SACOSS recommends a name change to 'National Hardship Program Indicators' to reflect this.

Furthermore, as the term hardship has a wide range of definitions in its different contexts, the AER needs to define what 'hardship' means in the energy retail market context. Hardship customers in the energy retail market are those customers having

difficulty paying energy bills, and are at subsequent risk of an increase in debt levels or disconnection for failure to pay.

SACOSS draws attention to the fact that many customers having difficulty paying energy bills will experience other forms of hardship. Hardship in the context of the energy retail market is limited, and any customer numbers that are reported through retailer hardship program indicators will be a subset of the total customers experiencing hardship.

In measuring hardship through payment difficulties in the energy retail market we are referring to 'energy bill debt'. Examining energy bill debt is crucial to understanding the extent and depth of customers experiencing payment difficulties, and in turn making changes to improve the services offered to hardship customers.

2. Developing Effective Hardship Program Indicators

As a consumer advocate, SACOSS is interested in two key questions:

1. Are retailers providing assistance to enough customers, both through the hardship program and through assistance measures outside the hardship program?
2. Is the assistance being provided by a particular measure or program successful or effective in some way?

We believe effective National Hardship Program Indicators should (as a minimum): measure the number of customers receiving assistance through the hardship program; measure the success or effectiveness of the hardship program in assisting customers to manage their ongoing energy bills; and reference various measures of the wider context for the retailer's hardship program.

Having worked with other consumer advocates in a process lead by QCOS, SACOSS would like to reaffirm our proposed set of effective National Hardship Program Indicators as seen in the table below.

Indicator	Measure
# customers on the program	At end of period
# of customers entering the program	During the period
# of customers successfully completing	During the period, in agreement with retailer
For customers entering the program: <ul style="list-style-type: none"> • Average energy bill debt in \$ • # with energy bill debt > \$1,500 	At point of entry, new customers during the period
For customers successfully completing: <ul style="list-style-type: none"> • # with energy bill debt = \$0 	During the period
A measure of success rate of program: (# successful completions + # in program end of period) (# in program at end of last period + # new customers)	At end of period
# of customers on program receiving an ongoing government energy concession	At end of period

# of customers excluded from the program for non-compliance	During the period
# of customers on program for > 2 years	At end of period; continuous participation
# of disconnections for failure to pay <ul style="list-style-type: none"> • On hardship program in last 24 months • # of reconnections in same name and address within 7 days 	At end of period
Assistance provided to customers in the 12 months before entering the program, including: <ul style="list-style-type: none"> • Use of a flexible payment method, payment extension applied, use of a payment plan, once-off government energy grant/subsidy approved, energy audits conducted, and financial counselling resources provided. 	At point of entry, new customers
Assistance provided to customers in the hardship program <ul style="list-style-type: none"> • Self-report on assistance measures provided 	During the period. Report for both the % of customers in the hardship program and the % of customers to which assistance was available

3. Retailer Reporting on Hardship Indicators

SACOSS acknowledges that meaningful comparisons cannot be made between the hardship program indicators of each retailer, as each hardship program will operate under different conditions and these conditions alone can dictate variations in data.

An example of this are the indicators for entry into a hardship program and for a successful completion. This data will be influenced by how each retailer addresses payment difficulties across all customers. A successful approach to hardship from one retailer might identify and assist customers early in the debt cycle, preventing debt from accumulating. This approach could lead to relatively fewer customers on a hardship program. However, it may also lead to a high proportion of hardship program participants with long term payment issues since many of the customers with short term difficulties would be assisted outside the hardship program. Therefore, the rate of successful completions for participants in that retailer's program may be relatively low.

To limit meaningless comparisons, and to potentially assist the AER in developing case studies for their reporting, SACOSS recommends a reporting process that allows retailers to give explanation of their figures alongside the indicator results.

4. AER Reporting on Socio-Economic Conditions

In reporting on Hardship Program Indicators the energy affordability report is a key resource. It is the appropriate vehicle for the AER to highlight the socio-economic conditions in which the retail market must operate.

SACOSS recommends that the energy affordability report include key information available from other information sources including the Australian Bureau of Statistics. For example:

- Measures of the affordability of a range of essential services, including energy, food and shelter. If the prices of essential services are increasing faster than incomes, then energy affordability in the coming year will be worse even if energy prices do not increase.
- Measures of the proportion of annual income, for various income groups, spent on energy (to source this information the AER should consider funding surveys by the ABS on household expenditure on energy. This information is already captured through the Household Expenditure Survey but this survey is infrequent).
- Personal income measures including government benefit levels.
- Economic measures including unemployment, interest rates, and GDP.
- An assessment of the impact of prices rises in energy on low income and vulnerable consumers, and
- Existing information on the availability and take-up of government energy concessions, government energy grants or subsidies, and other relevant third party programs and measures including no interest loans schemes, government funded energy audits, appliance replacement schemes, and the availability and use of financial counselling resources in each jurisdiction.

It is vital that we include the subset of energy hardship within the broader context of hardship issues, particularly in understanding indicators such as rising energy bill debt, and in developing hardship programs that are accessible and genuinely assist consumers to manage their debts. Given the importance of the energy affordability report, the AER should consult with stakeholders on the content and approach of the energy affordability report.

SACOSS believes it is essential for the AER to continue to undertake consultation with consumer advocates throughout the development and drafting of National Hardship Program Indicators and reporting structures, to ensure that affordable access to essential services is maintained for low income and disadvantaged households.

Please do not hesitate to contact me on (08) 8305 4222 or email ross@sacoss.org.au if you have any questions regarding this submission.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Ross Womersley', written in a cursive style.

Ross Womersley
Executive Director