



Tasmanian Council of Social Service

Submission on

Draft AER Consumer Engagement Guideline for Network Service Providers

August 12, 2013

TasCOSS is the peak body for the Tasmanian community services sector. Its membership comprises individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage and promote the adoption of effective solutions to address these issues.

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The Tasmanian Council of Social Service (TasCOSS) welcomes the opportunity to respond to the AER's Draft *Consumer Engagement Guideline for Network Service Providers* (hereafter, draft guideline) and welcomes this initiative from the AER.

TasCOSS would agree that for too long 'the long term interests of consumers' in network regulatory proposals and asset management and investment have been defined by network service providers (NSPs) with little or no input from consumers. The new requirement for network businesses to engage with their consumers is welcome for its potential to provide consumers' views of their own 'long term interests' to NSPs and to thereby have some agency in decisions made 'in their interests'.

While we appreciate that the guideline will be non-binding, we agree that it will provide sound guidance for NSPs to develop their own consumer engagement strategies in the context of the consumers and communities that they serve.

We have several comments to offer on the draft guideline that we hope will contribute to its continuing development as a useful tool for NSPs, as well as a clear articulation of the AER's expectations of consumer engagement activities of NSPs.

Principles

While the principles of consumer engagement cited in the draft guideline are drawn from recognised and well-established sources and are clearly sound, TasCOSS suggests that for the purpose of this guideline, the AER consider adding two additional principles.

These principles are **genuine** and **reciprocal**.

In order that the consumer engagement requirements of the NER do not result in a cursory 'tick-off' exercise by NSPs and a waste of time for consumers, engagement must be genuine. That is, it must offer genuine opportunities for consumers to not only engage, but for their concerns to be noted, acted upon and responded to.

That engagement must be genuine is implied by several of the other principles; however, we believe that it should be made explicit as an over-arching principle upon which all engagement activities are based.

Similarly, reciprocity is an important principle of engagement. That is, an understanding that engagement is not a one-way process and all parties should be encouraged to engage with one another. Again, this might be implied by some of the other principles but engagement processes would be improved if they were based on the principle that engagement is a reciprocal process.

If it is decided not to add these as separate principles, it would be useful to make explicit in the description/definition of the existing principles, that these are critical elements of engagement.

Priorities

We believe that the activities listed in the draft guideline for setting priorities are appropriate. We note especially that the first priority is to understand the consumer base by identifying the range of consumer cohorts it comprises. It is important also to recognise that this exercise may not be exhaustive or finite as consumer interests will continue to emerge, diverge and evolve. It will therefore be an ongoing process.

Delivery

This element of the draft guideline is particularly important as it is where engagement actually happens. Given the complexity of many of the issues on which NSPs are likely to engage, and the clear asymmetry of information and expertise, it is vital that consumers are equipped for engagement. This means being equipped both with reliable, accessible and complete information, and with resources to enable effective engagement.

Resources should be provided by NSPs if necessary and might include sitting fees; reimbursement or provision of costs of involvement in engagement activities (transport, accommodation, meals); access to independent expertise on issues and access to training or educational activities on network regulatory and other issues.

The need for resources to enable engagement raises the issue of the costs of engagement. TasCOSS is concerned that the costs of consumer engagement may ultimately be borne by consumers – either directly or indirectly through increased network prices. This issue should be considered by the AER and addressed in the Guideline.

The suggested list in this section of issues on which NSPs might engage with consumers is appropriate but it would be useful to expand the list with a broader range of network business issues, as discussed at a recent AER Forum on this Guideline. Issues for potential consumer engagement mentioned there included:

- complaints mechanisms;
- connections policy and practice;
- prices;
- meters and
- asset management.

We would add:

- customer service;
- disconnection and re-connection practices;
- vegetation management and
- environmental issues relating to network businesses.

Results

It is vital to report back on the results or outcomes of consumer engagement activities, not only to the AER of course, but also most importantly to consumers. This is a critical element in demonstrating to consumers that engagement is genuine and meaningful.

Reporting back to consumers will vary depending on the level of engagement undertaken and the issues addressed, but essentially should involve firstly informing consumers of how their input influenced, altered or informed the NSP's approach to the issues, and secondly provide the reasons for any change (or otherwise) that their engagement produced. This demonstrates to consumers that their input has been heard and considered, and it provides incentive for continued engagement.

Evaluation and review

This is also an important part of the engagement process and TasCOSS believes that the evaluation and review activities listed in the draft guideline are appropriate. However, it is important that consumers are more closely involved in evaluation and review processes than the draft guideline suggests.

Consumer engagement must work for consumers as well as for NSPs and consumers must therefore play an integral role in evaluation processes.

We hope that these brief comments are helpful in the further development of the Guideline. Please feel free to contact us if you require any further information or have any question about our submission.

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The views expressed in this document do not necessarily reflect the views of the Consumer Advocacy Panel or the Australian Energy Market Commission.