

4 March 2019

Ms Sarah Proudfoot
General Manager, Consumers and Markets
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

By email: AERConsumerandPolicy@aer.gov.au

Dear Ms Proudfoot

Draft Hardship Guideline

The Victorian Council of Social Service (VCOSS) welcomes the opportunity to comment on the Australian Energy Regulator's (AER) Draft Hardship Guideline.

VCOSS is the peak body of the social and community sector in Victoria. We have a longstanding role in energy policy development, representing the interests of vulnerable and disadvantaged Victorians. VCOSS was closely involved in the Essential Services Commission's hardship inquiry and development of the Victorian payment difficulty framework.

We are pleased the AER is reviewing the Hardship Guideline. Disconnection rates are very high across the National Electricity Market (NEM), as well as in Victoria.¹ Disconnection and energy payment difficulty are not 'niche' issues. Many people are vulnerable, including social and private renters, sole parents and other households with children, and people with disability.² Retailers' hardship and payment difficulty support must therefore be highly accessible, informed by lived experience and best practice, and consistent among retailers and across the NEM.

Following introduction of the Victorian payment difficulty framework on 1 January 2019, VCOSS is concerned people outside Victoria have fewer entitlements to support and face greater risk of disconnection. We hope the Draft Hardship Guideline is an interim step, and that the AER undertakes a fundamental revaluation of retailers' hardship and payment difficulty support. This should include

¹ Australian Energy Regulator, *Annual report on compliance and performance of the retail energy market, 2017-18*, December 2018, 5; Essential Services Commission, *Victorian Energy Market Report 2017-18*, February 2019.

² Public Interest Advocacy Centre, *Close to the edge: A qualitative and quantitative study*, 14 November 2018; Victorian Council of Social Service, *Battling on: Persistent energy hardship*, November 2018.

consideration of the Victorian payment difficulty framework, and the efficiency of expanding this framework NEM-wide.

In further developing the Draft Hardship Guideline, we recommend the AER incorporates best practice features of the Victorian framework so far as possible, including:

- objectives to guide implementation and enforcement of the guideline, to ensure disconnection is a measure of last resort
- a retailer obligation to inform customers of the assistance available, and that this obligation be triggered when a customer's debt is \$55 or more
- a support entitlement for all people experiencing payment difficulty, not only those identified as experiencing 'hardship'
- no restrictive conditions on entry or re-entry into support programs.

We thank the AER for allowing VCOSS to participate in its recent consultation and provide this response. If you would like to discuss our letter, please contact Emma O'Neill, VCOSS Energy Policy Adviser, on 03 9235 1031 or at emma.oneill@vcoss.org.au.

Yours sincerely



Emma King
Chief Executive Officer
Victorian Council of Social Service