



# NECF 2:

## More to do on consumer protections

**Plus:**

Increasing  
transparency in  
electricity retail  
pricing

Victorian  
Auditor-  
General  
releases  
concessions  
report

Restrictions  
on the rise at  
Goulburn  
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Meter Smart  
project

PM's  
Taskforce on  
Energy  
Efficiency

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CUAC is an independent consumer advocacy organisation which ensures the interests of Victorian electricity, gas and water consumers—especially low income, disadvantaged, rural and regional, and Indigenous consumers—are effectively represented in the policy and regulatory debate.

CUAC believes all Victorians have a right to:

- ♦ affordable and sustainable electricity, gas and water
- ♦ have their interests heard in policy and regulatory decisions on electricity, gas and water
- ♦ not be disconnected from electricity, gas and/or water due solely to an inability to pay

CUAC:

- ♦ Provides a voice for, and strengthens the input of Victorian utility consumers—particularly low income, disadvantaged, and rural and regional consumers—in the policy and regulatory debate
- ♦ Initiates and supports research into issues of concern to Victorian utility consumers, through in-house research and building the capacity of consumers through its Grants program
- ♦ Investigates and responds to systemic issues affecting Victorian consumers in the competitive electricity and gas markets and with regard to water.

## From the Chair

Evolution in CUAC's role coincides with devolution in its governance leadership. I have the honour of assuming the chairing role after Joan Sturton-Gill's highly successful stint in that position. As a Board member for all of the period of Joan's board leadership, I had the opportunity to watch in admiration as she carefully steered CUAC in a new direction, and worked assiduously with our board, executive and staff to reposition CUAC to meet the new opportunities it enjoys, and meet the challenges which it, like the rest of the sector, now confronts. The appointment of a new EO, Jo Benvenuti, and Joan's careful nurturance of Jo into the role, stand as tributes to Joan's diligent and compassionate leadership.

Jo, in turn, has assembled a staff whose competence, expertise and proactive approach to consumer rights in the utilities sector leave CUAC in good stead to provide a still more effective response to this changed environment. This new situation is characterised by an increasing complexity in the issues confronting consumers, and those seeking to protect their rights. In earlier times, the principal focus was on non-

equitable pricing, predatory supplier conduct, market transparency, and equitable distribution (particularly to rural areas). Now, a new range of challenges has emerged, relating to environmental concerns, global warming and climate change, and pending resource scarcity. Consequently, water, and its equitable and affordable supply, has emerged as a significant focus of CUAC activity, far more so than previously. But in all utility provision, the need for consumers to fully understand the consequences of environmental change, and be protected from any unjust consumer consequences, must be a fundamental component in any effective strategy. I'm conscious that I'll be chairing the CUAC Board at a time when Jo and her staff are committing themselves to this evolving task as a fundamental priority. The other enormous sectoral change is the development of a national energy market. Here lies both opportunity and complexity. Fortunately, Jo Benvenuti's expertise has been acknowledged by all significant stakeholders in the development of consumer rights within a nationally regulated market; so much so that CUAC has often transcended its Victorian origins, and joined in a loose coalition to provide an effective national voice for consumer rights. The story of this state-to-nation transition is far from concluded, and these next two years will be a critical time in this process.

Coming from such a narrow and constricted resource base, CUAC can never hope to effectively address all of these issues on its own. That's why we continue to work collaboratively and effectively with other stakeholders. This group has itself evolved over recent years. As a nationally recognised body, CUAC now acts in concert with other organizations outside of Victoria. It continues to respond to NGOs, and to groups who share CUAC's commitment to transparency and fairness, and to those who seek, as CUAC does, to work collaboratively in the interests of all.

CUAC never forgets its roots, and remains grateful to the sponsorship of Consumer Affairs Victoria, under Victoria's Minister for Consumer Affairs, Tony Robinson MP, the CUAC member, who continues to take an active and supportive interest in its affairs. At the same time, the development of strong ties with the Victorian Department of Primary Industries has been an enormously positive development, and CUAC will continue to work closely with DPI in ensuring effective input on consumer rights for state government consideration.

Despite the preciousness of all of these relationships which CUAC has worked hard to establish and maintain, a fundamental task over the next few years – one which our Board is determined to pursue – is the development of a distinctive, assertive, and entirely independent identity for CUAC within the sector. Whilst we are committed to collaboration with our partners, we are beholden to none, and will continue to follow strategies by CUAC expertise and CUAC priorities.

I have been fortunate to have been a CUAC director under two very different, but very effective, chairs. I came from a background with no connection to the utilities sector, but with a substantive background both to the protection of the rights of the marginalised and vulnerable in our society, and to the provision of effective governance within the non-profit sector. I feel both honoured and energised by the prospect of working with Jo, her staff, and my fellow Board members, to meet these challenges, and seize these opportunities, over the next two years.



*Dr Peter Hansen, CUAC Chair*



# Transparency in retail pricing

David Stanford  
CUAC Policy Officer

The stages of the energy supply chain subject to price regulation should be transparently and accurately passed onto consumers. They should not be manipulated in order to encourage consumers to choose a particular contract offer over another. This article considers this issue.

## *What do you pay for on your electricity bill?*

Have you ever thought about what you are paying for when you pay your electricity bill? Alternatively, have you ever considered the complex supply chain that allows you to turn on a light or the television at any time?

I suspect that you have, at most, only given a passing thought to these questions. In fact, I imagine that most Australian electricity consumers pay little attention to their electricity bill other than noticing the continual increases in the cost of meeting everyday needs. It is worth taking the time to examine the supply chain for electricity, how it contributes to what you pay and how pricing could be more transparent and informative.

## *The electricity supply chain*

Consider the electricity supply chain. At the top of the supply chain you have the generators or the producers of electricity. Generators of varying sizes are located across Australia. In the eastern states, generators are usually connected to the National Electricity Grid and therefore can supply power, with some limitations, to anywhere in that interconnected grid across eastern Australia. Examples of generators are the large coal fired power stations in the La Trobe Valley and the Waubra Wind Farm near Ballarat.

Generators sell the electricity they generate to electricity retailers in a competitive wholesale market.

Retailers purchase electricity from the generators using either forward contracts or on a spot market, depending on consumer demand.

The next stages of the supply chain relate to the transfer of electricity from generators to customers. In electricity jargon these stages are known as transmission and

distribution. Electricity transmission involves the transfer of electricity along high voltage power lines, usually on metal pylons, to distribution substations.

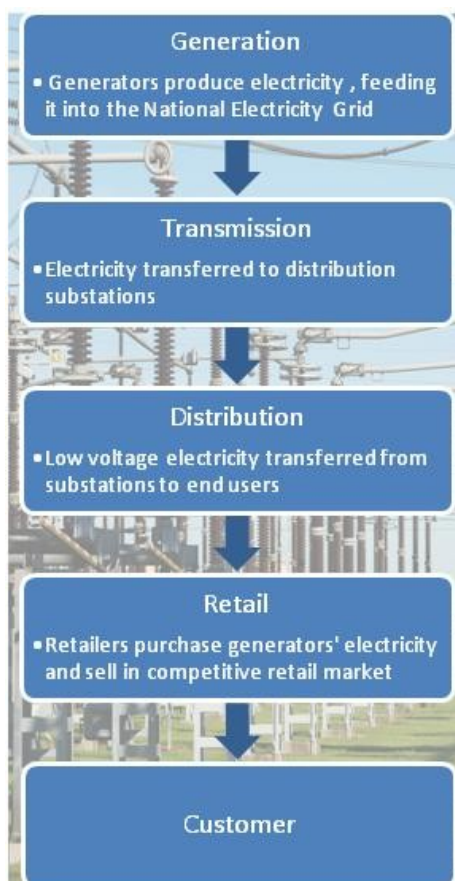
Distribution substations convert the high voltage electricity to lower voltage electricity for end users. This lower voltage electricity is transferred to customers along the distribution network. The distribution network consists of the power lines that you see along residential streets and connecting your house to the electricity network. The operators of transmission and distribution networks charge electricity retailers a fee for transferring electricity from the generators to consumers. Because the transmission and distribution systems are natural monopolies, these charges are regulated. Charges are then passed on to consumers by their energy retailer.

The final stage of the supply chain is the retailer. The retailer is usually the customer's point of contact with the electricity supply system and is responsible for purchasing the wholesale electricity, arranging its transfer to the customer and billing the customer for the energy that they consume. Electricity retailers are like retailers for many other products and services. They arrange the purchase of a product from a manufacturer and its supply to the customer. They charge a fee for arranging this service. In Victoria there are 19 energy retailers. Retailers compete for business and consumers can choose the retailer that offers them the best price and service. It is estimated that charges for generation comprise around 40 per cent of an average customer's bill, charges for distribution a further 40 percent while charges for transmission and retail comprise about 10 percent each.

## *Regulated monopolies in the electricity industry*

A key difference between the electricity industry and the market for other consumer products is that transportation of the product from manufacturer to customer is, by

necessity, undertaken by a monopoly provider. In the market for other goods, food for example, transportation from manufacturer to consumer can occur in a competitive market, with the benefits of this competition passed on to the consumer by the retailer. In the electricity market, the regulator sets the price that retailers pay to have electricity



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transferred from a generator to a home or business. It is this fact, the regulation of price for the monopolistic levels of the supply chain, that led me to pose the questions at the beginning of this article. In Victoria, retail prices for energy are unregulated. Retailers can charge what they like for the supply of energy and it is hoped that competition will ensure that the prices are kept to a minimum.

Currently in Victoria, the transmission and distribution charges are mixed into the fixed charge and the per kilowatt consumption charges that appear on a customer's bill. Retailers manipulate the way that these charges are passed on in order to make different offers more attractive to consumers. For example, some contract offers in the Victorian retail energy market will feature high fixed charges but lower consumption charges. Other offers will feature the reverse, despite the fact that for each customer there is a regulated fixed charge and consumption charge for transmission and distribution services.

#### ***The need for transparency***

In a market characterised by the presence of monopoly providers that charge a predetermined and regulated price for their service, CUAC contends that greater pricing transparency is required in the consumer interest. Specifically, with regard to transmission and distribution charges, customers should only be charged the regulated transmission and distribution costs, plus a regulated retail margin. This regulated retail margin would cover the costs to the retailer of billing the customer for these charges and then transferring this money to the transmission and distribution businesses. If a particular charge is regulated for different classes of consumers, it is only fair that consumers pay the regulated charge and only the regulated charge.

If this occurred, retailers would compete with each other based on their activities in the two competitive levels of the supply chain. They can compete with each other for business based on the efficiency of their own operations (the retail level) and the way that they charge for the electricity that they competitively procure on the wholesale electricity market (the generation level).

Achieving this in practice would probably involve the separation of charges on consumer bills. There would be a regulated network charge (for transmission and distribution) and an unregulated retail charge. The introduction of such a reform would reduce the opacity in current retail contracts and would allow consumers to understand the source of the charges on their bill. It would also allow consumers to more easily compare the different contract offers in the electricity market as the network charge would be identical across all retailers. It may also lead to consumers pondering just a little more why electricity is available as if by magic every time that they flick a switch.

## Restrictions on the rise at Goulburn Valley Water

The Essential Services Commission, Victoria's water regulator, has released its latest *Water Performance Report*. The report reviews the performance of urban water and sewerage businesses over the 2008-09 financial year, with the aim of stimulating 'competition by comparison'.

Restrictions for non-payment of bills is one important theme covered in the performance report. In 2008-09, 3,033 domestic customers and 64 non-domestic customers had their water supply restricted for non-payment, an increase of 11 per cent (336 customers) from the previous year.

Of particular concern, Goulburn Valley Water saw the highest proportion of both domestic and non-domestic customer restrictions. CUAC notes that at 1.78 restrictions per 100 customers, Goulburn Valley Water's rate of restriction for domestic customers was more than double that of the next highest restrictor (Gippsland Water with around 0.75 restrictions per 100 customers). The proportion of Goulburn Valley Water customers facing restrictions in 2008-09 had also increased from previous years.

According to the ESC's report, Goulburn Valley Water stated that it uses restrictions 'only after careful consideration and in accordance with requirements set out in the Customer Service Code as a cost effective method for both the customer and the business to control debt levels.' Nevertheless, since all water businesses are bound by the Customer Service Code, this does not explain Goulburn Valley Water's particularly high restriction rate. Instead, it appears that the number of restrictions has increased as the result of a business decision to employ 'two fully trained contract restrictors, when previously it only had one'.

At the same time, other water businesses were able to operate while restricting very few customers' water supply in 2008-09. For instance, City West Water stated that it endeavours to work with customers through on-site visits and, where necessary, customer assistance, thereby making restrictions mostly unnecessary. In 2008-09, City West Water did not restrict the supply of any of its customers. This example shows that reducing restrictions is achievable and that there are viable alternative means of tackling non-payment of water bills.

CUAC will raise this issue with the ESC, and urge the Commission to engage with Goulburn Valley Water about improving its performance in this area.

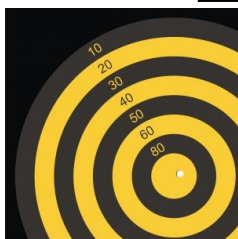
# National Energy Customer Framework 2

## More to do on consumer protections

Deanna Foong  
CUAC Senior Policy Officer

The National Energy Customer Framework (NECF) is a single national framework for energy distribution networks and retail markets regulated by the Australian Energy Regulator (AER). The second exposure draft of the National Energy Customer Framework (NECF 2) was released in November 2009. CUAC worked with fellow members of the National Consumers' Roundtable on Energy (Roundtable) to develop a joint submission on NECF 2.

NECF 2 incorporates some of the recommendations made by the Roundtable in their joint submission on the first exposure draft of the NECF (NECF 1), improving consumer protections. Nevertheless, CUAC remains concerned that a number of important consumer protections raised in the joint submission on NECF 1 have not been addressed in NECF 2. The joint submission on NECF 2 therefore highlights these issues for further attention.



### Objective & policy principles

CUAC has welcomed the inclusion of section 113(2) of the NERL as it recognises the need to ensure the short term and more immediate interests of consumers are considered. Nevertheless, further changes to the drafting should be made to ensure that the NECF applies consumer protections for all small consumers, rather than focusing almost exclusively on customers experiencing hardship. It is important that access to universal protections that should be the right of all consumers is not limited to a subset of small consumers. The submission also argues for the explicit inclusion of the principles of fairness and sustainability in the National Energy Retail Objective.

Although the rollout of smart meters constitutes a major shift in energy markets, there are no consumer protection provisions relevant to smart meters in NECF 2. The range of consumer protection issues relevant in a smart meter context will require

### Smart meters



substantial amendments to the NECF through Australian Energy Marketing Commission (AEMC) rule changes. Smart meter provisions should have been included as part of the consultation process for the NECF so that the consumer protection provisions could be considered in their entirety. The St Vincent de Paul Society's paper 'New Meters, New Protections: A National Report on Consumer Protections and Smart Meters' also highlights smart meter related consumer issues and includes recommendations to the NECF.

Given the likelihood of a national smart meter roll out, we see the development of a consumer protection framework for smart meters as essential. In Victoria, the Essential Services Commission (ESC) is undertaking a regulatory review on smart meters. CUAC will be participating in this process and will continue to advocate for appropriate consumer protection arrangements for the national smart meter environment.

### Definitions

CUAC raised concerns that the definition of hardship adopted in the NECF would be detrimental to how hardship programs are implemented. CUAC submitted that references to 'hardship customer' in the NECF be changed to

### Hardship



'customer experiencing hardship.' The language used in hardship programs and communications must be respectful of a consumer's personal dignity and self-worth. The term 'hardship customer' is inappropriate because it does not recognise the range of customer circumstances or promote a flexible response to individual customers. Customers experiencing long periods of financial hardship may require ongoing assistance. In contrast, those experiencing temporary financial hardship generally require flexibility and temporary assistance such as a payment time extension, a one-off grant, or an instalment payment plan.

### Retailers' policies

The NECF 2 requires that retailers' customer hardship policies be approved by the Australian Energy Regulator. While this is an improvement, this requirement alone will not ensure that retailers have robust and effective hardship policies. Changes must also be made to the sections outlining the purpose and minimum requirements of a hardship policy. The purpose of a retailer's customer hardship policy is not merely to assist customers experiencing hardship to better

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manage their energy bills on an ongoing basis, but to ensure that customers who are participating in a retailer's hardship program are not disconnected solely due to an inability to pay their energy bills. We submitted that the minimum requirements for a retailer's customer hardship policy should draw on the expertise of the Committee of Melbourne's Utility Debt Spiral Project.

The type of hardship program offered by a retailer has a material impact on whether a participant is able to successfully complete the program. There should be a significant difference between a budget/regular payment plan and a plan for a customer experiencing hardship, with the latter offering more comprehensive assistance. The minimum requirements for a retailer's customer hardship policy therefore must include flexible payment options, incentive schemes whereby a retailer matches payments made by a hardship program participant, as well as free energy audits and appliance upgrades/replacements to educate the household about energy efficiency. Retailers need to determine the most appropriate means to help customers experiencing hardship to manage their consumption.

Further, we argued that the general principle regarding disconnection be amended to uphold the fundamental principle that no one should be disconnected solely due to an inability to pay their energy bills.

#### **Compliance**

Because hardship issues are so important, we strongly recommended that retailers' customer hardship policies undergo compliance audits, and not merely performance audits. There are examples of retailer non-compliance. For instance, the ESC's 2009 regulatory audit revealed that AGL failed on 12 of the 13 financial hardship performance indicators. For four of these indicators the data was not reliable, meaning that there was no accurate record of customers entering or exiting a hardship program and therefore no information on how AGL customers experiencing hardship fared.

#### **National hardship indicators**

National hardship indicators measure the extent of consumer hardship as well as the effectiveness of retailers' customer hardship policies. However, the NECF does not clarify the purpose of the national hardship indicators, and identifies only three items that the indicators should cover. This is far from sufficient and we have recommended a list of items for inclusion. We also recommended wide stakeholder consultation in the development of national hardship indicators. CUAC will be participating in these processes.



### **Payment plans**

The definition of payment plans in NECF 2 is an improvement from NECF 1, which

limited availability to registered 'hardship customers.' Because customers can move in and out of financial difficulties, universal access to payment plans is important. These plans should be available to any customer who needs them—not only to customers experiencing hardship or payment difficulties. The definition of 'payment plan' in NECF 2 suggests that only customers who are *currently* experiencing payment difficulties have access to payment plans. Those who believe they may have payment difficulties in the foreseeable future are excluded, although they may need a plan to better manage their finances. We recommended an expanded definition that makes plans available to residential customers experiencing hardship or payment difficulties as well as those who simply need help managing payments.

### **Small business**

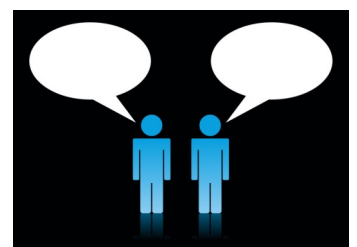


CUAC previously argued for an increase to the upper consumption threshold for electricity so that there is adequate protection for small businesses. Our concerns were not addressed, and have therefore been reiterated in our

submission on NECF 2. An upper consumption threshold of electricity of 100 MWh per annum effectively excludes business customers consuming between 100 to 160 MWh per annum of electricity from the retailers' obligation to supply and other consumer protections. We recommended raising the upper threshold to 160 MWh per annum for electricity.

NECF 2 references 'explicit informed consent' in place of 'informed consent', the term used in NECF 1. While this is an improvement, we recommended that 'explicit informed consent' be defined in section 102

### **Informed consent**



of the NERL because it is fundamental to consumer protections, especially where consumers enter into a retail or distribution contract. Regulator compliance reports reveal marketing conduct breaches including systemic and isolated non-compliance with the obligation to provide adequate information and to ensure that customers gave explicit informed consent to contracts. Energy businesses or agents should only engage with authorised account holders who have the competency and capacity to act in an informed manner. They must clearly, fully and adequately disclose, in plain English, all matters relevant to

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the consumer's consent.

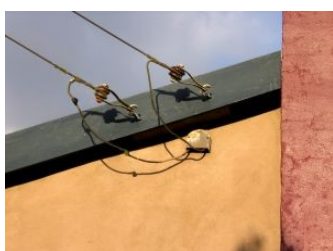
## Small claims regime



We strongly supported the inclusion of a small claims regime that will enable customers to claim against their distributor for voltage variations. Currently, only Victoria has such a regime. We recommended the development of a national small claims regime accessible by all consumers covered by the NECF.

We objected to the section of the NERL which allows a distributor to arbitrarily reject claims. This is completely at odds with the intent of having a voltage variation scheme, which is to allow small customers to be compensated by the distributor without having to prove fault or liability.

## Customer-distributor relationship



CUAC recommended further strengthening of customer protections relating to customers' relationship with distribution businesses. Specifically, we supported the:

- explicit outlining of the distributors' role in the provision of information to consumers;

- establishment of a regime

for distributors to access consumer information, protect its privacy, and ensure that it is not used for marketing;

- strengthening of provisions relating to distributors' obligation to contact consumers in the event of supply interruptions; and

- establishment of an exclusive list of legitimate reasons as to why a distributor may interrupt supply, ensuring that distributors take appropriate risk mitigating actions for preventable events.

We also argued that distributors be covered by the marketing provisions of the NECF, because of the potential for distributors to directly market products and services to customers. Regulation of new types of products and services under the NECF may also be required.

Submissions on the NECF 2 closed in February. From here, a recommended NECF package is scheduled to be considered by the MCE in mid 2010. Application Acts in each participating jurisdiction are generally expected to be introduced from 2011 onwards. Each jurisdictional Application Act will set out the specific jurisdictional arrangements for its transitioning to the NECF.



## Meter Smart



Victoria's roll out of smart meters will mean big changes in the state's electricity market. To avoid being disadvantaged by these changes, and to realise potential benefits, consumers need to be armed with clear, simple and helpful information about the implications of smart meters.

To address this need, CUAC is in the final stages of planning for the Meter Smart project. The project, funded by the Department of Primary Industries, will identify the information needs of agencies assisting community and small business consumers around smart meters and time of use tariffs. We will soon be seeking stakeholders' contributions to this important project.

Initial input will be gathered via a survey. Results from the survey will inform the development of three community forums to be held with small business and community organisations. The forums will take the form of a two-way exchange, with CUAC sharing initial knowledge of smart meters and time of use tariffs, while gathering information on further information needs. Knowledge from the information needs assessment may later be used to help community agencies and others to inform and assist their constituents with tailored information resources.

Stay tuned for information on how your organisation can participate in the Meter Smart project.

## PM's Taskforce on Energy Efficiency

In March, the Prime Minister announced the formation of a task group to examine opportunities for energy efficiency in Australia. The task group will be comprised of officials from the Department of Prime Minister and Cabinet, the Department of Climate Change and Energy Efficiency and the Department of Resources, Energy and Tourism. An advisory panel has also been formed to guide the work of the task group that includes representatives from The Climate Institute, WWF, the Australian Council of Trade Unions, Rio Tinto, the Australian Council of Social Service, Origin Energy, the Energy Efficiency Council, the Energy Retailers Association of Australia and the Australian Energy Market Commission.

The aim of the task group is to develop policy recommendations aimed at achieving a "step change" in energy efficiency across all sectors of the economy including the energy market, appliances, homes, businesses and transport.

CUAC's submission to this policy process will have a particular focus on reforming the design of the energy market to improve efficiency. CUAC will also suggest approaches to ensure that low income and disadvantaged consumers have access to energy efficiency programmes.

Details of the policy process can be found on the Department of Climate Change and Energy Efficiency's website at [www.climatechange.gov.au](http://www.climatechange.gov.au)



# Auditor-General releases concessions report

Deanna Foong  
CUAC Senior Policy Officer

The Victorian Auditor-General's Report *Management of Concessions by the Department of Human Services* (DHS) was tabled on 24 February 2010. Concessions help low income individuals and households access and afford essential services including water and energy. The objective is to improve affordability of essential services and reduce disadvantage in a financially sustainable way. The audit examined DHS's performance in administering around 27 per cent of all state concessions costing \$329 million in 2008–09.

| Concession and hardship programs administered by DHS concessions units                                                                                                     |                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Program name and description                                                                                                                                               | 08-09 cost (\$mil) |
| Winter Energy concessions<br>• <i>Reduction on mains gas and electricity bills between 1 May and 31 October</i>                                                            | 109.1              |
| Water and Sewerage Rates concession<br>• <i>Capped discount on water and sewerage charges</i>                                                                              | 96.3               |
| Municipal Rates concession<br>• <i>Capped discount on council rates</i>                                                                                                    | 75.6               |
| Home Wise: Appliance and Infrastructure Grant Scheme<br>• <i>Grant to households for repair or replacement of an essential appliance that is faulty</i>                    | 16.8               |
| Utility Relief Grant Scheme and Non-Mains Utility Relief Grant Scheme<br>• <i>Assistance for domestic customers unable to pay utility bills</i>                            | 5.4                |
| Non-Mains Winter Energy concessions<br>• <i>Rebate on liquefied petroleum gas, non-mains electricity or alternative fuel for domestic use between 1 May and 31 October</i> | 2.6                |
| Other<br>• <i>Other subsidised services, including trustee services</i>                                                                                                    | 23.2               |
| <b>Total</b>                                                                                                                                                               | <b>329.0</b>       |

Source: Victorian Auditor General's Report, Management of Concessions by the Department of Human Services (Feb 2010)

The concessions examined in the audit are provided either by third parties such as energy retailers, water authorities and councils, or by DHS directly. DHS also has a role in monitoring the overall concessions system. The report found that:

- Controls over the granting of concessions and hardship assistance need to be further strengthened. Individuals and households receive concessions when they are not eligible. The incidence of ineligible people accessing concessions should be reduced by the more frequent eligibility verification processes initiated in 2009.
- The provision of concessions by energy retailers, water authorities and local government has not been adequately monitored by DHS.

- The transparency and accountability of the concessions program should be improved because reporting is not timely and it is difficult to determine how effectively concessions are performing against relevant government objectives.

- The concessions budget will come under severe pressure due to increasing numbers of people eligible for concessions and rising prices for relevant services.

The report made 10 recommendations aimed at improving

## Recommendations

1. Update individual concession assessments against the Government concession policy framework.
2. Review administration costs paid to external organisations.
3. Implement a performance reporting and monitoring framework for councils and water authorities.
4. Determine to what extent improved eligibility verification has lowered concessions spending.
5. Make sure that the effectiveness of its future compliance audit program is not compromised by issues with auditee systems.
6. Give priority to addressing recommendations from future compliance audits.
7. Implement an automated payments system with appropriate controls for concessions programs it manages directly.
8. Address the control weaknesses of the Home Wise scheme as a matter of urgency. The Home Wise grants scheme helps applicants by funding the repair or replacement of an essential, faulty appliance such as a refrigerator, washing machine, or oven or stove.
9. Include sufficient information and analysis in the annual report on the state concessions system to allow meaningful conclusions about the performance of concessions against Government objectives.
10. Publish the annual report on the state concessions system within six months of the end of financial year.

Source: Victorian Auditor General's Report, Management of Concessions by the Department of Human Services (Feb 2010)

how DHS monitors, controls, evaluates and reports on the concessions system:

Energy prices are likely to keep rising. This combined with the higher metering charge arising from the smart meter roll out in Victoria and the expected introduction of time of use tariffs will have a major impact on affordability.

The concessions framework needs to be robust; a concession will only be meaningful if the impact of price increases are covered by the concession. CUAC has, together with other consumer groups, been advocating that the Government:

- undertake a review of electricity concessions in light of the equity impacts of time of use pricing and introduce additional support for concession card holders when time of use tariffs are introduced;
- provide a transitional rebate of the meter charges for all concession card holders;
- commit to an annual review of the impact of time of use tariffs on various customer groups and the adequacy of the electricity concessions until the end of 2014.

# New faces at CUAC

The past few months have seen some changes to the CUAC Board. CUAC bids farewell to **Joan Sturton-Gill**, who supported CUAC's work as Chair. Joan was a founding member of CUAC's board and was a major contributor to CUAC, giving generously of her time and expertise. The staff and Board members thank Joan and wish her well for the future. Replacing Joan as CUAC Chair is Dr Peter Hansen. CUAC also acknowledges with thanks the contribution of Board Director Mr **John Chu**.

CUAC is also pleased to welcome two new board Directors, Ms Ronda Held and Mr Ian Wilson.



*Ms Ronda Held*

**Ronda Held** comes to CUAC with significant experience on not-for-profit and peak body boards. She brings skills and experience in corporate governance, policy and program innovation, planning, project management and evaluation. Ronda most recently served as the CEO of Uniting *Care* Community Options, and has also worked in management for Mission Australia and the Aged Care & Housing Group, Inc. In addition, Ronda has extensive experience working in the Commonwealth public service, and conducting consultancy and contracting work in research, training, evaluation, planning, management and policy development for human service organisations. Ronda holds a Bachelor of Economics, a Postgraduate Bachelor of Social Administration, and a Masters in Policy and Administration, all from Flinders University. In 2008, Ronda was a finalist in the Telstra Business Women's Awards in Victoria.

**Ian Wilson** has an extensive background as a CEO in the public sector in three states, as well as experience in the private sector as a management consultant. Ian brings to CUAC his expertise in governance, corporate strategy, general management and organisational achievement, financial management and, in the utilities field, in operational performance and customer relations. Ian's

qualifications include a Bachelor of Economics (1st Hons.) from Monash University and a Diploma of Public Administration from RMIT University. He also holds an MBA from the University of Melbourne, and has a postgraduate qualification in International Business from Yale University in the USA. Ian's previous



*Mr Ian Wilson*

roles have included Deputy Commissioner of Electricity for Queensland, Deputy CEO of the City of Melbourne, Chief Executive of Waverley (Monash) City Council, Managing Director of Southern Rural Water, Chief Executive City of Marion (S.A.), Chief Executive Bayside City Council, a Director of Monash University Libraries. Most recently, Ian was a General Manager at Victoria University. Ian is a member of The Southern Metropolitan Committee of RDA/V and a member of the Stakeholder Reference Group for South-East Water.

Some changes have also occurred among CUAC staff, with the departure of Publications Officer Kerry Munnery and the commencement of Caitlin Whiteman in the role of Policy Advocate.

**Kerry Munnery** has left CUAC to study towards a Masters in Creative Writing at RMIT University. Kerry has had the central role in delivering all of CUAC's publications. Kerry was a highly valued member of our team. We wish her all the best in her studies and look forward to the release of her first best-seller.

Finally, CUAC is pleased to welcome **Caitlin Whiteman**, who joined CUAC in April. Caitlin holds a Bachelor of Arts from the University of Queensland with honours in International Relations. She has also completed a Postgraduate Diploma in Applied Social Research at Monash University. Caitlin most recently worked with the Victorian Parliament's Education and Training Committee, where she conducted research for a number of inquiries. Caitlin has also worked in the community services sector and with the Commonwealth Government Department of Families, Community Services and Indigenous Affairs. Caitlin is looking forward to applying her policy and research skills to CUAC's work on water issues.

# Reference Group Annual Discussion Forum

In early April, members of the CUAC Reference Group came together for the 2010 Annual Discussion Forum. The event was a valuable opportunity for CUAC to gather input into the development of its advocacy and research plans for the coming year.

The **CUAC Reference Group** is a consultative body comprised of two Partnership Groups, each with a particular focus. The Domestic Issues Group focuses on low-income, disadvantaged and vulnerable consumers, while the Market Issues Group has a strong rural focus and particular expertise in market and competition issues.

The Discussion Forum was held in a workshop format, with a number of small groups each identifying current and upcoming consumer issues of importance, and developing proposed advocacy and research activities.

A range of issues in energy and gas were considered vitally important for CUAC to address. These included:

- ♦ the value and accessibility of concessions;
- ♦ empowering consumers with information about smart meters and time of use pricing;
- ♦ energy marketing practices;
- ♦ water and gas in rural and regional areas;
- ♦ energy efficiency, particularly in low-income and disadvantaged households;
- ♦ maintaining Victorian consumer protections in the national energy market; and
- ♦ retail and distribution pricing.

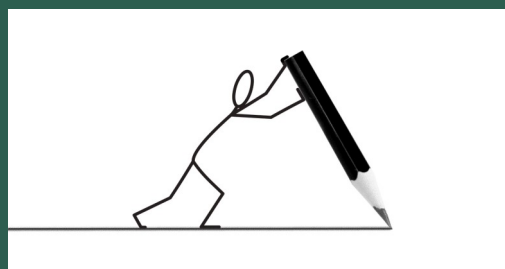
Reference Group members also offered ideas about CUAC's approach to its research and advocacy work in 2010-11. It was widely considered to be important that CUAC continue to develop and strengthen its partnerships with other stakeholders, including Reference Group members. Given limitations on CUAC's capacity, the need for a strategic approach was also emphasised. CUAC's role in helping to develop a strong evidence base was acknowledged, as was the potential for CUAC to act as an information conduit. Members of the Reference Group also highlighted the importance of working in with political and media cycles to maximise the impact of CUAC's advocacy. The many constructive suggestions put forward by the Reference Group will feed into CUAC's 2010/11 work plan, which is currently in development. The CUAC Board and staff would like to thank Reference Group members for their contributions, and continue to welcome feedback on CUAC's activities.

## CUAC submissions January – March 2010

CUAC made the following submissions during the January–March quarter:

- Essential Services Commission, Draft Report Review of Wrongful Disconnection Payments
- Ministerial Council on Energy, National Energy Customer Framework – Second Exposure Draft
- Essential Services Commission, Open Letter: Regulatory Review – Smart Meters
- Essential Services Commission, Open Letter: Review of Energy Retailers' Hardship Programs – Views from Interested Parties
- Australian Energy Regulator, 2001-2015 Distribution Price Determination, response to revenue proposals of Victorian distribution businesses
- Australian Energy Market Commission, Review of the Effectiveness of NEM Security and Reliability Arrangements in light of Extreme Weather Events: 2nd Interim Report and Consultation Paper

All CUAC public submissions can be  
viewed on the CUAC website at  
[www.cuac.org.au](http://www.cuac.org.au)



## From the Executive Officer

The past quarter has been extremely active for CUAC.

CUAC has been concerned to do as much as possible to ensure that the National Energy Customer Framework does not see customer protections diminish for Victorian consumers. Deanna Foong outlines CUAC's main concerns in this edition. We will continue to use every advocacy opportunity to raise these concerns with the key decision makers, the Ministerial Council on Energy.

In February the Hon. Minister for Energy and Resources, Minister Batchelor, announced a moratorium on the introduction of time of use tariffs, which would otherwise have been introduced for consumers with smart meters from May this year. CUAC supports the moratorium, which provides an opportunity to identify and address potential equity issues. For instance, consumers on low incomes may have both inefficient appliances *and* little choice but to use power during peak periods, and may therefore be exposed to price shocks they can't control.

For some time, CUAC has been advocating for further consumer information and education on the rollout. We are pleased that the Minister has agreed to fund a CUAC project examining the information needs of community and small business agencies in serving their constituents. This project will begin in May 2010.

We also support the creation of a new governance structure to oversee the rollout and provide additional consumer advice on risks and mitigating strategies. CUAC is representing Victorian consumers on the four committees established to manage this process.

CUAC has also played a key role in identifying and providing advice on the policy and regulatory gaps that need to be addressed, and is preparing a submission to the Essential Services Commission's review.

On pricing issues, CUAC is concerned that a lack of consumer information is a threat to effective competition and consumer participation. We have raised these issues with the Australian Energy Market Commission. Also nationally, CUAC has contributed to the Australian Energy Regulator's (AER) Distribution Price Review. We have been appointed to and participated in the Distribution Price Consumer Forum. We have made a submission in response to distribution businesses' proposals, and will continue to engage in this process.

CUAC is one of nine consumer and community organisations from around the country that has been

appointed to the AER's Customer Consultative Group. This Committee will be an important channel to raise consumer issues about distribution (and later, retail) in the establishment of the National Energy Market.

CUAC, together with the Consumer Roundtable on Energy, successfully advocated for consumer

representation on the body that will select a successful tender for the *Smart grids, Smart Cities* initiative. This commercial scale trial will impact on around 10,000 consumers, and will need careful management to maximise benefits and minimise detrimental effects. CUAC is keen for consumer representatives to have a role advising the project team.

We are disappointed, however, that the Green Start project has been delayed due to Commonwealth energy efficiency programme implementation problems. CUAC has advocated strongly for the national rollout of energy efficiency programmes to assist people on low incomes, including tenants. CUAC was part of a Victorian bid with Sustainability Victoria (SV) and approximately 20 community agencies. We appreciate the enthusiasm and collaboration of colleagues and, in particular, the hard work of SV staff. CUAC will actively advocate to the minister now responsible for energy efficiency, the Hon. Penny Wong MP, for new programmes to address these needs.

On water issues, the ESC has begun a review of the customer service code for the water businesses. The review will consider how to introduce a guaranteed service level measure covering customers in hardship. This was suggested by CUAC and the Consumer Action Law Centre (CALC) in the water price review process. The ESC will also assess any changes that might be needed following the proposal to transfer the metropolitan retail licenses to the Water Act 1989. CUAC is participating in a working group formed to contribute to the review.

Finally, I extend my personal thanks to retiring Chair Joan Sturton-Gill, whose support was so important in my first year as CUAC CEO.



*CUAC Executive Officer*