

From: COTA ACT <[REDACTED]>

Message Body:
COTA ACT
Submission to the ICRC

January 2019

Thank you for the opportunity to provide a submission to the ICRC.

Introduction

COTA ACT is the peak organisation in the Australian Capital Territory concerned with all issues related to ageing. It is an independent, non-party political and non-religious organisation working to protect and promote the well-being, rights and interests of all older people in the ACT irrespective of socio-economic, ethnic, religious or cultural background.

COTA ACT is a member of an Australian wide organization – COTA Australia – and contributes to the development of national policies and agendas.

‘Anything to do with energy is a priority policy issue for COTA ACT. COTA ACT is well placed to represent the needs and views of older people and work with the ICRC on clearer explanations and better understanding for older Canberrans.

ICRC ISSUES PAPER – REVIEW OF THE CONSUMER PROTECTION CODE

1. Do you have any comments on the interaction of the Code with the national electricity customer framework?

COTA ACT supports harmonisation with the national electricity customer framework where appropriate, with variations kept to a minimum.

2. Should the Code continue to apply to the National Energy Retail Law retailers? Please indicate the reasons for your views. [only clause 11 and Schedule 1 minimum standards apply to NERL retailers]

The Code should continue to apply to National Energy Retail law retailers as they are the main service delivery interface with consumers. In the ACT, consumers often do not differentiate between retailers and the utility. To avoid confusion, one code should apply to everyone involved in the connection, supply and sale of energy.

3. Are there any specific areas of the Code that should be amended in relation to NERL retailers? Where possible, please indicate what benefit would be provided by such changes?

COTA ACT proposes that a minimum service standard for wrongful disconnection be included in the Code (see Q10). Following the ‘Power of Choice’ metering reforms, customer disconnections can now be directed by electricity retailers as well as distributors. The minimum service standards for wrongful disconnection should apply equally to electricity retailers and distributors.

4. Are the rebate values for failure to meet the minimum service standards outlined in schedule 1 of the Code still appropriate?

Rebate values for failure to meet the minimum services standards and reliability are considered inadequate in terms of acting as an incentive for distributors and retailers to meet the standards. They also undervalue the resulting customer impact and inconvenience. As rebate values have not changed since 2000, there has been a significant reduction in the real value of the rebate and, therefore, the power to act as an incentive to meet standards is significantly diminished.

It is noted that the rebate value for duration of interruptions for a single event is considerably lower than other jurisdictions and the AER Guaranteed Service Levels (GSL). The ACT should consider bringing this amount in line with other jurisdictions.

COTA ACT supports alignment of the Code with the AER's GSL, especially in relation to GSL payments for interruption frequency (offered in all jurisdictions except ACT and WA) and interruptions duration (cumulative). However, it is important to ensure that the changes do not result in a reduction in the value of a rebate offered under the Code.

5. What is an appropriate methodology to review rebate values? What factors should be considered?

The value of rebates should be maintained in real terms to ensure they remain an incentive to meet standards. Annual CPI escalation would be appropriate.

6. The Code currently outlines the same minimum service standards and rebate values for all utility services (e.g. connection times, maximum interruption duration). Should the minimum service standards and rebates be the same for electricity, gas and water services?

Where practical, the minimum service standards and rebates should be the same for all utilities to make it simpler for consumers. However there may need to be additional minimum standards for a particular utility, for example response time for sewage spill.

7. Are the current minimum service standards appropriate for the ACT? Please indicate where standards may not be appropriate and how they could be improved?

COTA ACT does not have a view on this.

8. How can customers be made adequately aware of the Code and minimum service standards? How often and who should be responsible for making customers aware and what are the appropriate channels (e.g. website, letter, media)

There is little awareness of the Code, minimum services standards, and available rates and process for receiving rebates among older consumers. People are not aware that they may need to apply for the rebate or how to apply for one.

COTA ACT recommends that this information is made available in different locations in multiple formats and languages. A proportion of older Canberrans do not have internet connection and will require this information to be provided in formats other than online, including paper format or being able to speak to a person. If consumers are required to apply for a rebate then the process must be available in multiple formats e.g online, by phone, in person.

This information should be:

- made available in a clear and understandable format as part of the market contract or customer charter (but not buried in the small print)
- promoted on the websites of retailers and utilities
- included on the Australian Government Energy Made Easy Website
- disseminated through community newsletters, forums and events such the COTA ACT monthly newsletter and Seniors Card Scoop newsletter, forums, Seniors Expo.
- explained to consumers when they contact the retailer/utility with a query or to make a complaint.

9. Should utilities be required to automatically make a payment directly to the account-holder (ie via the retailer) when they fail to meet a standard, rather than a customer having to be aware of a apply for a rebate

COTA ACT supports the automatic payment of a rebate to a consumer when they fail to meet a standard. This approach overcomes the issues of lack of awareness and barriers to accessing rebates and acts as a greater incentive for utilities to meet the standards.

10. Should the ACT include additional reliability measures into the minimum service standards, similar to those in other jurisdictions? Please suggest any appropriate measures you consider should be included and the benefits of including such measures?

Refer response to Question 4.

In addition, COTA ACT considers that a minimum service standard for wrongful disconnection should be introduced, on the basis that the customer impact of a wrongful disconnection is likely to be greater than the impact of a single 12 hour outage for which a rebate is payable.

11. Are stakeholders receiving adequate information from ACT utility service providers regarding processes, timelines, costs and dispute mechanisms? Please provide comments on the quality of information and communication practices from ACT utility service providers

COTA ACT is often approached by older consumers who find communications they receive from utilities, especially around market offers, confusing and difficult to read and understand. Often critical information, regarding terms and conditions is located in the midst of multiple pages of very small print. Older consumers have frequently expressed frustration about the difficulty in reading the small font size (often size 8) of documentation received regarding market contracts.

While not being the subject of this consultation, COTA ACT has also found that older consumers have expressed concerns about the confusing nature of information provided to them when their old electricity meter was replaced with a smart meter. For example, they did not understand that they were being placed on a new market offer with demand based tariffs.

COTA ACT considers that there needs to be much more forthright and available information about the workings of a smart meter.

12. Should the Code require water utilities to have a hardship policy, and if so what elements should it cover?

While COTA ACT has not had much experience with hardship programs as older consumers are under-represented in these programs, we still support a hardship policy for water utilities similar to energy hardship policies. All utility bills place increasing budgetary pressures on older consumers who are on a fixed or limited income and it is likely an increasing number of older people will face hardship in the future.

Older consumers are under-represented on hardship programs for several reasons:

- Older consumers are not aware of hardship programs (a survey conducted by COTA Queensland several years ago revealed that around 3% of participants were aware of retailer hardship programs);
- For older consumers, there is a stigma attached to not being able to pay their bills on time. They prefer to go without food, medication or discretionary expenditure in order to make energy payments
- Use of the word 'hardship' is a barrier. Many older people think they are able to 'get by', whereas other people are more in need of assistance.
- Sometimes older consumers are reluctant or too embarrassed to engage in confidential financial conversations with young call centre staff.

In developing a hardship policy, consideration should be given to the inclusion of statements or indicators that:

- Require retailers to demonstrate effective engagement with customers in developing hardship programs prior to submitting for approval
- Remove barriers to entry to hardship programs – particularly for older consumers
- Demonstrate efforts by the utility to identify customers in hardship as early as possible
- Include realistic assessment of the customer's capacity to pay
- Include minimum requirements such as free access to water efficiency programs and mandatory referral to financial counselling programs.

13. For consistency across utility retail services, should the undercharging provisions in the Code be reduced to nine months?

Undercharging provisions should be reduced to nine months to ensure consistency across utilities and encourage utilities to identify and resolve undercharging as quickly as possible.

14. Are bill smoothing provisions required in the Code, including to cover water services? Please provide reasons for your answer?

Bill smoothing provisions can be a useful tool to help people on a fixed low income to manage their budget across the year so it should be extended to cover water services. However, utilities should have an obligation to advise consumers prior to any change in automatic EvenPay payments, and obtain the customer's explicit consent prior to making any changes. For older consumers on a fixed or limited income, any increases to the automatic payments could have serious ramifications on meeting other financial commitments at that time.

15. Do stakeholders have any specific concerns regarding the current provisions within the Code that relate to the application of concessions?

There is a lot of confusion about how a concession is applied to a utility bill. COTA ACT does not consider it acceptable that customer concessions can expire without notice to the customer, resulting in customers not having concessions applied to their accounts. Provision must be made for customers to be provided with adequate notice of expiry of their concession benefit.

16. Are there adequate existing mechanisms for customers to request inspection of utility assets on their property? If not, should asset inspections be covered in the Code and what limitations should be put in place on the right (e.g. such as number of inspections over a set timeframe, applying to certain types of assets only)?

COTA ACT does not have a view on this.

17. What type of considerations are relevant to deciding whether there would be a benefit in amending the Code to allow owners' corporations to request water utilities to directly charge usage to unit title owners (similar to South Australia Provisions)

COTA ACT is aware of a situation where an older consumer lives in dual occupancy residence that shares a water meter. As there were only two property owners involved, they had been advised that the owners should work out how to divide the bill between the two residences. This arrangement has worked well in the past as there had been good relations between the owners and no issues with the billing. However an issue recently arose, where an abnormally large water bill was received after one of the owner had sold their property. The owner who had sold the property refused to pay half of their share of the bill as it "was no longer his problem". While not possible in the ACT, separate billing of the two owners (by splitting the bill in half) would have prevented this issue in the future.

18. Additional Priority Issues

For the avoidance of any doubt, the Code should be amended to prohibit the charging of fees for customers to receive paper bills or make over-the-counter utility bill payments.

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<As above>

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