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Manager, MCE Secretariat
Department of Industry, Tourism and Resources
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Dear Madam / Sir,

The Tasmanian Council of Social Service (TasCOSS) welcomes this opportunity to comment on the Consultation Paper prepared for the Ministerial Council on Energy's Retail Policy Working Group (RPWG) by Allens Arthur Robinson on the proposed National Framework for Non-Economic Distribution and Retail Regulation.

The Tasmanian Council of Social Service (TasCOSS) is the peak body for the community service sector in Tasmania. Our 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 public, the private sector and to the media.

We have been involved in electricity issues for several years as advocates for low income and disadvantaged electricity consumers in Tasmania. We made a submission on the first Working Paper of the RPWG in December last year and, since the eventual outcome will have a significant impact on consumers, we have been closely following developments in this process. We hope that the process will result in the introduction of a national regulatory framework that incorporates a consumer protection regime that represents best practice.

TasCOSS declares its support for the response to the Consultation Paper from the national network of energy consumer advocates, known as the *National Consumers Roundtable*, of which TasCOSS is part. This response takes the form of a table of recommendations

(provided originally in the Consultation paper) with comments on each recommendation in the right-hand column of the table. The comments represent a detailed joint position agreed by participants in the *Roundtable*. TasCOSS supports the comments in the table and considers the positions taken by the comments to be in the best interests of consumers. The table will be forwarded to you in the next few days.

We provide some comments that have specific relevance to the Tasmanian situation and in particular, to low income and disadvantaged Tasmanian consumers.

Application of the Framework

We understand that the issues detailed in the Consultation Paper relate to energy supply under conditions of retail competition. As you are aware, full retail competition is not yet in place for residential and small business customers in Tasmania, and is not due to be introduced until 2010, pending the outcome of a public interest test. A question of interest to Tasmanian consumers therefore is whether or not this proposed framework will apply to Tasmanian consumers in the absence of full retail competition?

It could be that the framework will apply and that issues relating to ‘standing offer terms’ will cover residential consumers in Tasmania who remain non-contestable and therefore on a regulated tariff (this does not include those households with pre-payment meters who we assume will remain subject to Chapter 9A: ‘Retailing – Prepayment Meters’ of the Tasmanian Electricity Code). The Paper does not make this clear. Further information on the application of the framework in Tasmania would be appreciated.

Pre-Payment meter systems

Given the current widespread use of pre-payment meters in residential properties in Tasmania, we are concerned to ensure that the national regulation of pre-payment meters is rigorous and adequately protects the interests of consumers.

Currently, the pre-payment meter technology in use in more than 40,000 Tasmanian households does not have the capacity to identify and monitor instances of disconnection from supply. This has serious implications for ensuring that those households experiencing hardship are provided with information on, and access to, services that can assist them. With the current technology, ‘self-disconnection’ remains a hidden problem and therefore one which we do not know the full extent of.

It is therefore vital that the Rules include a specific system requirement for all pre-payment meters, that is, *to have the capacity to identify each instance of disconnection from supply and to record the frequency and duration of each disconnection*. We note that Recommendation 77 addresses pre-payment meters, and includes a similar requirement under ‘Other matters’ (point 2); however, we would like to see the specific requirement, in italics above, appear under the sub-heading: ‘Pre-payment meter systems requirements’.

Late payment fees

We agree with the comment on this recommendation in the attached table that late payment fees be prohibited from standing offer contracts; however, we would add that if this is not accepted and where late payment fees are charged, exemptions from the fees should be provided for those consumers with Pensioner Concession Cards and with Centrelink-provided Health Care Cards. This is currently the case in Tasmania and we would like to see it included in a national regulatory framework. Exemptions for low income consumers protect many who experience financial hardship from the additional hardship brought about by the imposition of a late payment fee.

Hardship policies

We note that the Consultation Paper does include a recommendation requiring retailers to implement hardship policies. This requirement exists currently in Victoria, and many retailers in other jurisdictions, including Tasmania, have voluntarily developed and implemented hardship policies. We would like to see the inclusion of a requirement for retailers to implement hardship policies in this national regulatory framework.

Hardship policies play an important role in the provision of essential services. Not only do they acknowledge the essential nature of the service provided, but they also commit retailers to engaging in activities designed to mitigate hardship and its effects. Such activities include specific training of staff to understand and engage with consumers experiencing hardship; the introduction of appropriately flexible payment plans to ensure that consumers are not disconnected due to an inability to pay; collaborating with community services in the provision of emergency relief and financial counselling to those in hardship; and assisting consumers to implement energy efficiency strategies in order to keep electricity costs down.

We hope that our comments are useful in your further deliberations on these important issues. We look forward to continuing to participate in the process of establishing a best practice national regulatory framework that protects the interests of consumers, and in particular, the most vulnerable consumers.

Yours sincerely,



Tom Muller
Acting Chief Executive Officer