

Monday 23 July 2018

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
via aemc@aemc.gov.au

Strengthening protections for customers in hardship Rule 2018 (Ref: RRC0017)

COTA appreciates for the opportunity to provide brief comments to the Strengthening protections for customers in hardship, Consultation Paper, 24, Australian Energy Market Commission, May 2018, Sydney.

COTA Australia is the national consumer peak body representing the interests of over 8 million older Australians aged 50+. COTA Australia's members are the eight State and Territory COTAs (Councils on the Ageing), which have around 30,000 individual members and more than 1,000 seniors' organisation members, directly representing over 500,000 older Australians.

COTA is troubled by the AER's 2017 hardship review showing "no corresponding increase in customers on hardship programs that correlates with higher energy prices". ACOSS's Poverty in Australia 2016 report estimated 2.99million Australians (or 13.3% of the population) were living on or below the poverty line after taking account of their housing costs. We are surprised therefore to learn that only around 1% of residential customer accounts were participating in the various retailer's hardship programs.

COTA contends that older consumers are under-represented in hardship programs for several reasons including:

- 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.

We would suggest that the current approach to hardship programs are not working and that greater proactive steps should be taken by retailers to identify at-risk residential accounts and to make them aware of their hardship program. We would also submit the term "hardship" should be replaced with something like "financial assistance". We are concerned by reports that disconnections for non-payment continue to rise, especially concession account holders.

Therefore, we support the approach put forward in the proposed rule change which include hardship indicators, standard statements and enforceable Guidelines that ensure assistance to people experiencing hardship is consistent across all retailers and the implementation of policies can be monitored and enforced. With the ever-increasing budgetary pressure of rising energy bills, it is likely that an increasing number of older people on limited or fixed incomes will face hardship and possible electricity disconnection.

In particular consideration should be given to statements/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.
- Include minimum requirements such as free access to energy efficiency programs and mandatory referral to financial counselling programs.

In addition, COTA is very concerned that older people are choosing to not use heating or cooling to the detriment of their own health and wellbeing rather than incur a debt they are unable to pay. These people are unlikely to request for hardship assistance. COTA would support measures that would help identify these users (e.g. unusually low winter energy bills) and provide them with information and support to assist them to manage their energy bills while still ensuring their essential heating and cooling needs are met.

We thank you for taking the time to consider these comments as part of your inquiry. Should you have any further enquiries regarding this matter please do not hesitate to contact our office on 02 6154 9740 or via email cota@cota.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Yates', written over a horizontal line.

Ian Yates AM
Chief Executive