

CUAC Annual Report

2010/11



ACN 100 188 752

Mission

To ensure the interests of Victorian consumers, especially low-income, disadvantaged, rural and regional and indigenous consumers, are effectively represented in the policy and regulatory debate on electricity, gas and water.

Values

- All Victorians have a right to affordable and sustainable electricity, gas and water;
- All Victorians have a right to have their interests heard in policy and regulatory decisions on electricity, gas and water; and
- All Victorians have a right to not be disconnected from electricity, gas and water due solely to inability to pay.

Corporate Objectives

CUAC achieves its mission through its corporate objectives, which are:

1. To facilitate and provide an independent, proactive and informed advocacy voice for Victorian utility consumers in regulatory and consultation processes.
2. To facilitate, undertake and disseminate research into consumer utility issues, with the aim of enabling consumers to take full advantage of utility markets.
3. To monitor grassroots consumer utility issues, particularly those affecting low-income, disadvantaged and rural consumers.

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Contents

Chair's report	1
Executive Officer's report	2
Consumer issues: energy	4
Consumer issues: water	9
Aboriginal Energy and Water Project	12
Advocacy activity	14
Communications	19
Grants	20
Governance	21
Directors' report	23
Auditor's Independence Declaration	26
Independent Auditor's Report to the members of the Consumer Utilities Advocacy Centre Limited	27
Directors' Declaration	29
Statement of Comprehensive Income for the year ended 30 June 2011	30
Statement of Financial Position as at 30 June 2011	31
Statement of Changes in Equity for the year ended 30 June 2011	32
Statement of Cash Flows for the year ended 30 June 2011	33
Notes to the Financial Statements for the Year ended 30 June 2011	34

Chair's report

Newly appointed as Chair to the Consumer Utilities Advocacy Centre (CUAC) in October 2010, I was struck by the body of work CUAC had underway and by its proactive research action model and approach. CUAC undertook three major energy research projects in 2010/11, each focused on a different aspect of consumer participation in the competitive energy market. These projects involved extensive engagement with community stakeholders across Victoria, drawing on the experiences and expertise of both non-government agencies and consumers themselves.

CUAC also took a proactive approach to its water research and advocacy. In February 2011, I was pleased to Chair and participate in CUAC's forum on Urban Water Pricing in the Consumer Interest. Picking up on urban water projects being undertaken by the National Water Commission and the Productivity Commission, and on water businesses' comments in Victoria, CUAC decided to get in ahead of the next water pricing decision and start a discussion with government, regulators and community agencies about what changes in tariff choice might mean for Victorian consumers. In particular, CUAC wanted this discussion to take into account affordability and equity principles. In turn, this work led into more direct engagement with government, industry and regulators.

In May 2011 we were pleased to welcome Mr Mike Waller, Chair of the Living Victoria Ministerial Advisory Council (MAC), to a discussion with our Reference Group members about the release of the Living Melbourne, Living Victoria Roadmap, which envisages major changes to water infrastructure and services planning. Acknowledging CUAC's contributions to the consultation process, he said that CUAC's input had challenged the MAC to re-consider their assumptions.

Alongside these proactive initiatives, CUAC continued to build on its formidable body of work in response to ongoing reform processes at the Victorian and national level. During the year, CUAC provided 37 formal submissions to government and regulatory processes about issues of concern to Victorian energy and water consumers, ranging from smart meters to consumer protection and enforcement.

Working with my fellow Directors to help shape CUAC's direction and focus over the past year has been a pleasure. Board members have shown a strong commitment to ensure CUAC's future and I thank them for their expertise and effort, in particular, Fanoula Ferro for her role as Acting and Deputy Chair. On behalf of the Board I would also like to express thanks to Consumer Affairs Victoria for its ongoing support and to welcome the new Minister for Consumer Affairs, the Hon. Michael O'Brien, to this portfolio.

The excellent outcomes of this year, however, rest largely with the Executive Officer and her dynamic and high achieving team. Many thanks for your work.



Sylvia Davey

Chair

Executive Officer's report

2010/11 had everyone talking about cost of living issues, with energy and water affordability a core concern. Unsurprisingly, then, pricing and affordability was a high priority in CUAC's work. On energy network costs, CUAC participated in the Australian Energy Regulator's (AER) consultation on its price determination for 2011-2015. On balance, we found the final decision to be reasonable, and were disappointed when the distribution businesses challenged the decision. CUAC joined with the Consumer Action Law Centre (CALC) to represent consumers in the Merits Review, but despite pro bono legal support, the barriers to participation were insurmountable. Our experiences pointed to the need for advocacy to reform these laws. We will shortly release a report to begin this campaign.

In May this year, we reported on our research into energy switching sites which found significant flaws in the sites' transparency, quality and accuracy. We are pleased Consumer Affairs Victoria is now looking into compliance of these sites with the Australian Consumer Law. We will continue to campaign for appropriate regulation to protect consumers who are seeking accurate information on market offers.

The transition to the National Energy Market and the scheduled transfer of retail regulation powers to the AER continued to require time-intensive advocacy this year. CUAC welcomed the Minister for Energy and Resources Michael O'Brien's public commitment to maintain the standard of Victoria's consumer protections and we are participating in a review of these key protections. CUAC is also represented on the AER's Customer Consultative Group and our 13 submissions have influenced the AER's approach to monitoring, enforcement and consumer information and education.

Urban water reform has been high on the agenda at the national level. In August 2010, CUAC was asked to prepare an assessment report focused on the consumer voice for the National Water Commission. Later in the year, the Productivity Commission met with CUAC to discuss consumer issues at the start of its inquiry into Australia's urban water sector. We made submissions to the inquiry and presented at a public hearing. The Commission's draft report recognised the need for arrangements to give voice to consumer preferences, including through a formal representational role for a new independent consumer advocacy body, which was in line with our representations.

The "trickle down" effect of the national urban water reform debate is its impact on the Essential Services Commission's (ESC) next pricing approvals. CUAC has engaged with policymakers, businesses and the ESC on the apparent appetite for increased tariff choice and a greater role for price in balancing water supply and demand. CUAC has advocated for an evidenced-based approach to these initiatives and argued for acknowledgement of water's special value as an essential service, with implications for affordability and equity.

In 2011, a major CUAC project researched Aboriginal experiences of energy and water services in Victoria. It is no exaggeration to say that without the generous time commitment made by passionate and concerned individuals, CUAC would have been unable to deliver on this project. We were overwhelmed by the preparedness of individuals and organisations to throw their weight behind the project and are humbled and grateful for the trust developed. In particular, CUAC would like to acknowledge and thank the steering committee, Colin Hunter, Rudolph Kirby and Dan Laws, for their ongoing support, time and enthusiasm. Thanks also go to steering committee members Jennifer Borrell and Sue Fraser from Kildonan UnitingCare who partnered with CUAC in providing mentoring and outreach. We will soon embark on a process of engagement with Aboriginal communities and other stakeholders on the project's findings and recommendations. We hope to obtain funding to implement an outreach program to Aboriginal communities across Victoria in 2011/12.

In the first half of this financial year CUAC investigated and produced a report on the smart meter information needs of non-government agencies, their clients and members. We have continued to consult with government, regulators and business about policy, regulatory and information needs of Victorians and recently contributed a comprehensive submission to the Victorian government's review of the program.

CUAC is the sum total of its people and skills. As Executive Officer I have been very fortunate to have a fabulous team around me over the year. It is a team characterised by energy, commitment, humour and enormous talent. Thank you to Deanna Foong, David Stanford and Caitlin Whiteman and to Nadia Harrison who joined CUAC for six exceptional months for the Aboriginal Energy and Water project. My thanks also to Sylvia Davey and all of the Directors who have been so focussed on supporting CUAC.

A handwritten signature in black ink, appearing to read 'Jo Benvenuti', written in a cursive style.

Jo Benvenuti

Executive Officer

Smart meters

Consumer information and education

In 2010, CUAC initiated a research and policy project examining the information needs of the community and business sectors in relation to Victoria's smart meter roll-out. Based on information gathered at forums and through a survey of around 30 organisations, CUAC prepared a detailed report which was circulated widely among participants in Victoria's smart meter policy process and other senior stakeholders. The report's findings and recommendations contributed to a changed approach to communicating the impacts of smart meters to Victorian consumers.

Building on the knowledge-base from the information needs project, CUAC participated in a number of community forums and workshops over 2010/11, with the aim of building consumer knowledge and understanding of smart meter issues. Among these events were presentations to the Victorian Statewide Indigenous Homelessness Network, the Victorian Farmers' Federation, the Central and Western Network of Financial Counsellors and a number of National Seniors Association groups.

In 2011, CUAC began preparatory work on a second stage to the information needs project aimed at delivering communications to the non-government sector following the current review by the Department of Treasury and Finance (DTF). This would be based on the government's subsequent policy decisions. CUAC has met with Department of Primary Industries (DPI) staff, prepared a scoping paper and is liaising with potential community sector partners.

Policy and regulatory processes

Over the year, CUAC was also deeply engaged in the policy and regulatory processes surrounding the smart meter roll-out. CUAC represented consumer interests on smart meter governance committees. In addition, CUAC successfully advocated for the creation of committees to address energy concessions policy in light of smart meters as well as the detailed implementation of time-of-use tariffs.

CUAC made four submissions to the Essential Services Commission's (ESC) wide-ranging Smart Meters Regulatory Review. The review resulted in a number of important regulatory reforms for which CUAC had advocated. These include: the prohibition, until 2014, of the use of supply capacity products for credit management purposes; provision of additional consumption verification information in customer bills; a requirement that industry establish privacy principles relating to consumption data; and improvements to remote connection, disconnection and reconnection processes.

In June 2011, CUAC provided a comprehensive submission to the DTF review of the advanced metering infrastructure program. CUAC's submission took the position that the smart meter roll out should continue in a modified form that maximises net benefits to consumers and addresses equity issues.

National smart meter program

With the conclusion of the National Smart Meter Program in 2011, CUAC secured a seat on a new national committee of industry and consumer representatives that discusses energy issues, and in the short term, will focus on smart meters. The first meeting of this forum took place in June 2011.

Retail energy market

Consumer participation

In 2010/11 CUAC launched a research and advocacy project focused on consumer participation in the retail energy market, with funding from the Consumer Advocacy Panel (CAP). Through an in-depth literature review, consumer and community group consultation, a consumer survey, and analysis of 'switching' services, the project examines the nature of effective consumer participation and the extent to which it is present in the Victorian retail energy market.

An important component of the project, completed in June 2011, was an evaluation of five privately operated 'switching' websites as well as the ESC's *Your Choice* website. A consultant was engaged to compare offers generated by the sites. The analysis found that switching sites were not always giving consumers accurate information and that there were wide differences between sites' recommendations. CUAC's advocacy based on the findings of this analysis led to improvements to the ESC's *Your Choice* website. Also in response to CUAC's findings and recommendations, Consumer Affairs Victoria (CAV) has undertaken to review the compliance of the commercial switching sites against the new Australian Consumer Law. The results have also been provided to the Australian Energy Regulator (AER) to assist in the development of their comparator site.

Direct marketing

Marketing misconduct continued to be a major concern for Victorian energy consumers in 2010/11, and CUAC undertook significant advocacy in this area. In late 2010, Energy Assured Limited (EAL) sought authorisation from the Australian Competition and Consumer Commission (ACCC) for a self-regulatory scheme incorporating a voluntary code of practice on door-to-door marketing. CUAC made four submissions to the ACCC throughout the authorisation process. While CUAC still has concerns about the EAL scheme, our advocacy resulted in improvements to the code of practice. Recognising these concerns, the ACCC's final determination granted authorisation for a three year-period rather than the 10 years requested by EAL.

Also in 2010/11, CUAC was pleased to be invited to participate in a CAV working group on energy marketing. The Energy Marketing Working Group has met twice and will draft a framework which will form a base from which to begin discussions about how to address marketing issues.

National Energy Customer Framework (NECF)

In 2010/11 CUAC was heavily engaged in Australian Energy Regulator consultations on a range of guidelines and procedures being developed to support the National Energy Retail Law and Rules. CUAC responded to a number of papers and participated in various forums as part of the AER's consultation process.

Performance reporting

CUAC made three submissions to the AER on performance reporting matters. Reflecting this advocacy effort, the most recent draft AER performance reporting procedures and guidelines (April 2011) includes good indicators on measuring payment difficulties, disconnections, reconnections, hardship programs and complaints.

Retailer authorisation

During the year, CUAC responded to two papers on the retail authorisation process, helping to shape the guideline. CUAC raised concerns about inappropriate applicants (in particular, a failed retailer's licence being acquired by another business) being permitted to retail energy and recommended that this be addressed by the NECF Joint Implementation Group (JIG).

Compliance

CUAC contributed three submissions to the AER's consultation on compliance procedures and guidelines. These submissions highlighted concerns about the classification of regulatory breaches in the guideline and highlighted the fact that there is no commitment by the AER to undertake an annual compliance audit program.

Approval of customer hardship policies

In February 2011 CUAC made a submission to the AER on approval of customer hardship policies. In its Final Guidance on Approval of Customer Hardship Policies, the AER incorporated some recommendations raised by CUAC in the consultation process. In particular, in considering whether to grant approval to hardship programs the AER will consider a broader range of hardship policy and program issues than initially envisaged.

Exempt selling

CUAC's advocacy on exempt selling raised concerns that customers purchasing energy from exempt sellers are generally afforded fewer protections than customers of authorised retailers. During 2010/11, CUAC made two detailed submissions to the AER regarding its exempt selling guideline. The most recent draft exempt selling guideline (June 2011) incorporated some of the recommendations put forth by CUAC.

Distribution pricing

Distribution pricing determination

2010/11 saw the AER deliver its final decision in the 2011-2015 distribution price determination. CUAC engaged with the AER throughout this process. The AER's draft decision, released in June 2010, rejected substantial increases to electricity distribution charges that had been proposed by Victoria's five distribution businesses. In August 2010 CUAC provided a submission that was broadly supportive of the draft decision and that incorporated further comment on specific areas of the regulation. The AER delivered its final decision in November 2010.

Merits review

Unsatisfied with the AER's final decision, Victoria's distribution businesses sought leave to challenge aspects of the decision in an Australian Competition Tribunal merits review process. Under the National Electricity Law, consumer groups are able to seek leave to intervene in this process. Along with Consumer Action Law Centre (CALC), CUAC received pro bono legal support to develop a case for intervention. CUAC applied for and received funding from the CAP for a Project Co-ordinator and Expert Witnesses to support the intervention action. The central purpose of the intervention was to represent consumer interests in keeping the distribution businesses accountable for network pricing, ensuring that costs are as efficient as possible while maintaining supply reliability and safety.

Throughout January 2011 CUAC worked closely with the legal team to develop arguments for the Intervention. Unfortunately, on advice from the legal team, CUAC decided to withdraw from the process as it became clear that the barriers to intervention were insurmountable. Following withdrawal, a consultant engaged by CUAC and CALC conducted an analysis of the unsuccessful attempt to intervene, and prepared a report which details the experience of the appeals process and canvassed options for improvement. The report is due to be released early in the coming financial year.

Capacity building

CUAC along with CALC received funding from the CAP to host a capacity building session for consumer representatives on distribution pricing. The Masterclass aims to improve the capacity of the consumer sector nationally to advocate on distribution pricing issues, informed by recent Victorian experience. Initially

scheduled for June, the Masterclass was postponed until August 2011 due to air travel difficulties. A range of eminent speakers are scheduled to present.

Climate change and energy efficiency

One Million Homes

In the lead up to the November 2010 election, CUAC partnered with a group of community organisations on the *One Million Homes* campaign. The campaign called on the major political parties to commit to an energy efficiency program to include energy and water efficiency retrofits for one million targeted homes. As part of a commitment to ease cost of living pressures, the government has doubled the Energy Saver Incentive scheme target, delivering energy cost savings and environmental benefits. CUAC provided a submission on the Issues Paper regarding the ESI scheme expansion. A second important move has been the commitment to improve the average energy rating of Victoria's existing homes to 5 stars.

Commonwealth government energy efficiency policy and programs

Together with the Public Interest Advocacy Centre (PIAC), in November 2010 CUAC met with the Parliamentary Secretary for Energy Efficiency, the Hon. Mark Dreyfus MP, to discuss Commonwealth Government Energy efficiency policy and programs. Subsequently, CUAC and PIAC jointly developed a policy position paper on energy efficiency. The paper was provided to Parliamentary Secretary for Climate Change and Energy Efficiency in March 2011.

On 28 January, CUAC attended a public forum on the Report of the Prime Minister's Task Group on Energy Efficiency, to which CUAC had previously made a submission.

Powerline safety

Finding that a number of the major Black Saturday bushfires were caused by overhead powerlines, in July 2010 the Victorian Bushfires Royal Commission (VBRC) made a series of recommendations for reform of the electricity supply system to reduce bushfire risk. In 2010 a Bushfire Start Minimisation Taskforce was formed to consider an appropriate response to the recommendations relating to powerlines. CUAC was represented on the Taskforce Stakeholder Reference Group, which was disbanded but re-formed in March 2011. CUAC met with the then Treasurer and Minister for Human Services, and participated in a number of forums held by Energy Safe Victoria (ESV) to examine the VBRC findings. In June 2011, CUAC put a submission to the Powerline Bushfire Safety Taskforce in response to its Consultation Paper. CUAC's advocacy on this issue has focused on ensuring that the costs of any electricity supply system reforms are fairly distributed across the community, and do not unduly burden vulnerable consumers.

Victorian Electric Vehicle Trial

In 2010 CUAC was invited to participate in a Victorian Government VIP Advisory Group as part of the Victorian Electric Vehicle Trial. The Trial, which launched in October 2010, will consider consumer impacts relating to network design, price, environment, safety, communications and protections. CUAC's participation in the advisory Group is an opportunity to influence the design of a new industry. To this end, CUAC attended a number of meetings of the Trial's policy advisory group and provided comment for inclusion in the materials associated with the Trial. This work will be ongoing in 2011/12.

Energy Consumer Advocacy

Early in 2010 CUAC, together with the CALC, PIAC and the Queensland University of Technology received funding from the Consumer Advocacy Panel for a research project entitled *Making Energy Markets Work for Consumers: The Role of Consumer Advocacy*. The research was undertaken by consultants Gordon Renouf and Polly Porteous. The report on this research will be released early in 2011/12. It will bring together the views of

many stakeholders and contribute to a more developed understanding of what is required to ensure that energy advocacy is able to meet the needs of a diverse range of energy consumers in future.

Pricing

Urban water pricing in the consumer interest forum

Pricing was a major focus of CUAC's water advocacy work in 2010/11. In February 2011, CUAC convened a one-day forum on the consumer dimensions of urban water pricing. With preparation for the next regulatory period underway, and with major pricing reforms being debated at the national level, the forum was a timely opportunity to consider urban water pricing issues with a specific focus on consumers. Approximately 80 representatives from the community sector, the water industry, government, regulators and academia participated in the forum. The forum helped to build knowledge and understanding of tariff design issues among consumer advocates, while increasing government, regulator and industry understanding of the consumer impacts of pricing decisions.

Engagement with government and industry

Following on from the forum, CUAC continued to engage with government, regulators and industry on water pricing. In March 2011 the Executive Officer presented CUAC's positions on pricing at an Essential Services Commission seminar on urban water tariffs. In May 2011, CUAC wrote to the Minister for Water and the Department of Sustainability and Environment regarding its informal review of the Water Industry Regulatory Order 2003. CUAC's letter emphasised the importance of the pricing principles currently contained in the WIRO, particularly those relating to affordability and the interests of vulnerable consumers. At the national level, submissions to the Productivity Commission and National Water Commission emphasised pricing issues.

In 2010/11, CUAC also advocated to the water industry and individual water businesses on pricing matters. In June 2011, the Executive Officer presented a paper to the Institute of Water Administration's conference, Exploring the Value of Water. The presentation dealt with the relationships between value and price, also touching on issues of access and affordability. Also in June, CUAC contributed to a planning workshop with City West Water's executive team, in preparation for its next Water Plan. CUAC outlined pricing, hardship and customer protection issues that should be addressed in the Plan.

Urban water reform

Living Victoria Ministerial Advisory Council

With the election of a new Victorian Government in November 2010, the incoming Minister for Water, the Hon. Peter Walsh MP, appointed the Living Victoria Ministerial Advisory Council to prepare a roadmap for reform of the water sector focused on liveability and Integrated Water Cycle Management (IWCM). CUAC was a strong advocate for consumer interests throughout this process. In February 2011, CUAC participated in a round table meeting with the Council. Following release of the *Living Melbourne, Living Victoria Roadmap*, which set out reform priorities, CUAC prepared a written submission focussed on customer choice, pricing, intelligent water networks, cost effectiveness and community engagement. The Chair of the Council, Mr Mike Waller, presented an overview of the Council's work at CUAC's Annual Reference Group meeting in May, providing a further opportunity for consumer input.

National urban water reform

Throughout 2010/11 CUAC was heavily engaged in urban water reform processes taking place at the national level. In the initial stages of the Productivity Commission's inquiry into Australia's urban water sector, CUAC met with the inquiry's Commissioner and Assistant Commissioner to discuss key consumer issues. These discussions fed into the Commission's Issues Paper for the inquiry. Subsequently, CUAC made two detailed

submissions and appeared at a public hearing, covering a broad spread of urban water reform issues including pricing, regulation, demand management and the consumer protection framework.

In August 2010 the Executive Officer was invited to contribute to a National Water Commission (NWC) project examining the scope for further urban water reform by preparing an urban water assessment report focused on the consumer voice. CUAC's report argued that consideration of consumer rights and protections must be incorporated into national urban water reform processes, outlined examples of good practice, and highlighted the potential to leverage consumer engagement for better reform outcomes. Subsequently, CUAC participated in a February workshop to refine the NWC's findings and recommendations. CUAC also contributed to a review of pricing conducted as a part of the NWC's Third Biennial Assessment of Progress under the National Water Initiative (NWI).

Hardship

Hardship-related Guaranteed Service Level (GSL) measure

In response to consumer groups' earlier calls for protections for customers experiencing financial hardship to be strengthened, in 2010 the Essential Services Commission introduced a hardship-related Guaranteed Service Level measure. In August 2010, CUAC made a submission in response to the ESC's discussion paper on the development of this measure, and also met with ESC staff to discuss the issues raised in the submission.

ESC hardship research

In 2010/11 the ESC commissioned research into the experiences of energy and water consumers in financial hardship. CUAC provided input on the initial design of this research and also engaged with the ESC throughout the project. The report, released in June 2011, will inform the ESC's future approach to regulatory audits on hardship, with a focus on whether customer service staff are appropriately trained and supported to assist customers experiencing hardship. The report will also help to inform future CUAC advocacy on hardship issues.

Consumer policy framework

Consumer protections

An agreed action in the November 2008 Council of Australian Governments (COAG) work plan on water was a review of national consumer protection arrangements. In August 2010 CUAC, in its capacity as a member of the Urban Water Stakeholder Reference Panel, provided the Department of Sustainability, Environment, Water, Population and Communities (DSEWPAC) with a response to its Preliminary Discussion Paper on this review. CUAC argued that any shift towards national consumer protections in water must aim at best practice if the strong protections in some jurisdictions are to be maintained.

In its Draft Report on the inquiry, the Productivity Commission recommended that COAG develop a set of best practice consumer protections to be included in any new intergovernmental water agreement. CUAC's response to the Draft Report strongly supported this recommendation, and emphasised the importance of thorough and meaningful consultation in the development of these best practice protections.

National arrangements for consumer advocacy

In 2010/11 CUAC continued to lobby for an improved framework for consumer advocacy in water at the national level. In November, together with the Public Interest Advocacy Centre, CUAC met with the Parliamentary Secretary for Sustainability and Urban Water, the Hon. Senator Don Farrell, to discuss consumer issues in urban water policy, and how to ensure that consumer interests are represented in national policy processes.

In its first submission to the Productivity Commission's inquiry into Australia's urban water sector, CUAC drew attention to the dearth of consumer advocacy in urban water at the national level. This was acknowledged in

the Commission's draft report, which proposed greater Commonwealth Government support for general consumer advocacy and research, and sought views on specific arrangements for consumer representation in urban water policy and regulatory decision-making. In a further submission, CUAC outlined some proposed models for national consumer advocacy.

Aboriginal Energy and Water Project

In February 2011, with a grant from the Department of Justice Consumer Credit Fund, CUAC launched the first phase of its Aboriginal Energy and Water Project. The project aims are to develop an understanding of the experiences of Victorian Aboriginal consumers of energy and water, and to propose practical, realistic responses to the challenges identified in the research. The first phase of the project, which was nearing completion at the end of the financial year, focused primarily on research. Funding for a second 'action' phase will be sought in 2011/12.

Steering committee and relationships

Work on the project began with the establishment of a project Steering Committee comprising members with diverse expertise and including three Koori members. Steering Committee members' networks were relied upon heavily to recruit interested agencies and individuals to contribute to the project.

Through the course of the research, strong and on-going relationships developed between Aboriginal community organisations and CUAC. A number of organisations (particularly the Mildura Aboriginal Corporation, Mallee Family Care, the Gippsland East Gippsland Aboriginal Co-Operative, Ngwala Willumbong Co-operative, the Murray Valley Aboriginal Co-Operative and Yarra City Council) made particularly important contributions to the project. Also key was the involvement of Kildonan UnitingCare, which assisted with research methodology, project design and report writing on a largely *pro bono* basis.

Methodology

Community meetings

The primary aim of the project's first phase was to collect information about Victorian Aboriginal people's experiences as consumers of energy and water, and to develop a report with practical recommendations for improvement. Despite this research focus, the approach taken to data collection emphasised the exchange of information. A series of community meetings were held incorporating both listening to people's stories and the sharing of practical information. The community meetings allowed CUAC to gather first-hand testimony of consumer experiences. Participants also offered their opinions on energy and water matters and were invited to make suggestions for change. At the same time, staff from the Energy and Water Ombudsman (Victoria) (EWOV) and Kildonan UnitingCare attended and were available to give advice and information about rights and responsibilities and available assistance in an informal, face-to-face setting.

Community sector engagement

The project coordinator consulted extensively with meetings and discussions with agencies, service providers and advocates in the project's three target regions (Melbourne, the Mallee and Gippsland). Additionally, an online survey was also developed for agencies that work with Aboriginal energy and water consumers. The survey gathered information about the experiences of Aboriginal energy and water consumers, challenges faced and the impacts of these, knowledge of consumer rights and the assistance available, and potential improvements. There were 17 responses to the survey.

Business and regulator engagement

CUAC also engaged energy and water businesses in the project. There was a very high response rate, particularly from water businesses, to CUAC's online survey seeking information on relevant policies and procedures, staffing and training, awareness, communication and engagement and areas for improvement.

The project coordinator met with both the Australian Energy Regulator and the Essential Services Commission to discuss the project. A survey was also designed for and completed by both regulators.

Report

CUAC's research brought into focus a high level of concern and stress surrounding energy and water among the Aboriginal communities of Melbourne, Gippsland and the Mallee. The strong body of evidence on these experiences and challenges is detailed in the project report, which will create a basis for future advocacy. Due to the large number of overlapping challenges faced by the Victorian Aboriginal community, the report will make recommendations directed at businesses, regulators, policy makers and service providers across a range of issues. The report will be launched in the second half of 2011.

Advocacy activity

Submissions

During 2010/11, CUAC made 37 submissions on consumer utilities issues, mostly directed towards Victorian and national regulators. The bulk of CUAC submissions during the year dealt with energy matters, including: smart meters; the National Energy Customer Framework; direct marketing; climate change and energy efficiency; distribution pricing; the Energy Retail Code and exempt electrical activities. Six submissions dealt with water matters, with the majority of these addressing broad urban water reform issues. Two submissions dealt with consumer issues beyond the energy and water sectors, where these were related to utilities issues.

Smart meters

Submitted to	Issue	Date
Essential Services Commission	Smart Meters Regulatory Review – Draft Decision	13.08.2010
Essential Services Commission	Smart Meters Regulatory Review – Final Decision	04.10.2011
Essential Services Commission	Smart Meters Regulatory Review – Capacity Control and Verifying Bills – Issues Paper	04.02.2011
Department of Treasury and Finance	Review of the advanced metering infrastructure program – Issues paper for public consultation – May 2011	24.06.2011

National Energy Customer Framework

Submitted to	Issue	Date
Australian Energy Regulator	Issues Paper – Approach to compliance with the National Energy Retail Law, Rules and Regulation (31 May 2010)	9.07.2010
Australian Energy Regulator	Issues Paper – Approach to retail exemptions	02.08.2010
Australian Energy Regulator	Issues Paper – Retail market performance reporting	18.08.2010
Australian Energy Regulator	Retail Authorisation Guideline (November 2010), Consultation paper and response to submissions (November 2010)	03.12.2010
Australian Energy Regulator	Retail Market Performance Reporting Position Paper (November 2010)	23.12.2010
Australian Energy Regulator	Consultation Paper and Response to Retail Exemptions, Exempt Selling Guideline (December 2010)	04.02.2011
Australian Energy Regulator	Approach to compliance with the National Energy Retail Law, Rules and Regulations Draft Decision; AER Compliance Procedures and Guidelines Statement of approach (December 2010)	11.02.2011
Australian Energy Regulator	Guidance on AER Approval of customer hardship policies (December 2010)	25.02.2011
Australian Energy Regulator	Draft Compliance Procedures and Guidelines	06.05.2011
Australian Energy Regulator	Draft Retailer Authorisation Guideline; Notice of Draft Instrument Retailer Authorisation Guideline (3 May 2011)	31.05.2011
Australian Energy Regulator	Retail pricing information guideline – Position paper and guideline (Confidential)	22.10.2010
Australian Energy Regulator	Retail pricing information guideline – Position paper and guideline (Public)	22.10.2010
Department of Primary Industries	Discussion Paper – Energy Customer Contracts (Victoria) Transition Issues; Victorian Licensing Arrangements – Issues Paper	31.05.2011
Australian Energy Regulator	Notice of Draft Instrument – Performance Reporting Procedures and Guidelines; Performance Reporting Procedures and Guidelines	03.06.2011

Marketing

Submitted to	Issue	Date
Australian Competition and Consumer Commission	Energy Assured Limited applications for authorisation A91258 and A91259 – interested party consultation (1)	23.11.2010
Australian Competition and Consumer Commission	Energy Assured Limited applications for authorisation A91258 and A91259 – interested party consultation (2)	10.01.2011
Australian Competition and Consumer Commission	Energy Assured Limited applications for authorisation A91258 and A91259 – interested party consultation in relation to the amended application (1)	04.03.2011
Australian Competition and Consumer Commission	Draft determination – Applications for authorisation lodged by Energy Assured Limited in respect of a scheme to self-regulate door-to-door energy sales	20.04.2011
Australian Competition and Consumer Commission	Energy Assured Limited applications for authorisation A91258 and A91259 – interested party consultation in relation to the amended application (2)	25.05.2011

Climate change and energy efficiency

Submitted to	Issue	Date
Department of Primary Industries	Expansion of the Energy Saver Incentive – Issues Paper	19.11.2010
Parliamentary Secretary for Climate Change and Energy Efficiency	Policy response to the report of the Prime Minister’s Task Group on Energy Efficiency	18.03.2011

Distribution pricing

Submitted to	Issue	Date
Australian Energy Regulator	Draft Electricity Distribution Determination for Victoria and the distribution businesses’ revised revenue proposals	19.08.2010

Energy Retail Code

Submitted to	Issue	Date
Essential Services Commission	Retailers’ Obligations to Customers – Energy Retail Code Amendments	18.04.2011

Exempt electrical activities

Submitted to	Issue	Date
Essential Services Commission	Draft Statement of Intent to Cease Issuing Certificates of Opinion on Exempt Electrical Activities – Consultation Paper	20.04.2011

Powerline safety

Submitted to	Issue	Date
Energy Safe Victoria	Powerline Bushfire Safety Taskforce – Issues Paper	27.06.2011

Urban water reform

Submitted to	Issue	Date
National Water Commission	Voice of the Consumer: an Urban Water Assessment Report	04.10.2010
Productivity Commission	Inquiry into Australia's Urban Water Sector	12.11.2011
Living Victoria Ministerial Advisory Council	Living Melbourne, Living Victoria Roadmap	21.04.2011
Productivity Commission	Inquiry into Australia's Urban Water Sector – Draft Report	27.05.2011

Water consumer protections and hardship

Submitted to	Issue	Date
Essential Services Commission	Issues Paper – Developing a Hardship Related Guaranteed Service Level Measure	30.07.2010
Department of Environment, Water, Heritage and the Arts	UWSRP Agenda Item 4 – Preliminary Discussion Paper – Review of Consumer Protection Arrangements in Relation to Services Provided by Water Utilities (Confidential)	18.08.2010

Other

Submitted to	Issue	Date
The Treasury	Draft Australian Consumer Law Regulations (Joint submission with ACCAN, AFCCRA, CALC, Consumer Credit Legal Centre, Consumer Law Centre)	22.10.2010
Department of Broadband, Communication and the Digital Economy	Letter in support of Australian Communications Consumer Action Network submission on reform of the Telecommunications Industry Ombudsman scheme	04.04.2011

Representation

Staff represented CUAC on the following groups in 2010/11:

Area	Body	Group
Government	Victorian Government Department of Primary Industries	Advanced Metering Infrastructure Industry Steering Committee
	Victorian Government Department of Primary Industries	Customer Communications Integration Working Group (now Advanced Metering Infrastructure Communications Working Group)
	Victorian Government Department of Primary Industries	Advanced Metering Infrastructure Policy Committee (and various sub-committees including Costs and Benefits Working Group and Time-of-Use Working Group)
	Victorian Government Department of Primary Industries	Advanced Metering Infrastructure Customer Consultation Working Group (discontinued)
	Energy Safe Victoria	Powerline Safety Taskforce – Stakeholder Reference Group
	Department of Transport	Victorian Electric Vehicle Trial VIP Advisory Group
	Consumer Advocacy Panel	National Roundtable on Energy
	Federal Government Department of Sustainability, Environment, Water, Population and Communities	Urban Water Stakeholder Reference Panel
	Federal Government Department of Sustainability, Environment, Water, Population and Communities	Water Efficiency Labelling Scheme Advisory Group

	National Health and Medical Research Council	Water Quality Advisory Committee
	Consumer Affairs Victoria	Working Together Forum
Regulatory	Australian Energy Regulator	Customer Consultative Group
	Australian Energy Regulator	Customer Consultative Forum for Distribution Price Review
	Essential Services Commission	Consumer Consultative Committee
Community sector	Victorian Council of Social Service	Utilities Working Group
	Financial and Consumer Rights Council	Utilities Working Group
	Australian Communications Consumer Action Network	Standing Advisory Committee on Consumer Affairs
	Consumers' Federation of Australia	Executive
Industry	Origin Energy	National Customer Consultative Council
	SP AusNet	Stakeholder Consultative Committee
	National Energy Industry	National Consumer Forum
	South East Water	Customer Advisory Committee
Other	Energy and Water Ombudsman (Victoria)	Case Handling Advisory Committee

Presentations

During 2010/11, CUAC made 19 presentations on energy and water issues to a broad range of community sector, government, industry and community audiences.

Event	Title	Date
Victorian State-wide Indigenous Homelessness Network Conference	Energy and water issues	05.08.2011
Western Region Financial Counselling Network Meeting, Ballarat	Victorian smart meter roll-out	12.08.2011
Community Housing Federation of Victoria	Smart meters and other utility issues in Victoria	01.09.2010
Financial and Consumer Rights Council – Annual Conference	Campaigning in utilities	07.09.2010
National Seniors Association – Zone meeting	Energy issues	18.10.2010
Community Connections, Warrnambool	Practical ways to help your clients with energy matters	28.10.2010
Smart Utilities Conference	What consumers are looking for	03.11.2010
National Seniors Association – Doncaster branch meeting	Victorian smart meter roll-out	23.02.2011
CUAC – Urban Water Pricing in the Consumer Interest forum	Social equity objectives in urban water pricing	28.02.2011
Essential Services Commission – Customer Consultative Committee	CUAC research into energy switching websites: Confidential briefing	17.03.2011
Third Annual Smart Grid Forum	Consumer perspective: Identifying the potential benefits and/or impacts of smart grids	29.03.2011
Essential Services Commission – Urban Water Tariffs seminar	Consumer interests and tariff design	31.03.2011
Energy Networks Association – Smart Networks Summit – Securing our clean energy future	The voice of the customer: information and education needs of consumers in transition to smart metering and smart grids	17.05.2011
National Seniors Association – Greensborough branch meeting	Victorian smart meter roll-out	17.05.2011
Urban Water Stakeholder Reference Panel meeting	Recent developments in urban water tariffs in Victoria	20.05.2011
Victorian Farmers Federation – Balliang & District branch meeting	Demystifying smart meters	23.05.2011
City West Water – Water Plan planning workshop	What CUAC would like to see in the next CWW Water Plan	02.06.2011
Institute of Water Administration – Exploring the Value of Water conference	Water's crucial importance (value)	24.06.2011
Essential Services Commission – Service Standards seminar	Customer expectations: Service standards in the next regulatory period and beyond	30.06.2011

Communications

Communications Action Plan

In 2010 CUAC engaged a specialist communications consultant to conduct a review of CUAC's communications and develop a Communications Action Plan. This work was completed in the 2010/11 financial year and resulted in a changed approach to CUAC communications.

Newsletter

Until the end of 2010, CUAC published two newsletters, the CUAC Quarterly and the Rural and Regional Network Newsletter. These publications were audited as part of the aforementioned review. Because many consumer utility issues affect consumers in both metropolitan and rural and regional areas, it was recommended that these two newsletters be rolled into one publication. This change was implemented from the beginning of 2011.

The new POWER+WATER newsletter offers detailed but digestible news and analysis of topical consumer issues in energy, gas and water. Three issues are produced each year and disseminated widely to stakeholders in government, regulators, industry and the community sector.

Website

In 2011, CUAC engaged a contractor to re-design and re-develop the CUAC website. CUAC's new website has been designed to more clearly convey the organisation's role and activities, to facilitate easy access to CUAC documents and information, and to showcase CUAC research. At the close of the financial year, work on the website was nearing completion.

Reports

CUAC produced the following research reports in 2010/11:

- Consumers and smart meters: Delivering information to non-government organisations (October 2010)
- Energy Switching Websites: An analysis of energy price comparison and switching sites available to Victorian consumers (December 2010)
- Energy Switching Websites: A policy briefing paper on recent CUAC initiated research into the performance of online energy market switching websites (May 2011)

Grants

A review of CUAC's grant-making activities was completed in July 2010. This in-depth review examined the strengths and weaknesses of CUAC's grants program, the experience of stakeholders and the program's governance and administrative arrangements.

Following the review, CUAC scaled down its grantmaking activities, but continued to support small advocacy or research projects with grants of up to \$8,000 (inc. GST). In the 2010/11 period CUAC funded four research and capacity building projects to a total value of \$27,500. A fifth grant, to the West Heidelberg Community Legal Service for its *Educating the Somali community about energy rights and responsibilities project*, was approved but has yet to commence.

The Board is of the view that CUAC's future ability to fund grants is reliant on its overall level of funding. The Board will review the allocated grant amount when CUAC's 2011/12 funding amount is confirmed. The Board notes that in order for CUAC to increase its research capacity to undertake research priorities, further funding options and partnerships will be explored including with academic bodies.

Grants approved 2010/11

Recipient	Project focus	Amount
Gippsland Resource Group Inc	Consumer experience of Gippsland Water hardship policy	\$8,000 (ex. GST)
St Vincent de Paul Society	Update to the Energy Tariff Tracking Tool	\$3,500 (inc. GST)
Victorian Employers' Chamber of Commerce and Industry	Small business price impacts of the 2011-15 Distribution Price Review	\$8,000 (inc. GST)
Consumer Action Law Centre	Support for intervention in the Australian Competition and Consumer Commission proceedings	\$8,000 (inc. GST)

Governance

The following Directors' Report outlines in detail CUAC's compliance with its obligations under Corporations Law. There were, however, some developments of note in CUAC's governance in the 2010/11 financial year.

Board

There were changes to the CUAC Board in the reporting period. On 9 July 2010, Director Fanoula Ferro was elected by the Board to be Acting Chair until a new Chair was appointed. Sylvia Davey was appointed as a Director and Chair of CUAC on 14 October 2010. Board Directors Sandra Slatter and Ian Wilson were also appointed for a further term in accordance with the Constitution on this date. The Directors elected Fanoula Ferro as Deputy Chair on November 10, 2010.

Corporate Governance Policy

CUAC sought and received clarification from Consumer Affairs Victoria regarding those sections of the *Public Administration Act 2004* with which it must comply and is acting in compliance with these. CUAC also progressed development of a corporate governance compliance checklist with pro bono assistance.

Strategic Planning

On 23 May 2011, the CUAC Reference Group met for its annual discussion forum to provide input into the development of CUAC's advocacy and research plans for the year. Following this, a number of staff meetings were held focussed on CUAC's annual plan. An Annual Work Plan will be finalised in the coming year.

Reference Group

The CUAC Reference Group consists of two partnership groups, the Domestic Issues Group (DIG), which focuses on issues relevant to residential consumers, particularly low-income and disadvantaged consumers, and a Market Issues Group (MIG) which addresses broader market and competition issues, focusing on the needs of rural and regional customers.

The expertise and advice of the Reference Group helps CUAC in its work by providing advice on emerging issues and contributing to the development of CUAC's work program.

The two partnership groups meet separately each quarter, and participate in a combined annual planning meeting. Each group agrees on priority issues and actions to work on cooperatively throughout the year, and can access funding for research and capacity-building projects through CUAC's Grants Program.

Reference Group Members

Domestic Issues Group	Market Issues Group
<ul style="list-style-type: none">• Brotherhood of St Laurence• Consumer Action Law Centre• Eastern Access Community Health• Financial and Consumer Rights Council• Kildonan UnitingCare• National Seniors Association• Springvale Community Aid Advice Bureau• St Vincent de Paul Society Victoria• Tenants Union of Victoria• Victorian Council of Social Service	<ul style="list-style-type: none">• Alternative Technology Association• Australian Industry Group• City of Greater Bendigo• Clean Energy Council• Country Women's Association• Environment Victoria• Moreland Energy Foundation Limited• Victorian Employers' Chamber of Commerce and Industry• Victorian Farmers Federation• Victorian Local Governance Association

Directors' report

The Directors of the Consumer Utilities Advocacy Centre Ltd present this report for the financial year ended 30 June 2011.

Directors

The names of the Directors over the reporting period are:

Ms Sylvia Davey	Chair (from 14 October 2010)
Ms Fanoula Ferro, LLB (Bond) GDipIntLaw (Melb)	Acting Chair (from 9 July 2010), Deputy Chair (from 15 November 2010) Director
Ms Sandra Slatter, CM, MIEF, GradDip (Swinburne) Entrepreneurship & Innovation, GradDip (Monash) Arts, Civil Ceremonies	Director
Ms Ronda Held, BEcon BSocial Administration MPolicy & Administration (Flinders)	Director
Mr Ian Wilson, B Economics (Hons) (Monash), Dip. Public Administration (RMIT), MBA (Melb.)	Director

Note: CUAC was without a Chair between 1–9 July 2010.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

No director has any interest in business contracts or proposed financial dealings for personal benefit with the company declared during the financial year ended 30 June 2011.

The company is incorporated as a company limited by guarantee and therefore does not have share capital.

The CUAC Constitution stipulates the skills and expertise that Directors bring to the organisation. The Chair must hold a demonstrated understanding of regulated industries and consumer advocacy methodologies, two Directors are appointed on the basis of their knowledge and expertise in areas related to the functions of the company, such as economics, regulatory affairs, consumer affairs or communications and the remaining two Directors represent key consumer interests.

Directors' Meetings

During the current financial year ended 30 June 2011, 10 meetings of the company's Directors were held, and three were conducted by written circulation, in respect of which each director of the company attended or responded in writing to the following:

Director	Meetings conducted whilst a member	Meetings attended
Ms Sylvia Davey ¹	8	8
Ms Fanoula Ferro	13	12
Ms Sandra Slatter	13	9
Ms Ronda Held	13	12
Mr Ian Wilson	13	13

¹ Commenced as Chair and Director on 14 October 2010.

Company Secretary

The name of the person who is a company secretary at the end of and throughout the financial year is Jo Benvenuti.

Operating Result

The organisation incurred a surplus for the year ended 30 June 2011 of \$31,334 (2010: deficit of \$154,557).

Review of Operations

A review of the operations of the company for the year ended 30 June 2011 is contained in the Report on CUAC Activities.

Significant Changes in State of Affairs

The company returned to a surplus result for the period ending 30 June 2011.

Principal Activities

In line with CUAC's corporate objectives (see inside front cover), the principal activities of the company in the course of the financial year were: to operate as an independent advocate for Victorian electricity, gas and water consumers, particularly low-income, disadvantaged and rural consumers; to increase the capacity of consumers and consumer advocates to participate in policy and regulatory decisions on electricity, gas and water through its own resources and its management of the CUAC Grants Program; undertake research and commission research into consumer utility issues, with a particular focus on low-income, disadvantaged and rural consumers, and to disseminate that knowledge as widely as possible; and to monitor consumer utility issues, particularly those affecting low-income, disadvantaged and rural consumers. There were no significant changes in these activities during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Future Developments

In the opinion of the Directors there are no likely developments in the operations of CUAC which would affect the results of future years, taking into account that CUAC is funded on an annual basis. CUAC has been notified of a planning permit application by the lessor that, if proceeded with, may impact on CUAC's potential to extend its lease beyond March 2013. This in turn may require CUAC to relocate, impacting on CUAC's future budget.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Federal or of a State or Territory.

Indemnities and insurance for Directors and officers

During the financial year, the company paid a premium in respect of a contract insuring the Directors of the company (as named above), the company secretary and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001, to the amount of \$10 million. The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Consumer Utilities Advocacy Centre Ltd responded to an appeal against a decision of Fair Work Australia, concerning an application under s394 of the *Fair Work Act 2009*. CUAC has been advised that this appeal has been dismissed.

Auditor's Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26.

Signed in accordance with a resolution of the Board of Directors.



Sylvia Davey
Chair

Melbourne, 2 August 2011

Auditor's Independence Declaration

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
Level 8 Rialto South Tower
525 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West Melbourne VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Consumer Utilities Advocacy Centre Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM BIRD CAMERON PARTNERS
Chartered Accountants



S W NAYLOR
Partner

Melbourne, VIC
Dated: 18 August 2011

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Independent Auditor's Report to the members of the Consumer Utilities Advocacy Centre Limited

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSUMER UTILITIES ADVOCACY CENTRE LIMITED

We have audited the accompanying financial report of Consumer Utilities Advocacy Centre Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

27

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RSM Bird Cameron Partners

Chartered Accountants

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Consumer Utilities Advocacy Centre Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

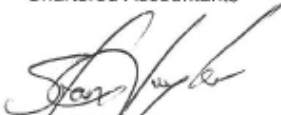
Opinion

In our opinion:

- (a) the financial report of Consumer Utilities Advocacy Centre Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

RSM BIRD CAMERON PARTNERS

Chartered Accountants



S W NAYLOR

Partner

Melbourne, VIC

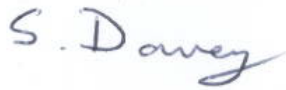
Dated: 18 August 2011

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 30 to 43, are in accordance with the Corporations Act 2001 and:
 - a) comply with Australian Accounting Standards; and
 - b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Sylvia Davey
Chair

Melbourne, 2 August 2011

Statement of Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	2	643,779	553,258
Other income	2	30,477	10,939
Grant programs expense		(25,763)	(79,777)
Project Expense		(90,645)	(107,647)
Employee benefits expense		(414,790)	(397,922)
Depreciation and amortisation expenses		(16,109)	(12,806)
Rental expense		(28,152)	(30,299)
Audit and accounting fees		(6,390)	(11,804)
Insurance expense		(16,183)	(15,511)
Office expenses		(19,029)	(22,936)
Other expenses		(25,861)	(40,052)
Profit before income tax	3	31,334	(154,557)
Income tax expense		-	-
		31,334	(154,557)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-
Profit attributable to members of the entity		31,334	(154,557)
Total comprehensive income attributable to members of the entity		31,334	(154,557)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	456,173	340,701
Trade and other receivables	5	<u>21,483</u>	<u>76,623</u>
TOTAL CURRENT ASSETS		<u>477,656</u>	<u>417,324</u>
NON-CURRENT ASSETS			
Plant and equipment	6	<u>46,410</u>	<u>62,519</u>
TOTAL NON-CURRENT ASSETS		<u>46,410</u>	<u>62,519</u>
TOTAL ASSETS		<u>524,066</u>	<u>479,843</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	54,276	45,730
Provisions	8	<u>29,600</u>	<u>25,257</u>
TOTAL CURRENT LIABILITIES		<u>83,876</u>	<u>70,987</u>
TOTAL LIABILITIES		<u>83,876</u>	<u>70,987</u>
NET ASSETS		<u>440,190</u>	<u>408,856</u>
EQUITY			
Retained Earnings		<u>440,190</u>	<u>408,856</u>
TOTAL EQUITY		<u>440,190</u>	<u>408,856</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Balance at beginning of financial year		408,856	563,413
Profit attributable to members of the entity		31,334	(154,557)
Total other comprehensive income for the year		<u>-</u>	<u>-</u>
Balance at end of the financial year		<u>440,190</u>	<u>408,856</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government funding		668,440	556,635
Payments to suppliers and employees		(571,379)	(738,527)
Interest received		<u>18,411</u>	<u>3,816</u>
Net cash provided by (used in) operating activities	10(b)	<u>115,472</u>	<u>(178,076)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		<u>-</u>	<u>(66,917)</u>
Net cash used in investing activities		<u>-</u>	<u>(66,917)</u>
Net increase/(decrease) in cash held		115,472	(244,993)
Cash and cash equivalents at beginning of the financial year		<u>340,701</u>	<u>585,693</u>
Cash and cash equivalents at the end of the financial year	10(a)	<u><u>456,173</u></u>	<u><u>340,701</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the Year ended 30 June 2011

1 Statements of significant accounting policies

The financial report is for Consumer Utilities Advocacy Centre Limited as an individual entity, incorporated and domiciled in Australia. Consumer Utilities Advocacy Centre Limited is a company limited by guarantee.

Basis of Preparation

The financial report comprises general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a) Revenue

Grant Funding provided by the State Government is recognised in the statement of comprehensive income on a receipts basis.

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

b) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The depreciable amount of all fixed assets are depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and Equipment	5% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses over the lease term.

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired.

e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables in the statement of financial position are shown inclusive of GST.

Funding received from the State Government is not subject to GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Income Tax

The company is a non-profit company for income tax purposes and is taxable only on non-member income.

j) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

k) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l) Economic Dependence

The continued operation's of Consumer Utilities Advocacy Centre Limited is dependent on ongoing funding from the State Government. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Consumer Utilities Advocacy Centre Limited.

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

m) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods.

At the date of this financial report AASB 9, AASB 124, AASB 2009-12, AASB 2010-4, AASB 2010-5, AASB 2010-6, AASB 2010-7, AASB 2010-9, AASB 1053, AASB 2009-14 and AASB 2010-10 may impact the entity in the period of initial application but are not yet effective.

These new standards and interpretations have not been applied in the preparation of these financial statements. Other than changes in disclosure formats, it is not expected that the initial application of these standards and interpretations in the future will have a material impact in the financial statements.

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

	2011 \$	2010 \$
2 Revenue and other income		
Revenue from government grants and other grants:		
- DG research project	552,000	552,000
- grant funding received	91,779	1,258
	<u>643,779</u>	<u>553,258</u>
Other revenue:		
- interest received	18,411	3,816
- other income	12,066	7,123
	<u>674,256</u>	<u>564,197</u>
3 Profit for the year		
Depreciation and Amortisation		
- plant and equipment	16,109	12,806
Remuneration of auditor		
- audit of the company's financial report	8,000	7,000
	<u>8,000</u>	<u>7,000</u>
4 Cash and cash equivalents		
Cash at bank	<u>456,173</u>	<u>340,701</u>
5 Trade and other receivables		
Grants receivable	10,420	23,016
Net GST receivable	10,603	52,706
Other receivables	460	901
	<u>21,483</u>	<u>76,623</u>
6 Plant and equipment		
Plant and equipment - at cost	130,310	130,310
Less accumulated depreciation	(83,900)	(67,791)
	<u>46,410</u>	<u>62,519</u>

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

	2011 \$	2010 \$
(a) Movements in Carrying Amounts		
Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:		
	Plant and Equipment \$	Plant and Equipment \$
Balance at the beginning of the year	62,519	8,408
Additions at costs	-	66,917
Depreciation expense	(16,109)	(12,806)
	<u>46,410</u>	<u>62,519</u>
Carrying amount at the end of the year		
7 Trade and other payables		
Grants payable	12,408	12,408
Creditors and accruals	41,868	33,322
	<u>54,276</u>	<u>45,730</u>
8 Provisions		
Provision for annual leave	<u>29,600</u>	<u>25,257</u>
	<u>29,600</u>	<u>25,257</u>
	Annual Leave \$	Annual Leave \$
Opening balance at 1 July 2010	25,257	13,705
Additional provisions raised during year	29,393	29,397
Amounts used	(25,050)	(17,845)
Balance at 30 June 2011	<u>29,600</u>	<u>25,257</u>

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

	2011 \$	2010 \$
9 Leasing commitments		
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable — minimum lease payments		
- not later than 12 months	14,706	20,573
- later than 12 months but not later than 5 years	-	14,076
- greater than 5 years	-	-
	14,706	34,649

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term. Increase in lease commitments may occur in line with CPI.

10 Cash flow informations

(a) Reconciliation of Cash		
Cash at bank	456,173	340,701
(b) Reconciliation of Cashflow from Operations with Profit after Income Tax		
Profit after income tax	31,334	(154,557)
Non-cash flows:		
Depreciation and amortisation	16,109	12,806
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	55,138	(4,188)
Increase/(Decrease) in trade and other payables	8,547	(43,607)
Increase/(Decrease) in provisions	4,344	11,470
Cash flows from operations	115,472	(178,076)

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

11 Financial risk management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2011 \$	2010 \$
Financial Assets			
Cash and cash equivalents	4	456,173	340,701
Trade and other receivables	5	<u>10,880</u>	<u>23,917</u>
Total Financial Assets		<u>467,053</u>	<u>364,618</u>
Financial Liabilities			
Trade and other payables	7	<u>54,276</u>	<u>45,730</u>
Total Financial Liabilities		<u>54,276</u>	<u>45,730</u>

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) Credit risks

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposure as its major source of revenue is the receipt of grants.

(b) Liquidity risks

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through monitoring forecasts cashflows as required.

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

(c) Markets risks

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

ii. Price risk

The company is not exposed to any material commodity price risk.

Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year ended 30 June 2011		
+/-2% in interest rates	7,969	7,969
Year ended 30 June 2010		
+/-2% in interest rates	9,264	9,264

No sensitivity analysis has been performed on foreign exchange risk as the company is not exposed to foreign currency fluctuations.

Net Fair Values

The carrying amount of financial assets and financial liabilities approximate fair value and are presented in the statement of financial position.

12 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

13 Events after the reporting period

There have been no events subsequent to balance date which require disclosure in the financial statements.

Notes to the Financial Statements for the Year ended 30 June 2011 (Cont'd)

14 Key management personnel compensation

Directors' total remuneration from the company over the reporting was as follows.

	Short-term Benefits \$	Post-employment Benefits \$	Other Long- term Benefits \$	Total \$
2011				
Total compensation	157,337	7,992	-	165,329
2010				
Total compensation	161,738	14,462	-	176,200

15 Segment reporting

The company operates predominantly in one business and geographic segment, being the advocacy of utility services in Victoria.

16 Company information

The registered office and principal place of business of the Company is:
Consumer Utilities Advocacy Centre Limited
Level 2 172 Flinders Street
MELBOURNE VIC 3000

17 Members' guarantee

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding and obligations of the entity. At 30 June 2011 the number of members was 1 member (2010: 1).

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