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Energy retailers to help Victorians stay out of debt: Consumer Groups

Energy retailers are to provide improved, targeted assistance to customers experiencing financial difficulty under a proposed new regulatory framework announced by the Andrews Government today. The framework is the outcome of an inquiry by the Essential Services Commission into best practice financial hardship programs of energy retailers.

Consumer Action Law Centre and the Consumer Utilities Advocacy Centre welcomed a focus on early intervention by energy businesses that should prevent Victorians accruing large debt, that they cannot afford to repay.

"Our casework shows that many Victorians are struggling with issues such as high utility costs and energy disconnection," says Gerard Brody, CEO of Consumer Action.

"Too often energy retailers are failing to provide the assistance customers need to reduce debt and maintain supply, and in 79% of cases seen by EWOV^[1], customers are placed on payment arrangements they cannot afford, increasing the likelihood of disconnection."

The consumer bodies said that the new regulatory framework should provide more automated assistance to customers in financial difficulty, without them having to identify themselves as experiencing financial hardship. The centres warned that the success of the framework will lay in the detail of the regulation, and how it is implemented.

Consumer Action and CUAC flagged concerns about a new requirement for a customer to pre-pay their energy usage as an alternative to disconnection.

"It's not clear to us how this will work—if someone has large arrears, how can they afford to prepay? We should be offering meaningful protection to consumers at risk of disconnection. We welcome the Minister's announcement that further consultation will occur around this recommendation and that, if implemented, there will be robust and independent monitoring of consumer outcomes", said Ms Ronda Held of CUAC.

Last year, [Consumer Action's 'Heat or Eat' report](#) recommended the decision to disconnect power be taken away from retailers and given to an independent panel or arbiter, which would ensure that those with complex circumstances impacting their ability to pay are not disconnected unfairly.

^[1]Energy and Water Ombudsman Victoria 2015, *A closer look at Affordability: an Ombudsman's perspective on energy and water hardship in Victoria*, March, p. 18.

The centres also encouraged the Government to do more to deal with fair debt collection and debt recovery, as well as the underlying causes of financial difficulty.

"In many cases, financial difficulty and disconnection is caused by low incomes and inefficient homes—the Government needs to ensure concessions are adequate and develop policies to improve energy efficiency of low-income housing, particularly public and private rentals".

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