

An aerial photograph of a large solar farm. The solar panels are arranged in neat, parallel rows across a lush green field. The perspective is from a high angle, looking down at the panels. The background is a solid dark blue triangle in the top left and a solid orange triangle in the bottom left, meeting at a diagonal line.

Stakeholder Reputation Research 2023

Prepared for the Victorian Essential Services Commission
February 2024

The Victorian Essential Services Commission (the 'commission') partnered with SEC Newgate to conduct research to better understand its reputation among key stakeholders.

Research objectives included understanding:



Overall reputation including strengths, weaknesses and opportunities for improvement



Performance on a set of 16 attributes that were developed in consultation with the commission



The **importance of specific factors in driving the commission's reputation**



How attitudes and experiences differ amongst the commission's different sectors



Understanding **views on key topical issues** including climate change and the energy transition

Methodology

A total of 223 responses

- 30 in-depth interviews
- 193 online surveys
- 860 stakeholders invited to participate

24% response rate vs. 10% in 2022.

A link to the full methodology disclosure statement can be found [here](#)

Sample profile

	Total (n=)	Weighting
Energy	35	20%
Water	30	15%
Community & Consumer	26	15%
Government, Regulator, Agency	23	15%
Victorian Energy Upgrades	28	15%
Transport	10	10%
Local Government	71	10%
	223	100%

Key findings



Executive summary (1/2)

This report details the results of the Essential Services Commission's stakeholder reputation research among key stakeholder sectors including: 1. Community & Consumer groups, 2. Government, Regulator, Agency, 3. Water industry, 4. Local Government 5. Transport, 6. Victorian Energy Upgrades, and 7. Energy.

Essential Services Commission is fulfilling its role as a regulator but its reputation is being let down by breakdowns in engagement with its energy, transport and industry stakeholders.

The Essential Services Commission's ('the commission') Reputation Score of 63% (the proportion who gave it a score of 7 or more out of 10) was a solid result.

A further 59% of stakeholders also reported they were satisfied with how the commission performs its functions as a regulator.

However, opinions of the commission were polarised, depending on the stakeholder sector. This was evident from the spread of Reputation Scores ranging from 91% to 34%.

Broadly, Government, Regulator & Agency, Community & Consumer and Water sectors were significantly more positive. Conversely, business and industry stakeholders were far more critical. They also tended to be subject to the commission's regulation and administration. Across the board, stakeholders identified areas for improvement that would enhance the commission's reputation over time.

Core strengths lie in the commission's customer-centricity and staff

The commission's strong focus on keeping customers at the heart of its decision-making was seen as its fundamental strength and aligns with its role as a regulator. Across all sectors, there is recognition of the commission's leadership in its work to strengthen protections for those experiencing vulnerability and/or family violence.

The commission's collaborative approach to decision-making and its strong relationships were also viewed as core strengths, most prominent for the Government, Regulator & Agency and Community & Consumer sectors. Its positive relationships were driven by the ease of access to its people, with some stakeholders appreciating their ability to simply 'pick up the phone' and ask questions. Stakeholders also noted the technical expertise and commitment of the commission's staff. As a result, there was considerable confidence in the commission's knowledge, advice and reporting. Many held the Commissioners and CEO in high regard, considering them to have strong integrity.



Executive summary (2/2)

Business and industry stakeholders were critical of sudden shifts in determination methodologies and a lack of understanding of the business impacts

There was a view that the commission was not delivering the level of predictability and stability its stakeholders required to give them confidence in its regulatory determinations and roll-out of VEU programs. This perception was most strongly held by the Energy and VEU sectors. They reported experiencing sudden and unexplained late shifts in the goalposts at crucial junctures in regulatory determinations. These decisions were made without consultation, the rationale underpinning these were not shared or poorly articulated, and the commercial impacts were not considered.

Stakeholders scrutinised the way penalty fees were calculated, noting there was a lack of clarity around the methodology the commission used or what considerations were factored into its decision-making process. Some stakeholders felt more transparency would help overcome the perception that penalty fees were 'disproportionate' to the breach or oversight.

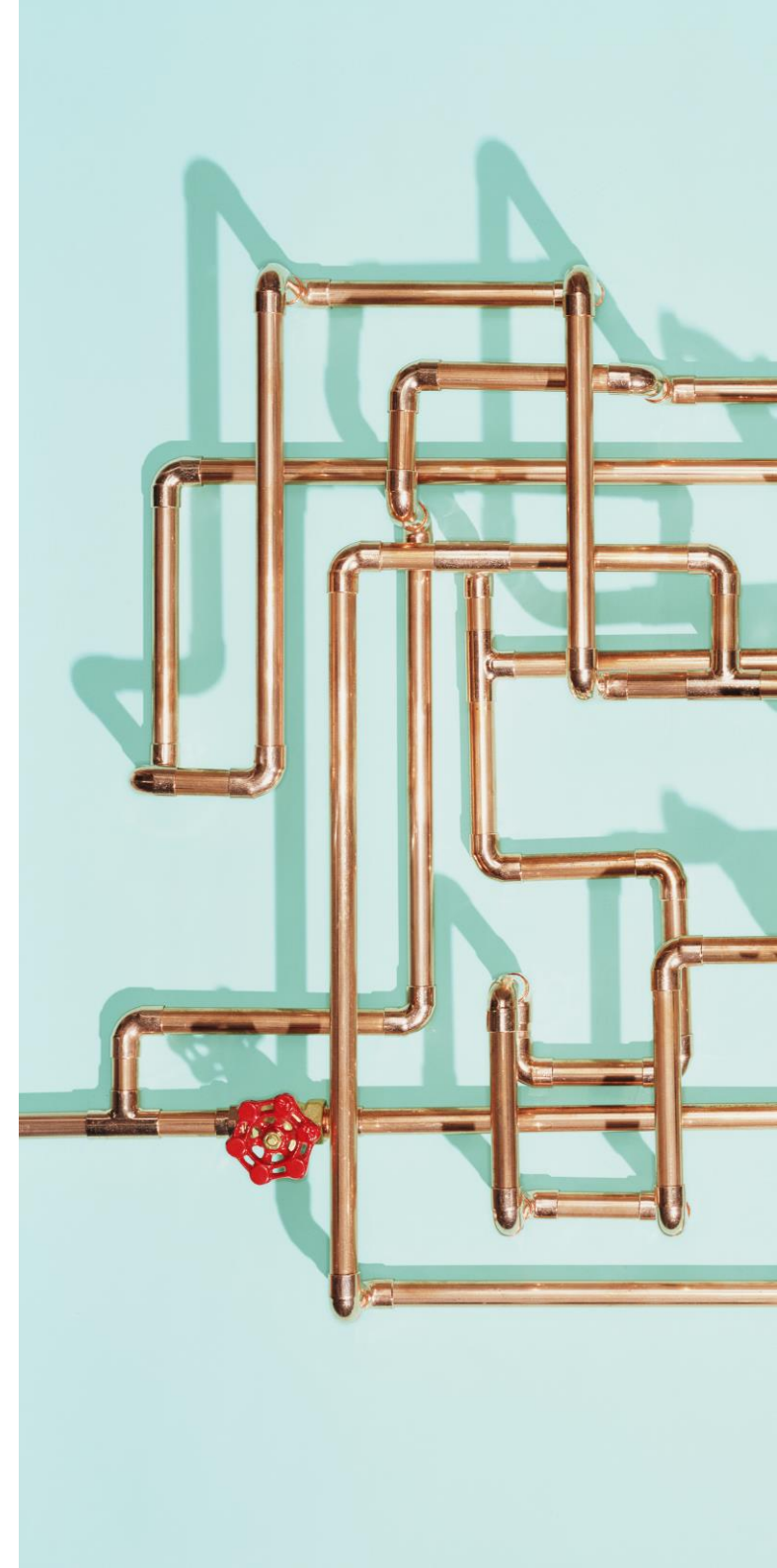
VEU rollout highlighted the commission's poor management and lack of responsiveness to stakeholder concerns

At the outset, stakeholders were positive about the introduction of the VEU, with many citing the commission provided useful information and advice. However, as the VEU rolled out some felt the commission should better consider the impact on businesses when responding to or sending requests or making final decisions.

Consequently, stakeholders believed the VEU would benefit from a more structured, timely and responsive management approach, with in-person engagement from the commission to enable a better understanding of the specific business operations of its stakeholders.

Disappointment of the commission's lack of support for innovation

The commission is regarded as taking a timid and risk-averse approach to innovation. Many stakeholders reported being reluctant to invest in new technology without greater certainty that the long-term policy settings would be supportive, citing the lack of long-term guidance on price and revenue settings. Stakeholders saw this as a missed opportunity, and felt the commission had an important role to play in empowering industry and business to help resolve the challenges associated with the energy transition through innovation.



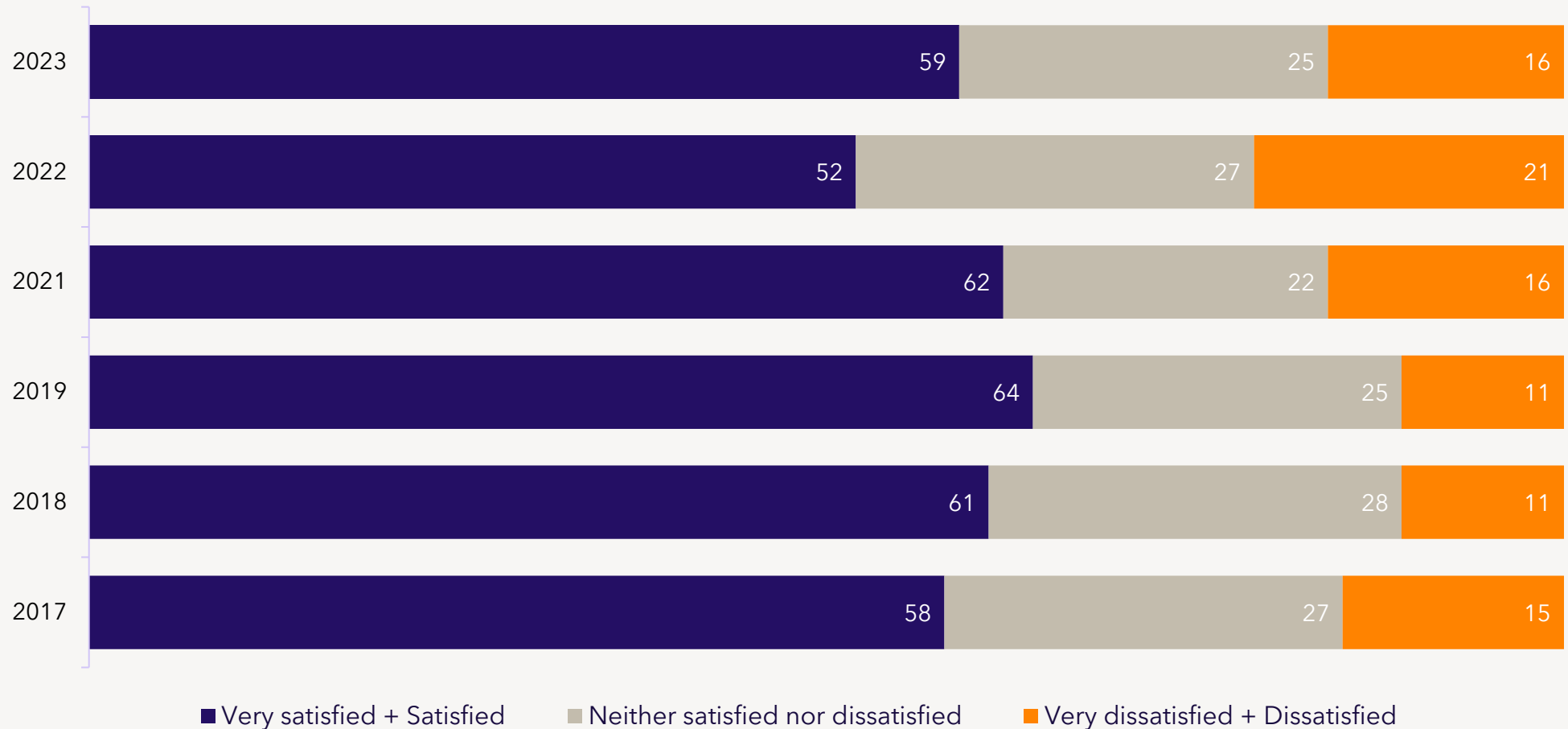
Performance dashboard

STAKEHOLDER SECTOR	Reputation Score <i>Proportion who gave a rating of 7 or more out of 10 based on personal interactions and what they've seen, read or heard about the commission</i>	Satisfaction <i>The proportion who 'agreed' or 'strongly agreed' that they are satisfied with how the commission performs its functions as a regulator</i>	Net Advocacy Score <i>How likely stakeholders would be to speak well of the commission - taken as the difference between 'advocates' (ratings of 9-10/10) and 'detractors' (ratings of 0-6). Any positive score indicates there are more advocates than detractors.</i>	Trust Score <i>How much stakeholders trust the commission to do the right thing by them and their organisation - taken as those who gave a rating of 7 or more out of 10.</i>
TOTAL	63	59	-8	68
COMMUNITY & CONSUMER GROUPS	91 ↑	87 ↑	+51 ↑	87 ↑
GOVERNMENT, REGULATOR, AGENCY	87	89 ↑	+38 ↑	91 ↑
WATER	79	81	+7	70
LOCAL GOVERNMENT	71	63	-14	77
TRANSPORT *	47	11 ↓	-17	50
VICTORIAN ENERGY UPGRADES	40	42	-48 ↓	67
ENERGY	34 ↓	34	-68 ↓	38 ↓

Satisfaction with the commission, over time

Satisfaction has improved from last year, with around 2 in 3 (59%) reporting to be 'satisfied' or 'very satisfied', up from around half (52%) last year, but slightly lower than the study-record high of 2019 (64%).

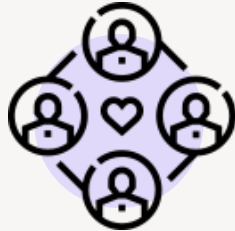
Level of satisfaction with how the Essential Services Commission performs its functions as a regulator (%)



The commission's strengths

Key reasons for positive sentiment about the commission, in broadly descending order of mentions.

1



Keeping consumers at the heart of its decision-making to ensure all Victorians have access to safe and affordable essential services

2



Highly respected, reputable staff that are considered experts in their field

3



Fundamentally fulfilling its role as a regulator, being predictable, transparent and reliable

4



Collaborative stakeholder engagement and seeks feedback proactively

5



Publishes high-quality, well-considered analysis and reports

6



Positive working relationships with government, balancing collaboration and independence appropriately

The commission's **areas for improvement**

Key suggestions made by stakeholders on ways the commission could improve.

1



A need for greater transparency in its decision-making process in penalty calculations or introducing regulations

2



More consideration of the flow-on impacts on businesses in its decision-making

3



Provide better guidance on its decisions and be more conscious of not moving goalposts

4



Use a more objective tone of voice in its public communications about penalties

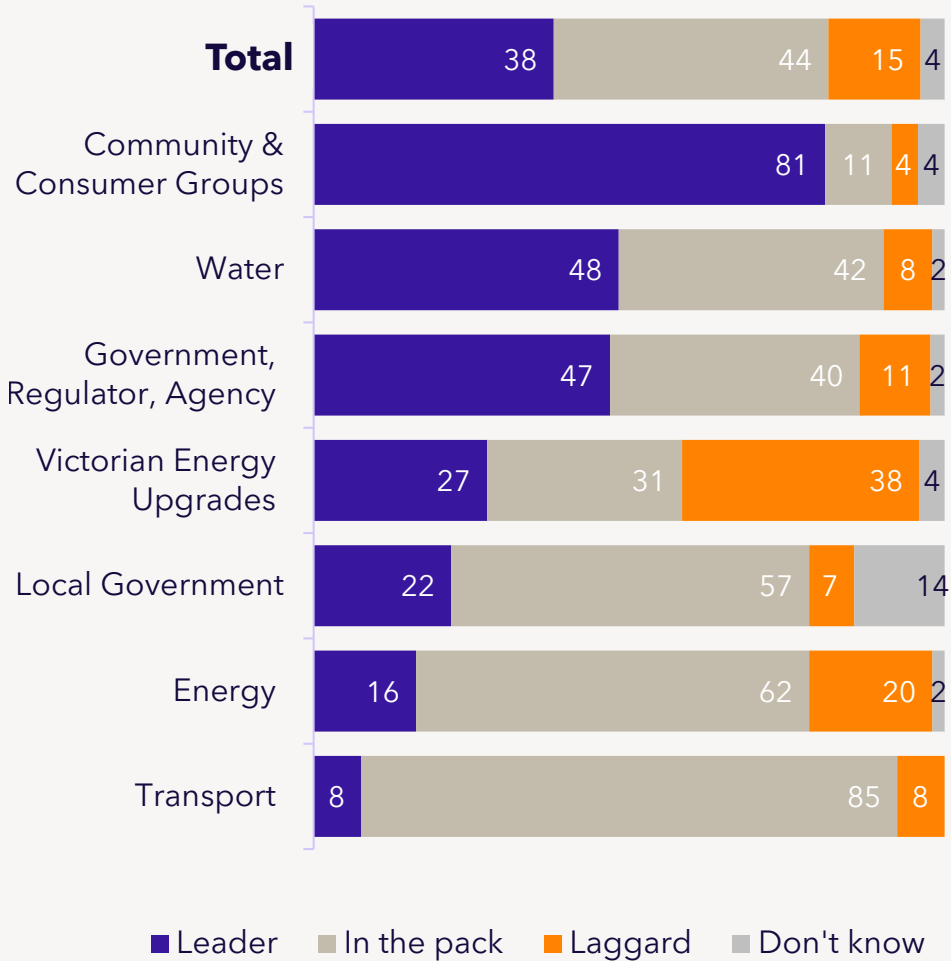
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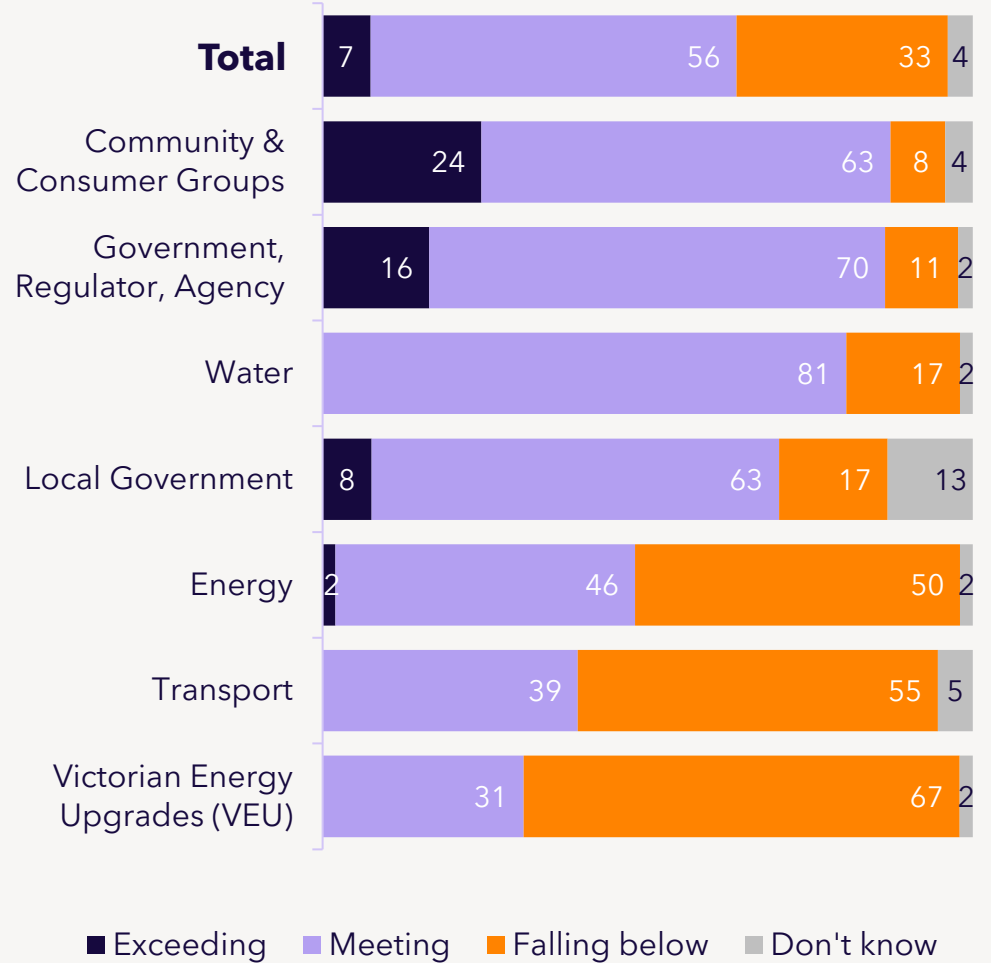
A need for more regulatory power to avoid being viewed as "a shark with no teeth"

Performance compared to peers and stakeholder expectations

Performance vs other regulators or government agencies (%)

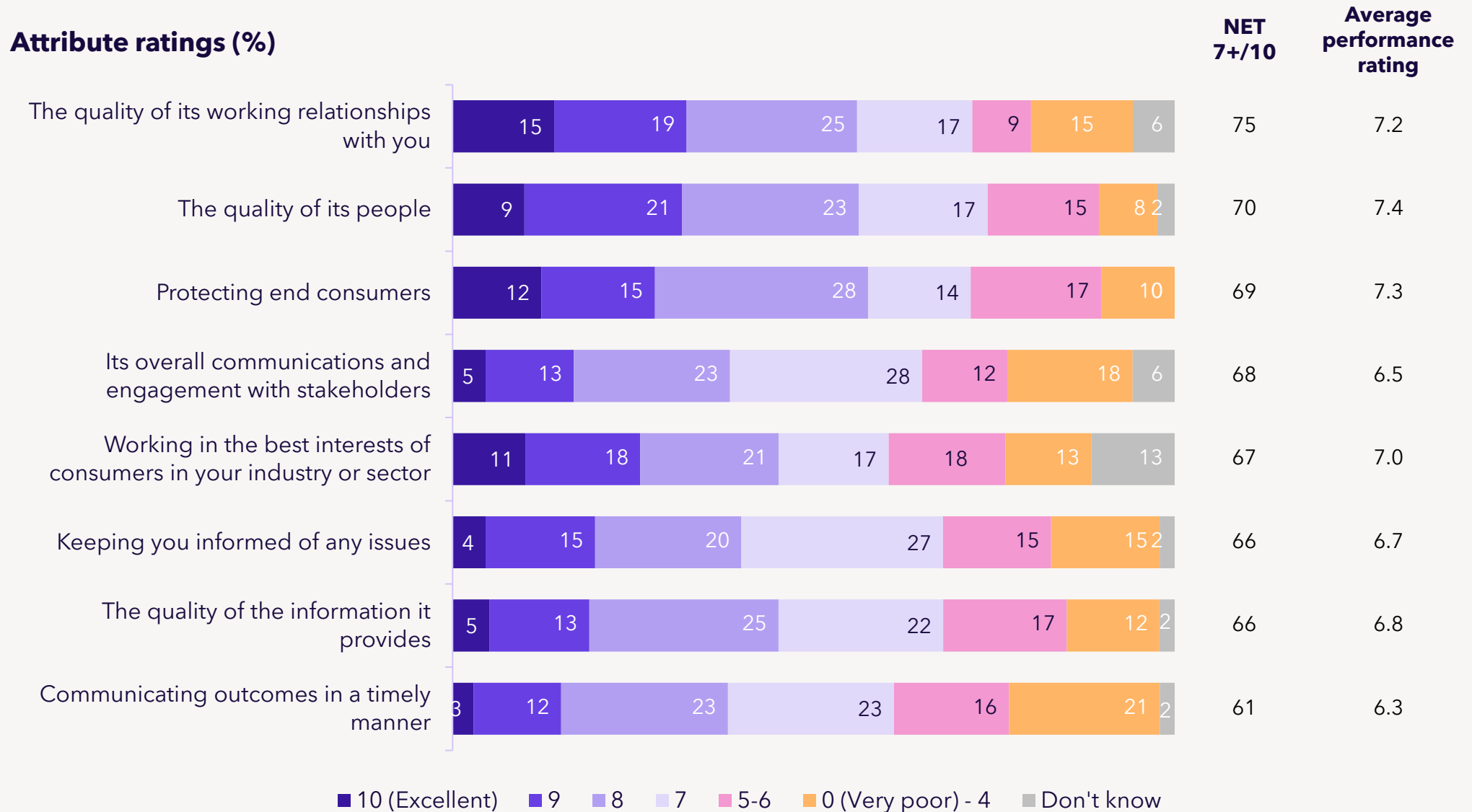


Performance against stakeholder expectations (%)



Highest performing attributes

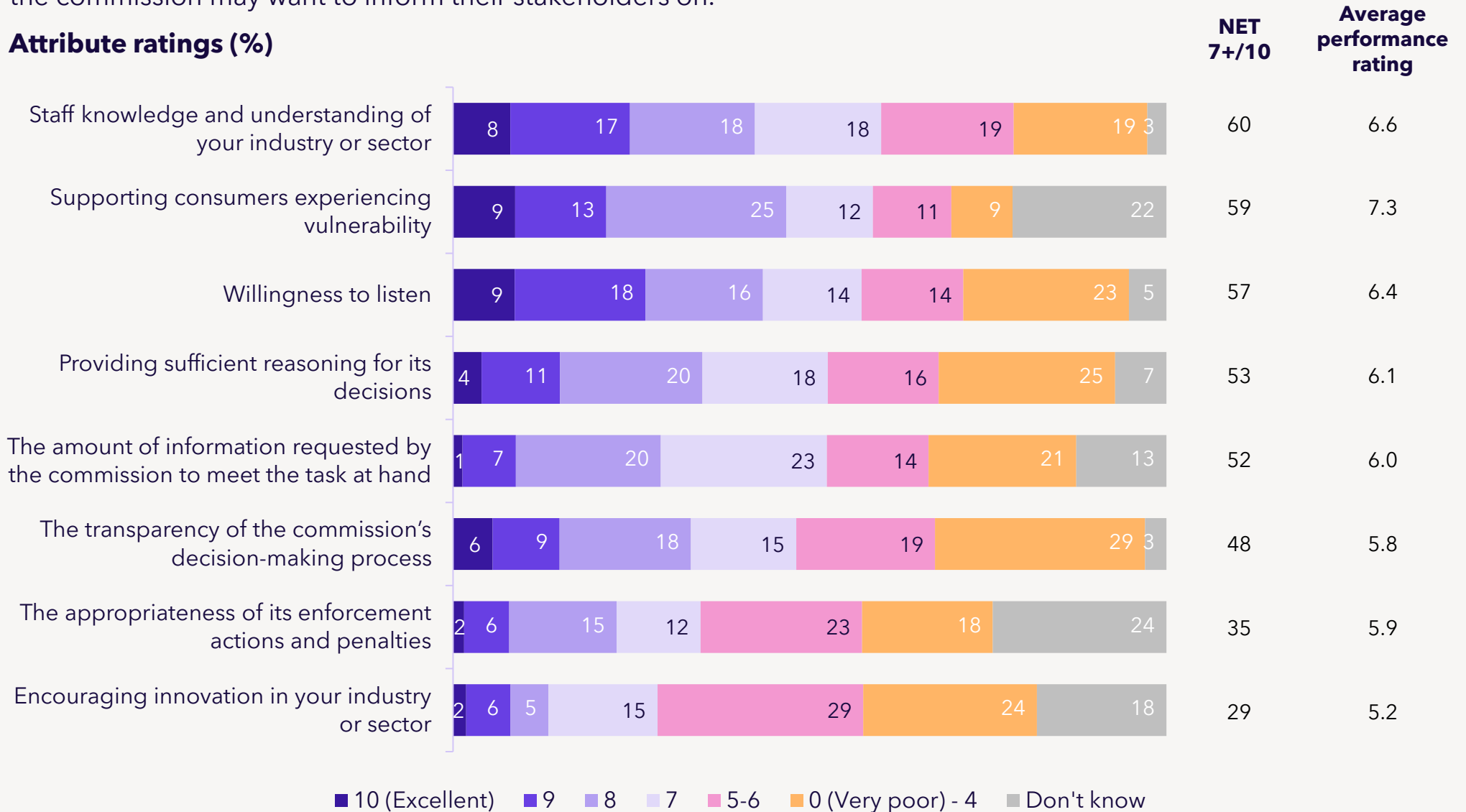
Stakeholders' highest performance ratings for the commission were 'its working relationships', 'the quality of its people', 'the protection of end consumers' and 'working in the best interests of consumers'.



Lower performing attributes

Around one in four felt the commission was performing poorly in areas relating to transparency, providing sufficient reasoning for decisions, encouraging sector-specific innovation and willingness to listen. Many of the commission’s lower-performing attributes had a high proportion of stakeholders that were unable to provide a response, these may be areas the commission may want to inform their stakeholders on.

Attribute ratings (%)



How the commission can help address impacts of climate change and the energy transition on consumers' access to services

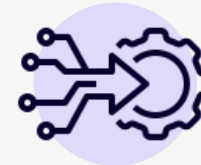
Stakeholders were asked to share their views on the issues of climate change and the energy transition, and what role the commission could play in this space. Views were wide ranging with the most prominent noted below.



Create market signals through regulation to encourage innovation and investment in infrastructure and climate resilience



Ensure businesses have clear climate adaptation plans



Proactively provide input into how government's climate policies are developed and delivered



Hold governments and companies to account in their responsibilities to protect consumers through the transition



Consider potential unintended consequences to avoid dodgy operators taking advantage of vulnerable or ill-informed consumers



Introduce fit-for-purpose, thoroughly administrated regulation that adequately protects consumers



Have frequent catch-ups with industry and engage one-on-one to understand their unique challenges or barriers



Ease the burden on local councils who are investing in climate resilience by increasing the rate cap

However, some private sector stakeholders had the view that it was outside the commission's remit to address issues related to climate change and the energy transition and did not want to see it take on an expanded role. While some felt the commission should "stay in its lane", most welcomed at least some action regarding climate change and the energy transition.



Thank you

We would like to acknowledge and thank all the participants who have taken the time to share their thoughts.

Your feedback is used to help us understand what we are doing well, and how we can improve our efforts to ensure that consumers are better off, now and in the future.