

MEDIA RELEASE
Tuesday 22 March 2016

Commission releases Final Report in Energy Hardship Inquiry

The need for a new framework to help customers struggling to pay their energy bills is the key finding of the Essential Service Commission's Final Report in the Energy Hardship Inquiry – *Supporting Customers, Avoiding Labels* - released today.

Commission Chairperson, Dr Ron Ben-David said the 12-month inquiry found that the current framework is leading to inconsistent outcomes for customers and meant many people were not receiving the assistance they needed to avoid disconnection.

“Our inquiry found that under the current framework, retailers have very broad discretion to determine who is entitled to assistance, the level of assistance that they provide, the timing of that assistance, and the terms on which they amend or withdraw that assistance.

“Many customers have been falling deeper and deeper into debt, often with little hope of avoiding disconnection or other forms of recovery action initiated by their retailers,” Dr Ben-David said.

In examining the existing framework, the Commission found that:

- While the causes of payment difficulty are unique to individual customers, the types of payment difficulty are not
- All types of payment difficulty can be objectively determined using standard customer account data
- By the time customers are provided with assistance, their debt is often too large to be addressed by the assistance that retailers are required to provide
- Existing hardship programs are generally ineffective at preventing customers from accumulating debt
- Information is not readily available on what assistance retailers will provide
- Many customers with payment difficulty are not receiving assistance
- While there are obligations on retailers to offer assistance, there are no prescribed minimum standards. This means that, in practice, the nature of the assistance provided varies widely.

“We concluded that the current framework does not provide enough certainty for customers experiencing payment difficulty. This has resulted in poor outcomes for customers. Therefore the framework is in need of reform,” Dr Ben-David said.

Dr Ron Ben-David said that, as a result of these findings, the Commission had recommended a new framework that provides a set of enforceable minimum standards that are underpinned by the principles of shared responsibility and proportionality.

“The new framework will require customers to engage with their retailer’s efforts to assist them and ensures the assistance offered is proportional to the payment difficulty being experienced. It requires retailers to provide more intense assistance when the payment difficulty is more acute,” he said.

“We are confident that this new safety net will limit the debt a customer can accumulate, while helping them to remain connected to supply. It will focus retailers’ efforts where they are most required, namely, in assisting customers.”

Dr Ben-David said the Commission would continue to work collaboratively with retailers and consumer groups to implement the new framework

“Transition to the new framework starts today. We will monitor and report publicly on the retailers’ response to the new framework and the outcomes this produces for customers,” he said.

Dr Ben-David also thanked the industry and consumer organisations for their input and cooperation during the course of the inquiry.

A copy of the report is on the Commission’s website: www.esc.vic.gov.au

For further information contact: Fiona Hando 0411 245 018