

24 July 2020

Kate Symons  
Chairperson  
Essential Services Commission

Dear Kate

FCVic welcomes the opportunity to comment on the Essential Service Commission's (ESC) *Supporting energy customers through the coronavirus pandemic – Draft Decision* (Draft Decision).

We have insufficient resources to allow us to make a comprehensive submission, so our comments are necessarily limited here. However **we strongly support the submissions and recommendations made by VCOSS and Consumer Action Law Centre (CALC)**. These submissions have been well informed by the perspectives of financial counsellors, amongst others.

We note the important role of an active regulator in ensuring effective protections for vulnerable utility consumers. This is particularly important in the current circumstances.

In the coronavirus pandemic, as we have discussed in the energy roundtable meetings, many Victorians are at risk of losing access to essential services or being placed under significant financial stress in order to maintain basic essential living conditions like heating and cooking. For many Victorians, staying home will lead to a significant increase in their energy usage and bills, especially during winter – the season where Victorian households generally use the most energy. One estimate is that energy bills are likely to increase between \$700 and \$2,000 over the winter period, largely as a result of heating.<sup>1</sup>

Where many are out of work due to lockdown and economic recession, or due to public health requirements to isolate, these increased energy costs will cause major financial pressures for many Victorians, including many who will experience energy poverty and hardship for the first time. These pressures will create vulnerability to exploitative payday lenders and increasing debts. Alternatively, individuals and families may 'choose' to avoid heating their homes due to lack of affordable access to power. Such decisions will put their health at risk; inadequately heated houses are known to create susceptibility to ill health such as respiratory conditions.<sup>2</sup>

In relation to the ESC proposal to:

- publish a guideline setting out how retailers must support customers applying for utility relief grants.

FCVic supports this proposal. FCVic **recommends** that such a guideline draw on the practices of water retailers, well recognised in the financial counselling sector as best practice, including the use of telephone interpreters to support customers from culturally and linguistically diverse backgrounds in the URGS application process.

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<sup>1</sup> <https://www.sustainability.vic.gov.au/You-and-Your-Home/Save-energy/Heating/Heating-running-costs>

<sup>2</sup> <https://www.ncbi.nlm.nih.gov/books/NBK535294/>

FCVic also supports the ESC proposals to:

- make a temporary rule change requiring retailers to proactively offer tariff checks to all customers receiving tailored assistance.
- introduce temporary minimum standards for entitlements that retailers must provide to small businesses in financial stress.

In relation to small business support, based on the experience of financial counsellors working in bushfire support for small business, it is important that in disaster situations small businesses not be forced to first go into financial stress before they are eligible for 'minimum standards of flexible and practicable assistance.' Supports need to be made more proactively and rapidly available in disaster situations. To wait for financial stress to be formally identified before support is provided is to wait too long. For example, we suggest access to entitlements could be triggered for small businesses in an area subjected to pandemic lockdown without requiring them to demonstrate that they are in financial stress.

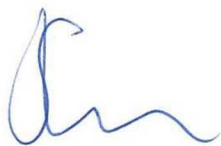
FCVic **recommends** ESC *should not only* introduce temporary minimum standards for entitlements that retailers must provide to small business in financial stress. ESC *should also* institute disaster related triggers for immediate access to these supports. We also recommend as one of these supports, that connection charges (daily connection fees) should be waived while a small business is not operating (due to COVID-19, bushfire or other declared disasters).

Also, FcVic **recommends** ESC standards should encompass retailer obligations in relation to pursuit of arrears and collection activity after the assistance finishes. There should not be added fees, charges or penalty interest.

Lastly, FcVic **recommends** careful consideration of whether to make temporary disaster relief arrangements a permanent part of the Payment Difficulties Framework, and how to transition from short-term measures such as payment deferrals to longer-term supports. This is in the context of the long-term economic dislocation looming, and the combination effect of multiple sources/forms of support ceasing or (being tapered off) at the same time.

Please contact myself or Lyn Dundon [ldundon@fcvic.org.au](mailto:ldundon@fcvic.org.au) if you have any questions about this submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Sandy Ross', with a stylized flourish at the end.

Dr Sandy Ross  
Executive Officer, FcVic

