



**Open access: Submission to the Review  
of the Energy Accounts Payment  
Assistance (EAPA) Scheme**

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# 1. Introduction

## 1.1 The Public Interest Advocacy Centre

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit law and policy organisation that works for a fair, just and democratic society, empowering citizens, consumers and communities by taking strategic action on public interest issues.

PIAC identifies public interest issues and, where possible and appropriate, works co-operatively with other organisations to advocate for individuals and groups affected. PIAC seeks to:

- expose and redress unjust or unsafe practices, deficient laws or policies;
- promote accountable, transparent and responsive government;
- encourage, influence and inform public debate on issues affecting legal and democratic rights;
- promote the development of law that reflects the public interest;
- develop and assist community organisations with a public interest focus to pursue the interests of the communities they represent;
- develop models to respond to unmet legal need; and
- maintain an effective and sustainable organisation.

Established in July 1982 as an initiative of the Law Foundation of New South Wales, with support from the NSW Legal Aid Commission, PIAC was the first, and remains the only broadly based public interest legal centre in Australia. Financial support for PIAC comes primarily from the NSW Public Purpose Fund and the Commonwealth and State Community Legal Services Program. PIAC also receives funding from Industry and Investment NSW for its work on utilities, and from Allens Arthur Robinson for its Indigenous Justice Program. PIAC also generates income from project and case grants, seminars, consultancy fees, donations and recovery of costs in legal actions.

## 1.2 Energy + Water Consumers' Advocacy Program

This Program was established at PIAC as the Utilities Consumers' Advocacy Program in 1998 with NSW Government funding. The aim of the Program is to develop policy and advocate in the interests of low-income and other residential consumers in the NSW energy and water markets. PIAC receives policy input to the Program from a community-based reference group whose members include:

- Council of Social Service of NSW (NCOSS);
- Combined Pensioners and Superannuants Association of NSW (CPSA);
- Park and Village Service;
- Ethnic Communities Council NSW;
- Rural and remote consumers;
- Institute of Sustainable Futures (ISF), University of Technology (UTS);
- Western Sydney Community Forum (WSCF); and
- National Seniors.

## 2. The current inquiry

PIAC welcomes the opportunity to provide a submission to the Review of the Energy Accounts Payment Assistance (EAPA) Scheme. The current review presents a range of options to augment the EAPA Scheme, including frameworks to expand access to the Scheme through a voluntary retailer delivery program and to customers of exempt suppliers under certain circumstances. PIAC is particularly encouraged by the presentation of options to provide EAPA vouchers to residents of residential parks and other exempt customers. This is a very welcome start to the process of providing access to a group of consumers for whom the inability to pay energy bills can result not only in disconnection, but also eviction and subsequent homelessness.

## 3. Electronic delivery and data collection

PIAC notes with interest that Industry & Investment (I&I) NSW is undertaking a project to facilitate and enhance the management of data related to the EAPA scheme.<sup>1</sup> With the current review in train, it is possible that the revised EAPA scheme will have many facets, including retailer provision and access for customers of exempt suppliers. An accessible database capable of generating a broad range of reports is a tool that could contribute strongly to ensuring that a more complex EAPA scheme is meeting the needs of NSW energy consumers.

Through the consultation paper, I&I NSW has outlined the importance of the EAPA Scheme meeting the requirements set out in the *Good Practice Guide to Grants Administration* (the Guide).<sup>2</sup> The Guide calls for the development of both quantitative and qualitative performance measures.<sup>3</sup> The Guide also encourages the reduction of 'red tape' and administration costs.<sup>4</sup> Given the need for access to data, and the encouragement to reduce red tape and administration costs, PIAC encourages I&I to explore an electronic system for the delivery of the EAPA scheme. An electronic system would not only facilitate data capture but also relieve some of the administrative burden of community organisation staff and volunteers who are currently hand-writing EAPA vouchers and stubs in multiples of \$30.

PIAC recommends that I&I NSW use this review process to identify current gaps in data relating to EAPA so that this information can be used in the design of any new electronic delivery and/or data collection system that may be explored in the future.

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<sup>1</sup> NSW Government, *Review of the Energy Accounts Payment Assistance (EAPA) Scheme*, Industry & Investment NSW (2010) 15  
<[http://www.industry.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0010/365590/EAPA-review-consultation-paper.pdf](http://www.industry.nsw.gov.au/__data/assets/pdf_file/0010/365590/EAPA-review-consultation-paper.pdf)> at 2 December 2010.

<sup>2</sup> Ibid 6.

<sup>3</sup> NSW Government, *Good Practice Guide to Grants Administration* (no date) Premier and Cabinet 4  
<[http://www.dpc.nsw.gov.au/\\_data/assets/pdf\\_file/0009/92349/Good\\_Practice\\_Guide.pdf](http://www.dpc.nsw.gov.au/_data/assets/pdf_file/0009/92349/Good_Practice_Guide.pdf)> at 20 December 2010.

<sup>4</sup> Ibid 3.

PIAC understands that an electronic system would require a capital investment; however, the efficiencies gained through the electronic delivery of EAPA and the potential to easily access quantitative data about the Scheme represent an opportunity for medium-term cost savings to both I&I NSW and the organisations delivering the scheme.

### 3.1 Targeted promotion of EAPA

The Guide offers a framework for promoting awareness of grants programs.<sup>5</sup> This framework outlines a targeted approach to raise awareness of grants programs through such measures as advertising in ethno-specific newspapers or by writing to identified non-government organisations and peak bodies.<sup>6</sup>

PIAC's commissioned research into the experience of utility disconnections, *Cut-off II*, reported 62% of those surveyed had been in paid employment when they were disconnected—a 21% increase from 2004 survey results reported in the original *Cut-off* report.<sup>7</sup> *Cut-off II* also showed a significant increase (from 19% in 2004 to 42% in 2008) in the number of people who were paying off a mortgage when at the time they were disconnected.<sup>8</sup> Further, *Cut-off II* reported a high incidence of mental illness among those who had experienced disconnection.<sup>9</sup>

PIAC urges I&I NSW to analyse current trends when promoting opportunities to distribute EAPA vouchers. This would ensure that the most appropriate organisations can be targeted and hence emerging groups of consumers can best be served by the EAPA scheme. PIAC's recent research suggests that organisations dealing with the working poor, people with mental illness and those experiencing mortgage stress should be made aware of opportunities to provide EAPA to their constituents.

The consultation paper notes the objectives of the EAPA Scheme are to assist financially disadvantaged households facing a crisis or emergency to pay their energy bills and stay connected to these essential utilities.<sup>10</sup> PIAC's research on disconnections shows barriers to accessing vouchers for the purposes of staying connected to essential services include:

- a lack of knowledge of the existence of energy or water vouchers (47%);
- a resistance to asking for or using energy and water vouchers (14%);
- the organisation offering energy or water vouchers had none at the time (13%); and
- ineligibility (11%).<sup>11</sup>

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<sup>5</sup> NSW Government, above n 3, 9.

<sup>6</sup> Ibid.

<sup>7</sup> Jessie Connell and Wesley Hill, *Cut Off II: The Experience of Utility Disconnections* (2009) 14.

<sup>8</sup> Ibid 15.

<sup>9</sup> Ibid 20.

<sup>10</sup> NSW Government, above n 1,11.

<sup>11</sup> Jessie Connell and Wesley Hill, above n 7, 27.

Similarly, the most common barriers to seeking assistance before being disconnected include:

- embarrassment (43%);
- a lack of knowledge that consumers could ask for assistance (29%);
- no telephone or credit on a mobile telephone (27%);
- didn't know how to initiate contact (19%);
- fear (17%); and
- a lack of transport (12%).<sup>12</sup>

PIAC encourages I&I NSW to work with a broad range of stakeholders to investigate ways to better communicate the availability of EAPA vouchers to consumers. PIAC also encourages I&I NSW to work with these stakeholders to develop strategies to address barriers that prevent consumers from seeking assistance. PIAC submits that there is a need to target consumers who are unlikely to be in contact with a community organisation and also those who for a range of reasons are not likely to seek assistance of this nature. For example, anecdotal evidence suggests that older people tend to 'self-ration' when it comes to accessing EAPA vouchers in the belief that there are people who have greater needs or are more deserving. Self-rationing is a concern particularly in times of extreme weather conditions when concerns over the cost of running heating or cooling equipment are prioritised over maintaining a safe and healthy temperature.

#### **4. Retailer delivery model**

As noted above, *Cut-off II* showed that lack of access was a contributing factor to households not taking up the EAPA scheme.<sup>13</sup> The expansion of the retailer delivery program was proposed in the consultation draft of the *Customer Assistance Policy*.<sup>14</sup> In this proposal, the requirements of the Country Energy Trial were to be expanded to include:

- Government putting in place eligibility and compliance criteria and binding contractual arrangements that would apply to any retailer participating in the Scheme;
- retailers first developing an EAPA Delivery Plan to demonstrate adequate systems to comply with any conditions imposed by the Government;
- strict conditions on the relationship between the delivery of EAPA by a retailer and its hardship program and its customer billing or debt recovery areas;
- retailers maintaining acceptable outcomes in relation to customer hardship and disconnection of customers for non-payment;
- regular and independent audits of each retailer's performance against its Delivery Plan and the Government's minimum requirements for participation in the scheme, which would determine that retailer's eligibility for ongoing delivery of EAPA; and

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<sup>12</sup> Ibid 26.

<sup>13</sup> Ibid 27.

<sup>14</sup> Industry & Investment NSW, Customer Assistance Policy Consultation Draft (2009) 16-17 <[www.industry.nsw.gov.au/energy/files/info\\_protection\\_customer\\_assistance\\_policy.pdf](http://www.industry.nsw.gov.au/energy/files/info_protection_customer_assistance_policy.pdf)> at 20 December 2010.

- limited allocation of EAPA vouchers to retailers so as to not displace CWOs from the EAPA scheme.<sup>15</sup>

PIAC provided support for the formerly proposed model on the condition that strict criteria and monitoring were employed to avoid abuse of the program.<sup>16</sup> PIAC's submission on the draft *Customer Assistance Policy* acknowledged that the Country Energy EAPA distribution trial served as a good model for the expansion. However, PIAC contended that retailer performance against Delivery Plans (a plan that demonstrated a retailer's systems to facilitate compliance with government conditions) should be made publicly available.<sup>17</sup>

PIAC notes that the current proposed model does not specifically require the development of a delivery plan; however, the application process requires the retailer to outline their methods for meeting the selection criteria.<sup>18</sup> PIAC urges the encouragement of the most transparent process possible in assessing whether retailers can meet, and will continue to meet, their obligations under any retailer delivery model for EAPA.

PIAC contends that retailers engaged in providing EAPA vouchers should be obliged to provide regular and public reports that demonstrate how they are meeting the obligations under the indicative criteria used to assess a retailer's ability to deliver the EAPA scheme. Specifically, PIAC recommends that the performance Management and Reporting Requirements outlined in the draft *Energy Accounts Payment Assistance Scheme Deed of Agreement* be bolstered to include reports on how a retailer is continuing to ensure that:

- EAPA is not used as an alternative to normal debt collection/management;
- EAPA is distributed according to relevant guidelines and the Draft Deed;
- effective internal compliance systems exist to ensure:
  - staff delivery of EAPA that is in line with all relevant guidelines and the Draft Deed; and
  - there is a means of identifying and remedying non-compliance and timely notification of I&I NSW of any breach in compliance;
- reporting requirements are met and assistance in audit processes is provided;
- resources are available to meet obligations as noted above.<sup>19</sup>

#### **4.1 Principles for proposed voluntary retailer delivery of EAPA**

PIAC acknowledges that the narrower eligibility criteria that retailers will be obliged to use in the delivery of EAPA vouchers have been drafted in good faith to encourage retailers to primarily refer customers to community organisations. Through its advocacy for

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<sup>15</sup> Ibid 17.

<sup>16</sup> Joel Pringle, *Keeping Connected: PIAC submission on the Customer Assistance Policy*, Public Interest Advocacy Centre (2009) 5  
<[http://piac.asn.au/publications/pubs/sub2009073\\_20090731.html](http://piac.asn.au/publications/pubs/sub2009073_20090731.html)> at 20 December 2010.

<sup>17</sup> Ibid 8.

<sup>18</sup> NSW Government, above n 1, 19.

<sup>19</sup> Ibid 20.

consumers and its research into disconnections, PIAC has learned that many people, especially those in small rural and regional towns, have concerns about accessing EAPA through community organisations because it is difficult to do so anonymously.<sup>20</sup> As one consumer noted:

‘Everyone knows everybody in my town, so I could never bring myself to go to Vinnie’s to get vouchers, someone might see me going there and they would talk.’<sup>21</sup>

This quotation- and the relatively widespread view that it reflects- is instructive in analysing the additional criteria retailers are to apply in assessing whether a customer is eligible under the retailer delivery model. The consultation paper notes the following reasons where a customer might be unable or unwilling to access EAPA vouchers from a community organisation:

- The nearest CWO is more than 50 kilometres from the customer’s residence; or
- The customer is unable to travel to the nearest CWO due to disability or lack of public transport; or
- The customer is related or personally known to staff at the CWO and has a reasonable and genuine concern for his or her privacy; or
- There are no EAPA vouchers available at a CWO within 50 kilometres from the customer’s residence.<sup>22</sup>

Given that there is a level of concern in the community about privacy when approaching a CWO for EAPA assistance, PIAC contends that the third point should be reviewed. PIAC asserts that people may have reasonable concerns for their privacy while not knowing a community organisation’s staff member personally. For this reason, PIAC recommends that the third point should be amended to read: “The customer is related or personally known to staff at the CWO or has a reasonable and genuine concern for his or her privacy.”

## 4.2 A review of the retail delivery program

While PIAC welcomes the expansion of the retailer delivery program, under conditions noted above, PIAC contends that there is a strong case for reviewing the program after two years. PIAC notes that I&I NSW has called for quarterly reports to be made by retailers under the terms and conditions of the *Energy Accounts Payment Scheme Deed of Agreement*.<sup>23</sup> Additionally, case studies of a successful customer each quarter may also be requested by I&I NSW as part of the evaluation of the retailer’s performance.<sup>24</sup>

PIAC believes that consumer and stakeholder input is invaluable in assessing whether the model is meeting the objectives of the program. As retailers are expected to refer

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<sup>20</sup> Jessie Connell and Wesley Hill, above n 7, 27.

<sup>21</sup> Ibid 46.

<sup>22</sup> NSW Government, above n 1, 19.

<sup>23</sup> Ibid, Appendix A, *Energy Accounts Payment Scheme Draft Deed of Agreement*, 10.

<sup>24</sup> Ibid, 11.

customers to community organisations in the first instance, it is appropriate that feedback is sought from community organisations and other stakeholders about how that process is working. Similarly, a review would allow stakeholders to provide a range of case studies from consumers who have accessed, or have tried to access, EAPA via their retailer. By contrast, requesting successful case studies from retailers does little to create an objective picture of how the scheme is working on the ground. PIAC recommends that an open review of the retailer delivery program is undertaken two years from the start of the program and that the outcomes of the review are publicly reported.

## 5. Options for scheme parameters

### 5.1 The importance of exceptional circumstances provisions

At point 6.2, the consultation paper canvasses various options for changes to customer maximum amounts. This section quite specifically targets the exceptional circumstances provision, noting that around 10% of the EAPA annual budget is distributed in this way, implying that this puts pressure on the EAPA budget.<sup>25</sup>

PIAC notes that the exceptional circumstances provision in EAPA delivery gives community organisations a degree of discretion in providing this extra support. However, PIAC argues that for crisis support, this extra level of discretion is necessary in assisting people facing significant disadvantage to avoid disconnection.

Drawing on a survey of consumers who had experienced disconnection, *Cut-off II* found that 77% of surveyed households were disconnected with a debt of between \$201-\$1000.<sup>26</sup> Only 12% of respondents were alerted to the existence of EAPA by their retailer prior to disconnection and 60% indicated that they did not know that EAPA existed or that they visited a community organisation for EAPA but were informed that there were no vouchers available.<sup>27</sup> A further 11% were informed that they were not eligible for EAPA vouchers, whilst 9% could not get an appointment at an agency providing EAPA.<sup>28</sup>

Given that the majority of those surveyed were disconnected with debts close to or over the \$240 per bill limit set by the current EAPA guidelines, PIAC argues that there is a need to maintain arrangements where EAPA distributors have the ability to exercise discretion to provide EAPA vouchers above the value of \$240. For households that were subsequently disconnected, making contact with a community organisation with the ability to provide EAPA vouchers above this level, in addition to energy usage and budgeting advice could have significantly increased their chances of staying connected to energy supply.

With 10% of the EAPA budget being allocated under exceptional circumstances, PIAC considers it likely that the discretion provided to community organisations to provide EAPA vouchers above the per bill limit has significantly contributed to many vulnerable

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<sup>25</sup> Ibid 23-24.

<sup>26</sup> Jessie Connell and Wesley Hill, above n 7, 27.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

households avoiding disconnection. As such, the ability to exercise discretion should remain a key feature of any reworked EAPA scheme.

Further, *Cut-off II* noted that shame about energy debts was a significant contributor in avoiding contact with retailers and seeking support by other organisations.<sup>29</sup> PIAC strongly argues that the ability to significantly reduce large bills is likely to be a factor in at-risk households engaging with hardship programs and other assistance programs.

### **5.1.1 Options for customer maximum amounts**

The EAPA consultation paper provides three options for consideration regarding customer maximum amounts. PIAC does not support options 1 or 3 as these options would dismantle the exceptional circumstances provisions, potentially leading to higher disconnections among the most vulnerable households, as outlined above. Further, option 3 appears impractical and would place community organisations in a difficult position of trying to verify the number of people living at each household.

Option 2 would introduce an annual cap and a removal of the twice a year limit. PIAC submits that the introduction of this option would require significantly greater tracking of EAPA usage per customer. It may also undermine the status of EAPA as crisis support, leading to EAPA being perceived more as income support. PIAC considers energy rebates to be a more effective program for delivering income support. While option 2 represents the best of the options presented, PIAC is unable to support it without further details on how an annual cap would be managed.

If the aim of section 6.2 is to reduce the risk that discretion creates in the EAPA scheme, PIAC contends that a better way to achieve this would be through the accreditation scheme proposed later in the consultation paper, or through the EAPA guidelines. It would not be unreasonable to require EAPA providers to establish policies on how and when the exceptional circumstances allowances are used within their organisation.

## **5.2 Placing a bill in credit**

PIAC supports option 2 to allow EAPA vouchers to place a customer's account in credit to the value of one voucher. In times of crisis it is likely that customers face multiple debts stemming from a range of expenses. A 2007 study of people who sought assistance from financial counsellors in Victoria showed that a high proportion of people present with multiple debts.<sup>30</sup> The same study also noted that debts related to utilities feature strongly in civil consumer debt matters reported.<sup>31</sup>

PIAC asserts that customers facing multiple debts may be disadvantaged under current EAPA guidelines that prohibit the use of EAPA vouchers to place a customer's account in

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<sup>29</sup> Ibid 26.

<sup>30</sup> Louis Schetzer, *Drowning in Debt: The experiences of people who seek assistance from financial counsellors*, Department of Justice (Victoria)15.

<sup>31</sup> Ibid 19.

credit.<sup>32</sup> With voucher values currently standing at \$30, a customer with a bill of \$209.50 is only able to access \$180 in vouchers, leaving a balance of \$29.50 to be paid. PIAC contends that the scheme would be better equipped to meet the objectives of assisting financially disadvantaged households facing a crisis or emergency to pay their energy bills and stay connected to these essential utilities if EAPA providers were not forced to undersupply vouchers because they are unable to generate even small credits in accounts. Similarly, paying a remaining balance of up to just under \$30 may be unachievable for customers in crisis.

PIAC acknowledges that option 2 also reduces administrative burden for retailers and I&I NSW who become involved in the process of cancelling a voucher that places a customer in credit.

## 6. Options for exempt sellers' customers

### 6.1 Residential Parks

In 2003, it was estimated that there were up to 40,000 permanent residents of residential parks in NSW, with approximately 25,000 park sites in the 950 parks in NSW being used for permanent occupancy.<sup>33</sup> These park residents are often disadvantaged in their ability to access social support and assistance to pay their electricity bills. In particular, permanent park residents are not able to access the Energy Accounts Payment Assistance (EAPA) Scheme.

The lack of access to the EAPA Scheme is particularly serious for permanent residents of residential parks given their vulnerability to losing their homes if they fail to pay their electricity bills. Unlike the general community, park residents who fall into arrears with their energy payments will be in breach of their tenancy agreements and vulnerable to eviction. Many of these residents, while renting their park sites, actually own their dwelling, which they stand to lose if they face eviction. Given the significant increases in electricity charges over the coming three years as announced by the Independent Pricing and Regulatory Tribunal this year,<sup>34</sup> the need to develop an appropriate energy accounts payment assistance scheme for park residents has become pressing.

According to the *EAPA Guideline for Community Welfare Organisations*, EAPA applicants must provide an original gas and/or electricity bill to receive EAPA vouchers.<sup>35</sup> Currently, the EAPA Guidelines exclude park residents from the program because under

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<sup>32</sup> NSW Government, *Energy Accounts Payment Assistance Scheme Guideline for Community Welfare Organisations*, Department of Water and Energy (2005) 9.

<sup>33</sup> Ed Wensing, Darren Holloway and Martin Wood, *On the margins? Housing risk among caravan park residents*, Australian Housing and Research Institute (2003) 77.

<sup>34</sup> Independent Pricing and Regulatory Tribunal, *Review of regulated retail tariffs and charges for electricity 2010-2013* (2010) 1.

<sup>35</sup> NSW Government, above n 32, 7.

the Guidelines EAPA vouchers can only be issued to customers who present bills from standard retail suppliers.<sup>36</sup>

Many park residents have a term in their tenancy agreement that they purchase their electricity from the park owner. A park owner is classed as an 'exempt person' under the *Electricity Supply (General) Regulation 2001*.<sup>37</sup> Therefore, park residents who purchase their electricity from the park owner, are not and cannot be customers of the standard retailers and, as such, they do not receive bills from them. It is therefore impossible for these park residents to provide an original bill to a community welfare organisation as they are not direct customers of a standard retail supplier.

However, park residents are able to provide accounts or bills from the park owner that provide the exact same details that are required of the standard electricity retail suppliers. In addition, park residents are required to pay both consumption charges and availability charges. Under the *Customer Service Standards for the Supply of Electricity to Permanent Residents of Residential Parks*, residents pay the same electricity tariffs as those paid by the general community.<sup>38</sup>

The exclusion of people who live in residential parks from access to EAPA cannot be justified for the following reasons:

- Park residents who are charged for electricity are required to be separately metered, as are other customers.<sup>39</sup>
- Park residents are required to pay both electricity consumption charges and electricity availability charges/access charges, as are other customers.<sup>40</sup>
- Park residents are issued with accounts that provide the same information that is provided by the standard electricity suppliers.<sup>41</sup>
- Park residents pay electricity tariffs at the same rate as that charged by the local standard electricity retailer.<sup>42</sup>
- Park residents suffer the same price shocks as the general community.

In addition, most residential park tenancy agreements require any monies paid to the park owner as rent to be allocated to other charges, such as electricity, first. This means that a park resident will be less able to produce an unpaid electricity account.

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<sup>36</sup> Ibid.

<sup>37</sup> Electricity Supply (General) Regulation 2001 (NSW) s 66.

<sup>38</sup> NSW Office of Fair Trading, *Customer Service Standards for the Supply of Electricity to Permanent Residents of Residential Parks* (2006) 4.

<sup>39</sup> Ibid 40.

<sup>40</sup> Ibid 4.

<sup>41</sup> Ibid 5.

<sup>42</sup> Ibid 4.

In April 2010, PIAC wrote to I&I NSW and also to the then Minister for Energy, proposing the establishment of a working party with representatives of PIAC, Parks and Village Service (PAVS), Energy and Water Ombudsman of NSW (EWON), Council of Social Service of New South Wales (NCOSS), National Seniors Australia (NSA) and Combined Pensioners and Superannuants Association of NSW (CPSA), with the objective of developing appropriate options for implementation of an EAPA scheme accessible to park residents. At the time, PIAC submitted that such a working party with its broad stakeholder representation would be well placed to consider the various options for an accessible EAPA scheme for park residents, and develop the most appropriate and workable scheme to address this long-standing inequity.

## **6.2 Retirement villages and boarding houses**

The issues facing residents of retirement villages and boarding houses are similar to residents of residential parks, in that many of these residents do not receive electricity bills from standard retail suppliers and therefore are unable to be issued with EAPA vouchers. It should also be mentioned that other than long-term residential park residents, customers of exempt suppliers are unable to access the NSW Energy Rebate.<sup>43</sup>

PIAC submits that all NSW energy customers should have access to energy accounts payment assistance, regardless of whether they are billed by a standard retail supplier or other parties.

## **6.3 Options for extending access to EAPA to customers of exempt suppliers**

The consultation paper has canvassed three options for extending EAPA to customers of exempt suppliers. Each of the options provides accessibility to the EAPA voucher scheme for customers who are individually metered and who receive bills from exempt suppliers. In each situation, I&I NSW has identified potential disadvantages, including possible increased administrative costs, either on Government or exempt suppliers.

PIAC submits that it is necessary to address the inequity of access to EAPA for customers of exempt suppliers. PIAC's preference is for I&I NSW to convene a working party with representatives of all relevant stakeholder groups, as mentioned above, to consider the options for addressing this inequity. PIAC considers that such a process would be a productive and fruitful exercise, enabling each of the options to be considered in detail, with relevant evidence and material at the disposal of the stakeholders involved being identified.

However, should I&I NSW determine that such a process is not appropriate, then PIAC submits that, in the absence of such a working group to consider the options, of the three options canvassed, Option 2 is the preferred option. Under this option:

- the customer takes her/his bill to the CWO for assessment;

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<sup>43</sup> NSW Government, Industry & Investment, Energy Rebates, (Web Page, 1 July 2010), <<http://www.industry.nsw.gov.au/energy/customers/rebates>> at 20 December 2010.

- the CWO assesses the customer and provides EAPA vouchers if the customer is assessed as eligible; and
- the customer sends the EAPA vouchers to I&I NSW and I&I NSW then forwards a cheque for the allocated EAPA amount to the customer directly.

Option 2 is preferred as it minimises compliance risks and removes the need for exempt suppliers to recalculate the customer's account—thereby reducing administrative costs for the exempt supplier.

PIAC notes the concerns articulated in the consultation paper that this option has the potential to impose increased administrative burden on the NSW Government. PIAC submits that the costs of the administrative duties on Government of processing received vouchers and forwarding a cheque for the allocated EAPA amount to the customer directly would be a minimal, yet important expense in ensuring an effective scheme that meets the articulated objectives of the EAPA scheme. PIAC submits that the importance of ensuring equitable access to the EAPA scheme to all NSW energy customers who are individually metered is an important priority. Given this importance, it is appropriate that the NSW Government bear a moderate administrative burden to ensure the effective management of the scheme.

PIAC further submits that the administration of the scheme under Option 2 could be reviewed after two years. This review could undertake a full cost-benefit analysis of delivering EAPA to customers of exempt sellers. Such a review should consider the costs to government in administering the scheme, as well as a full modelling of the economic and social benefits of the provision of energy payment assistance to this socially and economically disadvantaged group in the community.

## 7. Scheme administration

Section 9.21 of the consultation paper proposes a CWO accreditation and review process. PIAC supports measures to ensure that EAPA agencies follow the Guidelines, as a failure to do so is likely to lead to a reduction in the accessibility of EAPA.<sup>44</sup> However, PIAC is concerned about the proposal for accreditation as outlined in the discussion paper.

The discussion paper has not clearly stated what is expected to be achieved through the introduction of an accreditation process, making it difficult to assess whether the proposed process is likely to be successful, or simply an increased burden on community organisations. PIAC also firmly believes that accreditation should be conducted independently of the organisation providing funding for the program, in this case I&I NSW. The proposed accreditation process does not offer independent accreditation.

PIAC acknowledges the benefit of reviewing the application process; however, the introduction of a new application process should include the goal of minimising any additional paperwork and administrative burden to community organisations. The

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<sup>44</sup> Jessie Connell and Wesley Hill, above n 7, 27.

following discussion of the proposed accreditation scheme approaches the framework as an application process, as this is what the proposal most closely resembles.

In order to keep the costs of the EAPA program down, it provides no financial support for the community organisations that take part in the scheme. However, it needs to be acknowledged that additional on-costs associated with the EAPA program would provide further stress on an under-resourced sector,<sup>45</sup> and likely produce an opportunity cost to non-EAPA programs run by participating agencies.

A large amount of the information required in the draft EAPA Application Form is generic to the legal and financial arrangements for the applicant, the services run by the agency and the geographic area covered by these services. It is likely that community organisations are already required to provide this information to State and Commonwealth funding bodies or existing accreditation schemes. PIAC therefore recommends that the Government review existing reporting guidelines and accreditation schemes that apply to the community sector and evaluate their appropriateness as a proxy for application under the EAPA scheme. This would in effect reduce the burden on community organisations while still ensuring that the NSW Government can be confident of the appropriateness of community organisations to act as EAPA agencies.

PIAC suggests two further measures that could reduce the burden on community organisations following a decision to introduce a new application process. The first follows the suggestion in the *Proposal for Energy Accounts Payment Assistance Accreditation and Review Process for Community Organisations* that, following a successful site visit, the accreditation period could be extended by one year. PIAC sees no reason that a successful site visit would not enable the extension of the accreditation for a full three-year accreditation period. This would reduce the burden on both CWOs and Government, while still ensuring that standards are maintained.

The second measure would be a reduction in the number of selection criteria in Appendix C. PIAC understands that the EAPA application is not a competitive tender process. It does not therefore seem appropriate to subject applicants to a list of twenty selection criteria. Many of the criteria appear to go beyond the EAPA Guidelines and other existing requirements.

Further, a number of the criteria would require an applicant to have developed a full set of policies and procedures for delivering EAPA before they have received confirmation that they are eligible as an EAPA provider. In this situation, the applicant risks wasting time and resources on the development of the policies and procedures only to be denied acceptance into the scheme. From a practical perspective, this risk may discourage prospective EAPA providers from applying at all.

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<sup>45</sup> Productivity Commission, *Contribution of the Not-for-Profit Sector* (2010) 13  
<<http://www.pc.gov.au/projects/study/not-for-profit/report>> at 20 December 2010.

PIAC therefore recommends that the selection criteria 15, a. through f., not form part of the application form. A two-step application process could provide provisional acceptance pending the development and approval of internal EAPA policies and procedures.

The *Proposal for Energy Accounts Payment Assistance Accreditation and Review Process for Community Organisations* also suggests the use of a 'socio-economic test spreadsheet' to determine the need for EAPA distribution in particular geographic areas. PIAC understands that such a tool has not yet been developed for this purpose. PIAC suggests that such a tool, if not designed correctly, risks distorting the distribution of disadvantage and missing discrete pockets of disadvantage in otherwise wealthy areas.

In addition, while EAPA is a crisis support program, the discussion paper has not expressly stated that eligibility for EAPA vouchers is to be further limited. *Cut-off II* showed that households with mortgages can be vulnerable to disconnection, indicating the crisis can hit households not usually considered to be in disadvantage.<sup>46</sup> With interest rates expected to rise over the coming years, it would seem imprudent to limit EAPA distribution by regional socio-economic status.

PIAC recommends that a more appropriate approach would be to require applicants to show the need for additional EAPA provision in the geographic area that they cover, with reference to eligibility criteria and the EAPA Guidelines.

## 8. Conclusion

Thank you again for the opportunity to submit to the Review of the EAPA Scheme. As electricity prices increase, the EAPA scheme will play an even more important role in assisting vulnerable households remain connected to essential services. PIAC eagerly awaits information on the outcomes of this review in the hope that it will result in greater accessibility to the EAPA Scheme for a range of consumers—some with recognised needs and others who do not traditionally seek assistance of this nature.

Should any further information be required please contact Carolyn Hodge, Senior Policy Officer, via email [chodge@piac.asn.au](mailto:chodge@piac.asn.au) or telephone on (02) 8898 6520.

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<sup>46</sup> Jessie Connell and Wesley Hill, above n 7, 15.