

12 April 2013

Mr John Ryan and Dr John Tamblyn
c/o Energy Consumer Advocacy Secretariat
Retail Policy Section
Department of Resources, Energy and Tourism



By email: consumeradvocacy@ret.gov.au

Dear Mr Ryan and Dr Tamblyn

Proposal for a National Energy Advocacy Body: Directions Paper

The Public Interest Advocacy Centre (PIAC) is pleased to have the opportunity to provide comment on the Directions Paper outlining the proposal for a new National Advocacy Body (NAB). PIAC has provided a detailed response to the Directions Paper in a submission developed jointly with key energy advocacy colleagues.

The purpose of this submission is to draw on PIAC's experience and views as a key NSW energy consumer advocate. Specifically, this submission outlines why PIAC does not support the proposal to fund only one organisation per jurisdiction, via a single Capacity Building Grant administered and provided by the NAB. PIAC's opposition to the mooted co-contribution funding model and the rationale for its position are also discussed below.

Background

As you will be aware, PIAC operates the Energy and Water Consumers' Advocacy Program (EWCAP), established in 1998, which develops policy and advocates in the interests of low-income and other residential consumers in NSW energy and water markets. PIAC receives funding from the NSW Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) to carry out its work in this area. EWCAP is staffed with two full-time employees and, where funding allows, an additional part-time position is filled on a contract basis.

In NSW, PIAC is the only organisation that has sufficient funds and other resources to employ full-time staff to undertake consumer advocacy in energy and water. In a sense, it is reasonably close to being the sole consumer organisation described in the Directions Paper.

PIAC makes strategic decisions to maximise its resources and focus its advocacy on producing outcomes in the best interests of NSW consumers and believes its work represents real value to NSW consumers and its funding body. However, the frequency of parallel processes with short lead times, which are announced without notice, makes it very difficult for even the most efficient small organisation to respond effectively. As one of the few NSW consumer advocates with a working knowledge of energy policy and the industry more broadly, PIAC is also experiencing an increase in requests to sit on industry advisory groups and customer councils – especially from network businesses that now have additional obligations to consult consumers.

Given its working environment, PIAC places a high value on energy consumer colleagues in other NSW-focused organisations. Without these colleagues, PIAC's work would be less informed on a range of consumer issues. Also, PIAC's capacity to work in conjunction with these colleagues ensures that

Level 7, 173-175 Phillip St
Sydney NSW 2000
DX 643 Sydney
Phone: 61 2 8898 6500
Fax: 61 2 8898 6555
www.piac.asn.au
ABN: 77 002 773 524

where parallel processes occur, at least one organisation is available to represent NSW consumers per process.

PIAC acknowledges some of its workload may be redirected to the NAB in future. However, PIAC does not believe this will free up a great deal of its present capacity for a number of reasons. The first is the increasing requests for input noted above. Secondly, PIAC would likely have additional responsibilities to engage with and provide input to the NAB. Finally, PIAC's present nationally-focussed work on Better Regulation is funded by a Consumer Advocacy Panel Grant and uses an external consultant. While PIAC's direct input in such projects is significant, PIAC's participation in such ad hoc projects has limited bearing on EWCAP's ongoing capacity.

Capability Building Grants

PIAC does not support the proposal that capability grants be awarded to one sole organisation per jurisdiction. PIAC's position is that the introduction of a national body and any related changes should add value to the current capacity of the sector. Its view is that one advocacy body per jurisdiction, as outlined in the Directions Paper, would not achieve this goal. As the Directions Paper maps out a future where the NAB will benefit from the contributions of jurisdictional bodies, PIAC is concerned that the rationalisation of jurisdictional and sectoral advocacy could undermine the impact, capacity and ultimately the success of the newly-formed NAB.

Co-contribution funding of Capability Building Grants

PIAC understands that the co-contribution model has been included in the Directions Paper because it encourages state and territory governments to support energy advocacy where this is not presently the case. While PIAC applauds the equitable sentiment of this proposal, it remains concerned that the proposal may give rise to unintended negative consequences.

The Directions Paper proposes that capability grants be awarded to a regional organisation and matched dollar for dollar by the government in that jurisdiction. However, PIAC is unable to envisage any practical method to ensure all state and territory governments commit to providing this funding in the long term—even if the proposal gains in-principle support through the Standing Council on Energy and Resources (SCER) in the near future.

In PIAC's view, robust jurisdictional and sectoral advocacy is needed to provide a strong foundation for a national advocacy body. This would provide the NAB with access to valuable consumer networks and play an important role in guiding the strategic direction through involvement in reference groups and other related processes. This strong foundation would leave the NAB free to focus on national reforms and opportunities for advocacy where consumers have not been sufficiently represented to date. Essentially, well-resourced and sustainable advocacy across jurisdictions and other sectors will allow the NAB to add value to the current energy consumer landscape.

There are a number of unanswered questions about tying Capability Building Grants to co-contributions. Firstly, would the NAB match funding currently provided by state governments or would jurisdictions withdraw half of their current funding in anticipation of other funds being made available? The former scenario could see capacity added to organisations like PIAC, although the loss of other state-based advocates who represent culturally and linguistically diverse (CALD) or low-income consumers may require PIAC to allocate additional resources to ensuring those groups are not disadvantaged by a lack of representation. It also remains unclear whether advocates with a focus on technology, sustainability and innovation would have access to ongoing funding or be limited to project-based funding that tends to be iterative in nature and not conducive to building an enduring resource of skills or capacity.

If the latter scenario played out and governments in jurisdictions that are currently funding energy advocacy reduced their financial contribution by half, this model would provide no additional resources to currently funded jurisdictional bodies, yet these bodies would operate in an environment of increased risk. For example, should a jurisdiction come under budgetary pressure or a change in government saw a realignment of priorities, half of this organisation's funding could come under threat. With all funding aligned with the NAB, there would be no viable alternative funding stream.

In PIAC's experience, it takes 12-24 months to train an energy advocate so that they can operate effectively in this complex and technical area. If funding were reduced even for a period of 12 months, it would have a major impact on the viability of the organisation (or program). If that organisation is the sole energy consumer body in the jurisdiction, the impact on consumers themselves could be severe.

Presently, PIAC's energy advocacy program is accountable to the NSW Government. PIAC and the NSW Government negotiate a high-level work plan that includes agreed broad-scale objectives. EWCAP's overall focus adheres to that work plan while it works independently of government and in accord with PIAC's organisational framework and mandate.

PIAC would not support a move whereby the terms of the NAB's Capability Building Grant funding saw PIAC need to align its work with the objective of the NAB or where desired outputs or outcomes came into direct conflict with its values. It would also require clarity on whether the constituency of the NAB would in any way impact on the consumers the Capability Building Grant recipient represented. For instance, PIAC's current resources would not allow it to effectively advocate for small business consumers and its organisational rationale would make it difficult to represent large energy users.

Although PIAC acknowledges the merit of seeking the equitable distribution of funding across jurisdictions, it is unable to support the co-contribution model because of the risks noted above.

Conclusion

PIAC supports the formation of a national body to advocate for energy consumers. The fundamental question in assessing any proposal for reform of energy consumer advocacy should be: does the proposal provide a net positive to the overall capacity of the sector? Facilitating this net positive will require a robust framework for jurisdictional/sectoral advocacy so it can provide a strong foundation for the NAB to build upon. With that foundation in place, the NAB will be best placed to focus its resources on opportunities for long-term reform and improvements that are in the best interests of consumers.

If you would like to discuss any matters related to this issue further, please contact myself or Carolyn Hodge, Senior Policy Officer in the Energy + Water Consumers' Advocacy Program, on 8898 6520 or chodge@piac.asn.au.

Yours sincerely



Edward Santow
Chief Executive Officer
Public Interest Advocacy Centre

Direct phone: +61 2 8898 6508
E-mail: esantow@piac.asn.au