

HELP AVAILABLE TO COMBAT ENERGY PRICE RISE

Energy price rises announced in IPART's 2010 electricity price determination came into effect on 1 July 2010. With prices set to rise again over the next two years, PIAC takes this opportunity to inform NSW consumers about the availability of energy rebates, payment assistance and programs that can assist vulnerable energy consumers.

The Energy Rebate

The NSW Government provides an Energy Rebate to assist eligible recipients meet their energy costs. Formerly known as the Pensioner Energy Rebate, the name has changed to reflect the expansion of eligibility criteria beyond pensioners to include energy account holders with a Commonwealth Health Care Card in their name.

“For more information about what assistance is on offer, consumers can call the Energy Information line on 1300 136 888 or go to www.industry.nsw.gov.au/energy.”

The Energy Rebate is different to the Utilities Allowance paid by Centrelink. If eligible, it is possible for NSW energy consumers to receive both the Utilities Allowance and the Energy Rebate. For the current financial year, the Energy Rebate is \$145 per year and is applied as a credit to consumer's electricity bills.

It is important to note that the Energy Rebate is not applied automatically. Energy consumers

need to apply to their electricity retailer to access the rebate. If a consumer switches to a new electricity supplier, they will need to reapply for the rebate.

PIAC is concerned that many NSW consumers are missing out on the rebate either because they are unaware of changes to the eligibility criteria or have incorrectly assumed the rebate will be applied automatically. PIAC urges Well Connected subscribers who come into contact with people experiencing difficulty paying their energy bills to inform them of the new Energy Rebate.

Energy vouchers

Another avenue of assistance for NSW energy consumers is the Energy Accounts Payment Assistance (EAPA) scheme. Designed to assist financially disadvantaged people in crisis or emergency situations, EAPA vouchers can be used to make payments against electricity and gas bills. Participating Community Welfare Organisations (CWO) distribute the vouchers. Eligibility for the scheme is assessed via an interview with CWO staff. Though EAPA vouchers are not intended to provide ongoing assistance, the scheme does play an important role in helping people in difficult circumstances to stay connected to an essential service.

Energy use

Reducing consumption is a way households can bring down energy bills. The Home Power Savings Program is a free service providing eligible low-income households with a power savings kit, an assessment by an energy expert and an action plan. The NSW Department of Environment, Climate Change and Water has said that the Home Power Savings Program can help households reduce their energy consumption by up to twenty percent. Eligible households can access the program by calling 1300 662 416.

Customer Hardship Programs

All electricity retailers are now obliged to have Customer Hardship Charters that are publicly available on their websites. Under these charters, consumers who are experiencing payment difficulties have access to two payment plans and some additional protection from disconnection.

Combining emergency assistance, targeted concessions and programs to assist people make long term savings, goes some way to combat rising prices.

Carolyn Hodge, Senior Policy Officer



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A RIGHTS APPROACH TO URBAN WATER REFORM

In September 2010, the Australian Government Productivity Commission announced an inquiry into Australia's Urban Water Sector. The Commission's Issues Paper poses six key questions to guide the inquiry. The first asks: What are the objectives that should guide reform of Australia's urban water sector? PIAC argues that affordability must be one of the primary objectives to guide Australia's urban water sector. As water is an essential service, ensuring households have adequate access to an affordable, appropriate quantity and quality of water is part of Australia's international human rights treaty obligations under the International Covenant on Economic, Social and Cultural Rights (ICESCR).

Affordable Water – a basic human right

PIAC contends that everyone is entitled to a supply of water necessary to secure an adequate standard of living. This reflects Australia's obligations to protect, promote and fulfil human rights as a State Party to international human rights treaties including the ICESCR. In particular, PIAC notes the right to water as a component of the 'right of everyone to an adequate standard of living' set out in Article 11 of the ICESCR, and as a component of the 'right of everyone to the enjoyment of the highest attainable standard of ... health' set out in Article 12 of the ICESCR.

The treaty body for the ICESCR, the United Nations Committee on Economic, Social and Cultural Rights, in its General Comment No 15 of 2002¹, observed:

1. ... The human right to water is indispensable for leading a life of human dignity. It is a prerequisite for the realization of other human rights ...
2. The human right to water entitles everyone to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use.

12. (a) Availability. The water supply for each person must be sufficient and continuous for personal and domestic uses. These uses ordinarily include drinking, personal sanitation, washing of clothes, food preparation, personal and household hygiene. The quantity of water available for each person should correspond to World Health Organization (WHO) guidelines. Some individuals and groups may also require additional water due to health, climate, and work conditions;

...

12. (c) Accessibility. Water and water facilities and services have to be accessible to everyone without discrimination, within the jurisdiction of the State party.

Unfortunately, many NSW households experience difficulty paying their water bills and some have their water supply restricted due to their lack of capacity to pay. PIAC is concerned that water price increases will undermine household access to a supply of water adequate for essential purposes including drinking, cooking, washing and cleaning.

PIAC has submitted that, in reforming Australia's urban water sector, the Government must pay due regard to its obligations under the ICESCR. Specifically, this means that the Government must treat water as an essential service and, it must ensure that households are guaranteed adequate access to an affordable, appropriate quantity and quality of water.

Footnote

¹ Substantive Issues Arising in the Implementation of the International Covenant on Economic, Social and Cultural Rights, UNCESCR, General Comment No. 15, 29th sess, UN Doc E/C.12/2002/11 (2003).

Louis Schetzer, Research and Policy Officer



ENERGY + WATER CONSUMERS' ADVOCACY PROGRAM
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JACKGREEN'S DEMISE – HEADACHES FOR FORMER CUSTOMERS

In December 2009, Australia's largest specialist renewable retailer, Jackgreen, fell into voluntary administration and was suspended from the national energy market by the Australian Energy Market Operator (AEMO). Jackgreen had approximately 47,000 energy customers in NSW, a significant proportion of whom were low-income earners and people on a fixed wage. PIAC understands that many of these customers have experienced difficulties and hardships since Jackgreen was placed in the hands of its receiver.

Problems that have come to PIAC's attention include the following.

Customers in credit unable to secure refunds

The original billing model of Jackgreen was based on regular payments made in advance. This resulted in many customers having a credit balance in December 2009, at the time Jackgreen went into administration. These customers are now faced with the difficulty of securing refunds of their credit payments from the Administrator/Receiver Managers, as they are now regarded as unsecured creditors of Jackgreen.

Incorrect and estimated final bills

Several customers have expressed concern that payments made by them to Jackgreen have not been acknowledged or noted in invoices, demands for payment, or in the final bill. In addition, some customers have expressed concern that payments made after 18 December, when Jackgreen went into administration, have not been taken into account in the final bill provided by Jackgreen. Moreover, customers have expressed concern that their final bill from Jackgreen was based on an estimated meter read, and not on actual electricity usage, and that therefore the bill is not an accurate reflection of their electricity consumption for the billing period. These problems have been complicated by the fact that customers disputing current or previous accounts with Jackgreen have been unable to discuss their concerns directly with Jackgreen since it was placed in administration. While the Energy & Water Ombudsman NSW (EWON) has been working with the Receiver Managers, it is likely that several of these matters will remain in dispute, with no resolution for the

customers involved.

Hardship customers no longer having access to payment plans

There remains considerable uncertainty for customers in financial hardship who entered into affordable payment arrangements and payment plans with Jackgreen prior to it being placed in administration. In addition, other customers may be in need of flexible payment plans as a result of being issued final bills from Jackgreen. The Receiver Manager has previously advised EWON that they consider Jackgreen's customer hardship policy is no longer relevant to the changed circumstances, and that they will pursue arrears more aggressively. This means that some customers in hardship with unpaid arrears have been placed in considerable difficulty with their debts being on-sold to debt collection agencies with additional charges and fees being added, and intimidating and aggressive debt collection strategies employed. Many customers have been credit listed, which has significant consequences, often disproportionate to the small amounts of debt involved. These customers will face increased difficulties in obtaining credit in the future.

Increased fees charged by debt collection agents

For those customers whose unpaid arrears are on-sold to debt collection agencies, there is a further adverse consequence with the agents then charging a 20 per cent levy on the debt amount as a so-called "collection fee". This additional fee places a further strain on customers who were already in financial hardship and facing difficulties in meeting their account payments.

PIAC, together with EWON and the Consumer Credit Legal Service, is monitoring the impact of the conduct of the Jackgreen Receiver Managers on former customers, particularly those in financial hardship. PIAC is particularly paying close attention to the activities of debt collection agents in pursuing unpaid arrears, and the imposition of excessive collection fees on those accounts. PIAC notes that the Jackgreen license was cancelled on 30 November 2010.

Louis Schetzer, Research and Policy Officer

WIN FOR SYDNEY WATER CUSTOMERS (AND PIAC)

Across NSW, electricity and gas retailers are required to develop and comply with hardship charters or policies that oblige them to provide assistance to customers experiencing difficulty paying their energy bills. Unfortunately, customers of NSW water utilities have not been afforded the same level of consumer protection. PIAC has long argued that, along with energy, water is an essential service and that customers of water utilities must be afforded the same level of protection as energy customers.

Late in 2009, PIAC had an opportunity to press this case when the Independent Pricing and Regulatory Tribunal of NSW (IPART) began its review of the Sydney Water operating licence and customer contract. PIAC prepared a submission that advocated that the new operating licence oblige Sydney Water to develop a hardship policy that ensures customers and consumers experiencing hardship are not disconnected or restricted from water supply due to an inability to pay. The New South Wales Council of Social Service (NCOSS) also advocated for a hardship policy at the IPART public hearing.

PIAC is pleased to report that, in early 2010, IPART agreed with PIAC's recommendation and determined that Sydney Water must develop and comply with a hardship policy from July 2010.

PIAC also notes and welcomes that Sydney Water has indicated a commitment to go beyond the regulatory minimum standards and develop a quality hardship policy that approaches industry best-practice.

To read the current version of the new policy – to be further updated later in the year – go to: www.sydneywater.com.au/Publications/Policies/PaymentAssistancePolicy.pdf

Mark Ludbrooke, Former Senior Policy Officer

Farewell Mark and Welcome Carolyn

Sadly, EWCAP said farewell to Senior Policy Officer, Mark Ludbrooke in October 2010. Mark has moved to another role in the community sector. All at PIAC wish him well and thank him for all of his efforts over the last two and a half years.

Carolyn Hodge has taken on the role of EWCAP's Senior Policy Officer. Carolyn brings experience in consumer advocacy and she can be seen on PIAC's website talking about energy poverty in four short clips. Carolyn can be reached on 02 8898 6520 or at chodge@piac.asn.au. Check out the clips on energy poverty @ www.piac.asn.au/energy-poverty.

CHANGES TO THE NSW SOLAR BONUS SCHEME

In response to the concerns about cost blowouts and the associated burden on low-income households, the NSW Government has announced changes to the Solar Bonus Scheme.

The Solar Bonus Scheme is a program of the NSW Government that provides households with an incentive to install small-scale solar photovoltaic panels. This is done by paying households a premium tariff for the electricity they generate, the cost of which

is spread among all electricity users across the state.

PIAC supports actions that reduce carbon emissions. However, PIAC is concerned about low-income households and renters being forced to contribute to the cost of the scheme, without gaining the financial benefits of participating in the scheme.

In October 2010, the NSW Government reviewed the scheme after an unexpectedly large uptake. To ensure no future

cost blow-outs, the tariff paid under the scheme was reduced from 60c p/kWh to 20c p/kWh. The scheme was also capped at 300 megawatts. PIAC considers that by reducing the exposure of low-income households to the costs of the scheme, the burden on low-income and other vulnerable households at a time of already increasing energy prices will be reduced.

More information can be found at <http://www.industry.nsw.gov.au>

Joel Pringle, Policy Officer