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Ms Louise Sylvan AM
Department of Social Services
71 Athllon Drive
Greenway ACT 2900

By email: Financial.Counselling.Review@dss.gov.au

Dear Ms Sylvan

Review of the coordination and funding of financial counselling services across Australia

The Australian Energy Regulator (**AER**), along with our Customer Consultative Group¹ (**CCG**) members, strongly support this review of the coordination and funding of financial counselling services.

The AER works to put consumers at the centre of the transitioning energy market, as we play our part in delivering secure, reliable and affordable energy future for Australia.² Our work is guided by five key strategic objectives, including driving effective competition, equipping consumers to engage effectively, and protecting those who are unable to safeguard their own interests. The AER has established the CCG to provide advice in relation to our functions under energy laws. The CCG provides a forum for participating members to inform the AER about issues in the energy market affecting the groups they represent.

Financial counselling services play a critical role that many disadvantaged Australians rely on, including those struggling to pay their energy bills. Our experience tells us that when people are struggling to pay their energy bills, they are also likely to be experiencing broader financial difficulties. Financial counselling can provide an important pathway through these challenges and help get disadvantaged Australians back on track.

We understand that many of these services are under strain with long waiting times. As such, increasing the predictability, sustainability and stability of funding for

¹ <https://www.aer.gov.au/about-us/customer-consultative-group>

² Australian Energy Regulator, *Statement of Intent 2017-18*,
<https://www.aer.gov.au/system/files/AER%20Statement%20of%20Intent%202017-18.pdf>

financial counselling services across Australia will help ensure that disadvantaged Australians who need this help can access it in a timely way.

Ensuring that financial counselling services are appropriately funded going forward, including by examining other funding models, will help these services to meet better demand and reduce wait times for help and advice. We understand that financial counselling services are generally very cost effective service and greater certainty over ongoing and sustainable funding will better support the delivery and improvement of these important services going forward.

The ACCC's retail electricity pricing inquiry final report³ recommended that governments should fund an extra \$43m for consumer and community organisations to provide targeted support to assist vulnerable consumers to improve energy literacy. It suggested this could be modelled on QCOSS' Switched on Communities program.

We also see a need for increased funding for financial capability workers, No Interest Loan Schemes (NILS) and home energy audits alongside financial counselling services to better support energy customers in vulnerable circumstances.

Some energy retailers have partnerships with not for profit organisations (like Kildonan, Uniting Communities, Vinnies) that support financial counselling to assist with energy affordability issues which has been valuable. Similarly, some financial institutions (like NAB) supports NILS to help consumers improve the efficiency of their household appliances. Financial capability workers work in tandem with financial counsellors to help Australians navigate systems, access government services and concessions and avoid scams. They also help customers develop budgeting skills, negotiate payment plans and avoid disconnection from essential services.

Financial counselling services can be an important source of advice for energy customers being assisted by their retailer under hardship programs. Through our work, we identified an opportunity to build on the experience and expertise of consumer representatives, financial counsellors and energy retailers to improve the ways in which retailers considered their customers' capacity to pay when establishing payment plans. This led to the development of our Sustainable Payment Plans Framework.⁴

The Framework makes it clear that financial counselling services should not be unnecessarily burdened by energy retailers referring customers to their services. It sets out that a referral to a financial counsellor must not be a prerequisite to customers starting or continuing on a payment plan, but may be necessary if the customer's financial difficulties are severe, if the customer does not want to discuss

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https://www.accc.gov.au/system/files/Retail%20Electricity%20Pricing%20Inquiry%E2%80%94Final%20Report%20June%202018_0.pdf

⁴ Australian Energy Regulator, *Sustainable Payment Plans Framework*, <https://www.aer.gov.au/system/files/AER%20Sustainable%20payment%20plans%20framework%20-%20Version%201%20-%20July%202016.pdf>

their financial situation with the retailer, or if the retailer and customer cannot agree on a payment plan.

We have recently amended the data we collect from retailers to better understand the number of customers being referred to hardship programs via financial counsellors and will be monitoring this area going forward.

We fully support this review and hope you are able to consider this late submission. We would be happy to discuss any of the above, please contact me on (03) 9290 1910 if you would like to discuss our submission in more detail.

Yours sincerely,



Angela Bourke
Acting General Manager
Consumer & Markets Branch