

# QCOSS

Queensland Council  
of Social Service

*Submission to Australian Energy  
Regulator Better Regulation Program*

*Comments on Draft Consumer Engagement  
Guidelines for Network Service Providers*



*16 August 2013*

## **About us**

The Queensland Council of Social Service (QCOSS) is Queensland's peak representative body for the community services industry. For more than 50 years QCOSS has been a leading force for social change to eliminate poverty and disadvantage. With more than 600 members, QCOSS supports a strong community service sector.

QCOSS is funded by the Department of Energy and Water Supply and Department of Justice and the Attorney-General for an energy consumer advocacy project in Queensland. The purpose of this project is to advocate on behalf of Queensland consumers and particularly vulnerable and low income households in relation to energy matters. This work is supported by an advisory group involving other key consumer groups in Queensland.

## **Introduction**

The Queensland Council of Social Service (QCOSS) welcomes the opportunity to provide a short submission on the Draft Consumer Engagement Guidelines for Network Service Providers (NSPs) as part of the Australian Energy Regulator's (AER) Better Regulation Program.

The growth in electricity prices, and particularly the network cost component of prices, has significantly outpaced growth in incomes and CPI in recent years. Network costs now make up over 50 per cent of the price paid by Queensland electricity consumers. These costs have contributed to a growing proportion of consumers struggling with energy bills, incurring debt with retailers and/or being disconnected from electricity supply for non-payment. The impact of network costs on consumers is significant and it is therefore important that the interests of consumers are considered throughout the decision making processes of all NSPs.

Unfortunately, a major impediment to ensuring quality consumer input into NSP consultations and processes is the limited resources available to consumer representatives relative to the diversity and number of formal and informal opportunities for input, and the expertise and time which is required to provide quality responses. This is in direct contrast with NSPs who have access to significant funding, staff, technical expertise, and data, to run multiple consultation processes and undertake in-depth analysis on complex issues at relatively short notice. QCOSS believes an acknowledgement of this significant resource gap is important in setting the context for our comments on this Guideline and the importance that it is adopted with genuine and whole-of-organisation commitment by NSPs.

## **Comments on Overview (p6)**

QCOSS is pleased with the direction of the Guideline in terms of providing best practice principles alongside examples and suggestions for consumer engagement. It is critical that the guideline is not too prescriptive as there is a risk NSPs might then view consumer engagement as a compliance exercise, rather than undertaking the necessary shift to embed genuine consumer engagement in the corporate culture of their businesses and day-to-day operations. Like many consumer representatives, QCOSS has experienced consultation

processes in the past which have appeared to be 'box-checking' exercises designed to enable the other party to tick off that that consumers were consulted. This is not an effective outcome for NSPs, consumer advocates, or end consumers in any way, and we are pleased to see the AER's approach to the guideline has been carefully considered to avoid this situation.

### **Comments on Best Practice Principles (p8)**

We agree that it is important for NSPs to involve consumers early and throughout the consultation process. Individual consumer advocates are typically involved in multiple consultation processes at one time – not just with other NSPs but also with other parties across the energy market, as well as consultations in other industries and on broader areas of importance to their constituency, such as other essential services or social policy issues. For this reason, it can be difficult to allocate appropriate resources to provide well-informed and valuable responses to complex NSPs consultations within short timeframes.

For this reason, QCOSS would particularly value the provision of a forward schedule of consultation processes that NSPs expect to hold ahead of time. This could be a key element NSPs to introduce to meet the principle of accessibility contained within the guideline. It would allow consumer representatives to allocate resources in advance, and better manage other timeframes and priorities. It would also allow more lead time to undertake in-depth research and gather evidence/data to improve the quality and value of input provided to the NSP. Many of the community groups that QCOSS engages with to gather feedback are under-resourced and/or staffed by volunteers so it can be challenging to coordinate and gather critical input from those groups within strict deadlines. A forward schedule would also provide more time to enable consumer groups to prepare applications for grants to undertake specific research on priority issues. Any assistance NSPs can provide to assist consumer groups in managing priorities and short timeframes would be greatly beneficial.

QCOSS also agrees it is important for NSPs to create opportunities to share expertise and information. We support greater information sharing and transparency including making any data/advice obtained publicly available and providing direct contact points within the NSP for further questions and in-depth discussion of issues where necessary.

Also, there is an opportunity for NSPs to assist in improving the quality of consumer input over time by helping to address to knowledge gap. This could be achieved by providing opportunities for consumer representatives to participate in industry forums, events and conferences, in particular by facilitating attendance where registration or travel costs might be barrier to participation.

### **Comments on Priorities (p10)**

In setting priorities, QCOSS believes NSPs should ensure their consultation reflects the diversity of the consumer base relating to the particulate decision/process. There is a diversity of organisations offering different consumer perspectives, many of which have strong direct links to consumers and community organisations which assists with gathering

feedback and understanding the flow-on impact of electricity issues on other policy areas, such as housing, employment, health, environment, social inclusion and broader cost-of-living concerns. QCOSS believes understanding the customer base and proactively engaging with the organisations which represent those customers is a critical step in the process. While the energy market is becoming more nationally consistent, the needs of and views of consumers will always remain diverse. As such it is will be important for NSPs to continue to engage with range of consumer groups in their consultation process, rather than viewing any one group as a single representation of consumer interests. We believe there is a role for NSPs to encourage the involvement of more consumer groups in energy advocacy by coordinating workshops and other opportunities for groups to learn and share information with both NSPs and each other. Notes from these workshops could be recorded and included as input to reduce the need for individuals to prepare formal written submissions.

### **Comments on Results (p12)**

In articulating the outcomes of consumer engagement processes we believe it is important for NSPs to articulate how they intend to balance a diversity of views and responses. It is likely that a variety of responses could be received from different groups and through different channels, such as focus groups, online surveys, written submissions from consumer representatives, feedback from a workshop setting, etc. Where consumers have been engaged through focus groups or other direct questions it will be important that data obtained is independent and free from bias in terms of the context in which questions were framed or the level of understanding of consumers about the impacts or broader implications of the responses they provide.

Given the inherent difficulties in gathering accurate consumer data, particularly behavioural data or information about personal circumstances, community groups face challenges in adequately collecting and reporting on their activities to generate data for input into consultative processes. Consumer groups can have difficulties accessing the detailed level of research that is available to industry. While there is often strong anecdotal evidence about emerging consumer issues or the likely impacts of proposals, it can be more challenging to obtain quantitative evidence to develop a picture of the issues faced by consumers or the likely impacts of proposals.. This is compounded by the fact that community groups are often under-resourced and/or staffed by volunteers which presents a barrier to drawing out effective data. However, a lack of solid data does not mean input is not accurate or important. QCOSS believes this type of anecdotal or informal input should be considered by NSPs and balanced against focus group information or quantitative data to reflect an accurate and holistic picture of the experiences of consumers.

### **Comments on Evaluation and Review (p12)**

We support the inclusion of an expectation that NSPs will periodically evaluate and review the effectiveness of their consumer engagement processes. We would suggest an additional example could be included that NSPs could ensure they regularly ask consumer representatives for feedback on their satisfaction with consultation processes and opportunities for improvement. We would also suggest that the AER build an evaluation and review mechanism into the Guideline itself to assess whether it has been effective in achieving its purpose over time.