

# **We must learn how to ‘live differently’ and ‘keep a lid on energy debt’ until this is over: message from energy industry roundtable**

**20 August 2020**

## *Electricity and gas*

Learning how to live ‘differently’ until an effective vaccine is available while preventing energy debt from getting out of control and protecting the most vulnerable were the key messages heard at a roundtable hosted by the state’s energy regulator today.

With Minister for Energy, Environment and Climate Change, the Honourable Lily D’Ambrosio as guest speaker, more than 60 representatives from the energy sector, government and support agencies came together for the roundtable hosted by the Essential Services Commission.

Commission chairperson Kate Symons convened the roundtable to discuss the latest on the impact of the coronavirus pandemic on Victorian households and businesses with a focus on energy bills and debt.

The group heard that while bad debt is not growing as quickly as expected, there are concerns the scaling back of JobKeeper represents a ‘looming cliff-face’ that will take years to overcome.

Several of the major retailers repeated a commitment to keep Victorian households and businesses connected, saying ‘everyone who asks for help gets help’.

The big retailers urged the regulator to consider delaying compliance deadlines for new regulatory obligations which are due to come into effect in the near future.

# Transcript

Good afternoon everyone and welcome to today's energy industry roundtable.

My name is Kate Symons and I am the chairperson of the Essential Services Commission.

## Acknowledgement of country

To start, I'd like to acknowledge the Traditional Owners on all of the lands we're meeting on today and pay my respects to Elders past, present and emerging.

I would like to acknowledge the connection that Indigenous Australians hold to country and culture, particularly at this time of great uncertainty.

## Welcome and introductions

To start I would like to welcome you all to today's meeting. It has been two months since we last met like this and I'm pleased that so many of you have again made time to come together.

Since the start of this pandemic we have made it a priority to reach out to you – and your counterparts in the community and help sectors – to ensure we understand what is happening for you and your customers at this time.

During these roundtables we have sought to ensure we make time to hear directly from you so that our decisions are underpinned by what is happening on the ground.

We have also shared information with you about the impact of the pandemic on Victorian households and small businesses, this includes information provided by you as well as consumer surveys.

Today we want to continue with that formula, of listening and sharing, as well as explore some key questions about how we should respond in the short to medium term.

## Introductions

Today, we have a special guest to welcome to the roundtable, Minister D'Ambrosio, who I am pleased to say will be addressing the roundtable, but right now if I would like to introduce my fellow commissioners and senior leaders from the commission.

- My fellow commissioners: Sitesh Bhojani - Simon Corden - Rebecca Billings.
- Our director of energy – Sarah McDowell
- Our director price, monitoring and regulation – Marcus Crudden
- Our head of strategic communication - Michelle Bryne
- Our senior regulator manager energy reform - Aaron Yuen
- Our senior regulator manager compliance – Con Sagonas
- And just noting our CEO John Hamill is an apology today.

## **Attendees**

And I would like to welcome around 40 representatives from energy businesses of all sizes from across Victoria as well as peak bodies.

I will quickly run through the organisations represented – my apologies for any omissions as we did have a few late acceptances.

## **Retailers**

AGL, Alinta, EnergyAustralia, Lumo Energy, Red Energy, Origin Energy, Simply Energy, Momentum, Tango Energy, 1st Energy, CovAU, Elysian Energy, GloBird Energy, Powerclub, WIN Connect, Next Business energy, BlueNRG, , Energy Locals, PowerShop, Amaysim, Sumo.

## **Distributors**

Jemena, Citipower, Powercor, United Energy, AusNet Electricity and Gas Services, Australian Gas Networks, Multinet Gas.

## **Industry peak bodies**

## **Observers**

The Energy and Water Ombudsman Victoria is joining us today as is the Australian Energy Regulator along with representatives from the Department of Treasury and Finance and the Department of Environment Land Water and Planning.

Thank you for giving up your time to be here today.

## **Address by Minister D'Ambrosio**

Now to introduce today's special guest - we have the Minister for Energy, Environment and Climate Change and Minister for Solar Homes, the Honourable Lily D'Ambrosio.

Minister D'Ambrosio has represented the electorate of Mill Park since 2002 and was elevated to cabinet as Minister for Community Development in the Brumby government in 2010.

Minister D'Ambrosio has held the energy portfolio for the Andrews government since December 2014 and before that, was shadow minister for energy going back to December 2010 – so you might say she is somewhat familiar with the sector.

Minister D'Ambrosio has indicated she is able to take a few questions today after her address, so while we hear from the minister, feel free to get your questions ready.

Thank you and welcome minister.

*The minister provided an overview of the measures being delivered by the Andrews Government to support customers during the pandemic, including their \$3.7 million package to fund additional financial counselling services. The minister also provided her observations on the impact of the pandemic on the energy sector.*

Thank you minister – for your time and your contribution to today's discussions.

For me, I think it's important to show how we're all working together – government, the regulator, the industry and the community sector to support households and small business at this time.

## **Update from the commission**

I would like to take a few minutes now to give you an update from the commission – what we are doing, what we've learned and what is coming up.

This morning you might have seen the [latest energy data release](#) that shows the impact the coronavirus pandemic is having on Victorian households and small businesses.

This data was collected before the introduction of stage 4 restrictions on 5 August, so the impact of the further lockdown is not yet clear.

But what last month's data showed is that during July, fewer households were reaching out to you, their energy companies, for help.

It also showed that the proportion of residential customers who cannot pay at all had fallen to its lowest level since April.

This could mean the situation for households stabilised somewhat in July – or it could be a lull in the storm – we won't know until we see more data.

The July numbers did however show a significant deterioration for Victoria's small businesses who have fallen further behind with their bills.

The average amount small businesses owe has increased significantly over the last four months.

Small businesses in assistance programs are falling further behind with average arrears for electricity growing by 20 per cent for electricity (from \$1,180 to \$1,413).

And the situation is even worse for gas with average arrears growing 30 per cent (from \$1,139 to \$1,486) between April and the end of July.

Additionally, the amount being deferred by small businesses to pay later has also increased by five percent (from \$2,461 to \$2,590) for electricity customers and 12 per cent for gas (from \$1,623 to

\$1,1813) between June and July,” she said.

These numbers are a worrying indicator of emerging hardship that could be just the tip of the iceberg.

## **On disconnection**

My fellow commissioners and I have been pleased to note that, on the whole, the sector is continuing to support customers by not disconnecting for non-payment and offering a range of help to those who are struggling.

In relation to disconnection, we expect retailers and distributors alike to be mindful of the health and safety implications of stage 4 restrictions.

Can I thank you for your cooperation during these unprecedented times in the interests of all Victorian customers.

The importance of ensuring that customers are appropriately supported in managing their energy bills has never been more pertinent.

We expect that you have effective strategies in place to engage with and support your customers as required by the payment difficulties framework.

Our request to you is to work together to ensure that as a sector everyone is working together to ensure you are meeting your obligations.

As always, please reach out to the team through Sarah and Aaron if you have any concerns or queries about your obligations.

## **On payment difficulties**

On a positive note I wanted to talk to you about some new consumer survey data which shows the energy retailers, on the whole, are doing your bit in supporting customers at this time.

The survey of 626 Victorians was conducted for us by Roy Morgan as part of additional research being coordinated by the Consumer Policy Research Centre.

The survey showed that while 21 per cent of Victorians are concerned about their ability to pay their energy bills, just 17 per cent tried to find a better deal in the past four months.

Of the 11 per cent of Victorians who contacted their retailer, the vast majority - 86 per cent- were offered help.

From arranging a better energy deal, to offering flexible payment plans and information on applying for government assistance grants.

For us this is a positive sign that retailers are taking their obligations to support customers experiencing payment difficulties seriously.

## **Energy retailer pulse check**

This result was largely borne out in the results of the recent pulse checks we conducted to confirm retailers have systems to support customers - as required by the payment difficulties framework.

The results of the pulse check enabled us to assess the ability of energy retailers to support customers experiencing vulnerability during this challenging time.

I would like to acknowledge the positive response of many energy retailers but also remind retailers of the need to continue monitoring trends in customer data and to report this data as well as potential compliance breaches to us.

These results will allow us to continue to evaluate the effectiveness of our protections for customers experiencing payment difficulty and family violence.

We will also use this information to inform our stakeholder engagement and education activities going forward.

## **On vulnerability**

As you all know, over the past five years, the commission has demonstrated our role in supporting consumers experiencing vulnerability across our regulatory work through various reform programs.

The payment difficulty framework and our award-winning family violence reforms have been some of the highest profile and, more importantly, effective in reducing customer harm.

These reforms have been carefully designed – with extensive engagement with you, our key stakeholders, to ensure we have in place targeted protections and support for consumers experiencing vulnerability in our regulated sectors.

I spoke with the water sector earlier this week, as we announced that the policy approach and principles agreed to by National Cabinet in April have been enshrined in our water customer service codes.

At that forum I also made the point, like I have in previous energy forums, that we expect customers who can pay their bills should continue to do so.

I took the opportunity to also reiterate the importance of existing customer protection provisions, in particular the protections in place for customers affected by family violence.

We are mindful of the reported increase in family violence incidents through the coronavirus pandemic and the impact this is having on your customers.

The shared commitment we made to supporting customers affected by family violence when the new rules came into effect in January of this year has never been more important.

As I reminded the water businesses this week, our expectation for you to meet your obligations related to family violence remains unchanged – and I acknowledge the work that you and your staff have done in this area to date.

The group then provided input on the immediate challenges facing the sector at this time.

Thank you everyone for your candid comments. As I said at the beginning of today's meeting, we have convened this – our third energy industry roundtable to ensure we hear directly from you so that any decisions we make over the next few months continue to be well informed by what is happening out there, in the real world.

**In closing**



Can I take this opportunity to acknowledge and thank you, and the businesses you represent, for your efforts to date.

I know that like us, all businesses are working in new ways to look after their own staff, address customer needs, and liaise with government and other bodies.

I have been heartened to hear energy businesses making promises to put their customers at the forefront of their thinking, who are showing they as committed as we are to supporting the community in these difficult times.

Thanks again and I look forward to seeing you again next time.

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