



# Work Program 2019-20

Essential Services Commission



***All timings listed, except for legislated dates, are subject to change and alteration.***

**An appropriate citation for this paper is:**

Essential Services Commission 2019, Work Program 2019-20, 1 November

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# Work program 2019-20

The work program 2019–20 is a summary of our annual operational plan.

The plan outlines our key priorities for the year in the context of a three-year strategy describing the key environmental factors, opportunities and risks affecting our work. It identifies key projects, performance measures and targets for the year as well as indicative timeframes for the release of public reports and decisions.

## Meeting the demands of our regulator environment

Our priorities reflect our need to respond to key environmental challenges and opportunities.



### Market effectiveness

Scepticism about the effectiveness of markets for essential services is driving more interventionist approaches to regulating these markets.

People are more sceptical about the effectiveness of some markets for essential services. This is particularly the case where there is:

- a high level of market concentration
- limited ability of customers to withdraw from the market
- a barrier to switching
- a lack of transparency about prices and/or service quality.

This has been demonstrated from findings issued by recent royal commissions and policy developments in the energy sector. These changes have led to significant reforms (including intervention) in these markets.



### The role of regulators

Regulators are increasingly being challenged to take effective and proportionate enforcement action.

Recent royal commissions have criticised regulators for developing enforcement strategies that don't use enforcement as a deterrent often enough, and fail to consider market structure risks (such as the existence of significant market power, and the inability of customers to exit markets).

The Victorian Government provided the commission with additional resources for enforcement and committed to giving it additional enforcement and information gathering powers. It's critical that we deliver on these expectations.



## Technological disruption

Technology and innovation will continue to disrupt markets and supply chains in ways that we do not anticipate.

We have seen significant disruption affect regulated sectors (such as ride-sharing and distributed electricity generation, for example).

Technical and business model innovation has the potential to disrupt markets. Developments such as blockchain may:

- disrupt markets
- transform organisational governance
- reshape supply chains.

While this can create benefits for consumers, it can also cause problems for them.



## Consumers and data rights

The Australian Government's 'consumer data right' will seek to deliver benefits for consumers through ownership of data.

The right aims to:

- give consumers the ability to safely access certain data
- promote a consumer-focused environment that encourages competition by allowing data to be shared with accredited, trusted recipients such as comparison websites
- support consumer choice and value for money.



## Economic conditions

Changing economic conditions are likely to put additional pressure on government budgets.

The Victorian economy has achieved sustained growth. However, affordability of essential services remains a critical issue for the community, particularly where incomes have been relatively flat.

The recent slowdown of the housing market in Victoria has put further pressure on state budgets and emphasises the need to deliver services efficiently and effectively.

# Our three-year strategy

In line with our reporting framework, we've set ourselves goals and targets from 2019 to 2022 that lead to specific outcomes. Here's how we aim to improve customer outcomes in Victoria over the next three years.

## Our goals

### **1. We will be a strong and fair regulator who is trusted to deliver what is in the best interests of consumers**

We will ensure that we are meeting government and public expectations as a strong but fair regulator across all of our functions. We will hold regulated businesses to account, promote behaviours that are in the best interest of consumers, and deter behaviour that is not consistent with the rules we administer.

### **2. We will be an innovative regulator that solves real problems**

We will continue to respond effectively to the changing technological environment and ensure we are well placed to:

- assess what is happening
- think about how to advise on and redesign our regulatory processes and reform our codes.

### **3. Regulated businesses deliver value for customers.**

We will continue to ensure that our regulatory systems and requirements are designed to create effective relationships between those who deliver essential services and their customers. This includes creating incentives for regulated businesses and markets to respond to and engage effectively with customers about the value that they provide.

### **4. We will deliver regulatory services effectively and efficiently.**

Everything we do needs to deliver value to Victoria consumers. We will prioritise effectively to ensure that resources are delivered in the areas that deliver the most value. We are innovative in our delivery of projects and effectively use all of the skills we have. We have a clear understanding of the effectiveness of what we do and we will ensure that we have sufficient resources to deliver on our statutory obligations.

# Priorities

Each team nominated key activities they will undertake to contribute to the delivery of our outcomes.



## Energy

- Enforcement capability: We will enhance our enforcement capability through new staff, systems, processes and training to make us become a fairer and stronger regulator.
- Code reforms: We will reform our codes, including changing the electricity distribution code and energy retail code to promote positive outcomes for Victorian consumers.
- Divisional operations: We will improve our internal operations, including structure, systems and processes, to deliver regulatory services efficiently and effectively.



## Price monitoring and regulation\*

- Victorian Default offer which will establish a fair price for Victorian electricity consumers
- Waste/recycling review which will inform the Minister for the Environment whether there are benefits to Victorians from establishing economic regulation of recycling services.
- Water price reviews for Goulburn Murray Water, South Gippsland Water and Western Water to establish fair water prices and service standards for consumers
- Port of Melbourne market rent review will assess the port's approach to setting rents to ensure customers are not being exploited
- Publish performance reports on water and our annual compliance report in local government to inform Victorians of the services they are receiving and compliance with the rate cap.

\* (includes water, local government, transport, and the Victorian Default Offer)



## Victorian Energy Upgrades

- We will continue to be a strong and fair regulator by strengthening our risk-based framework and supporting participants implementing improvements identified in our audits.
- We will innovate and create efficiencies for participants and our internal processes by progressing the work to build a new web-based registry environment that is fast, secure, intuitive, versatile and future-ready.
- We build trust with our regulated businesses and improve the transparency of our regulatory and administrative decisions by implementing a new stakeholder engagement plan.



## Strategic communication

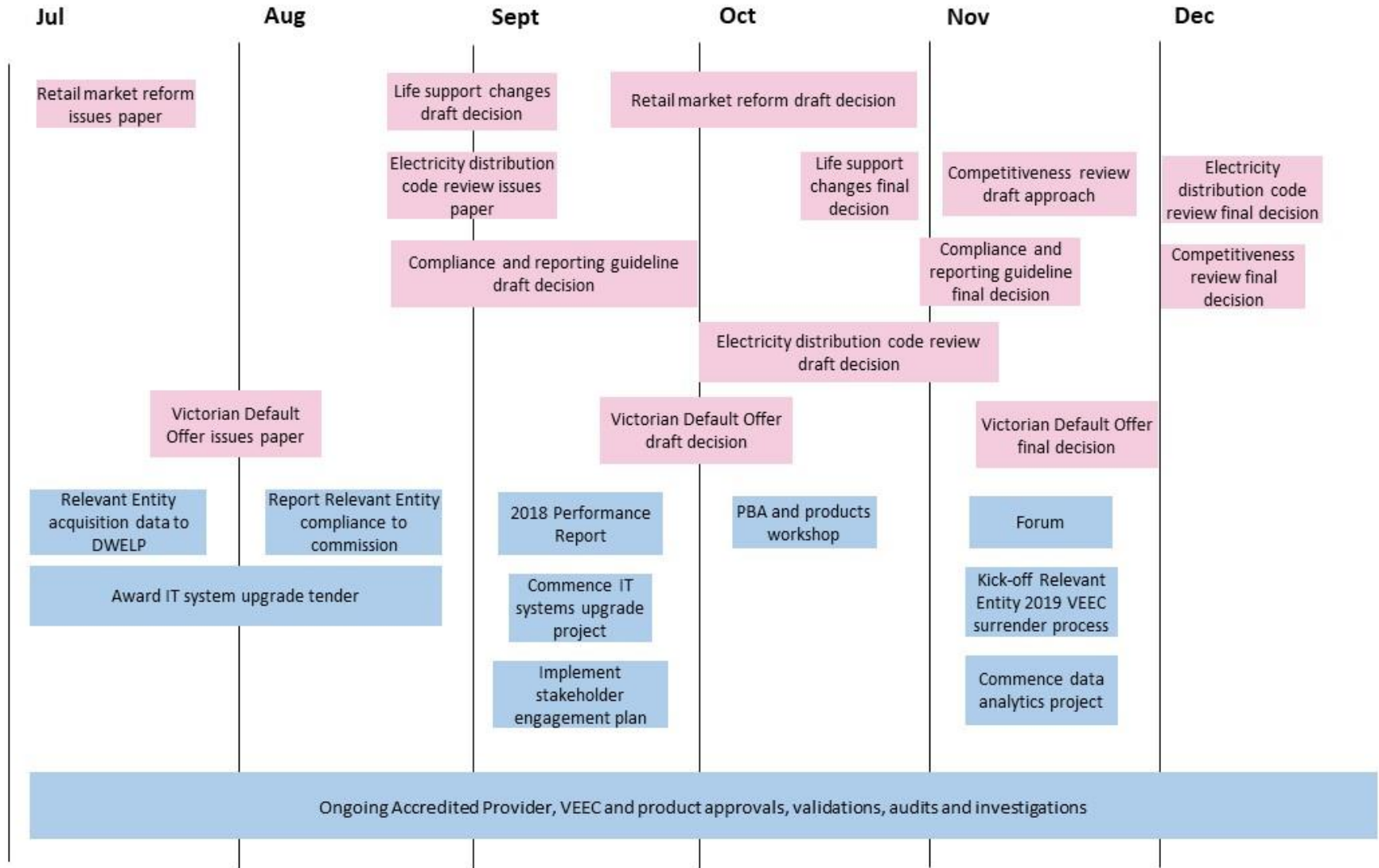
- **Stakeholder engagement strategy:** to develop a 2–3 year plan which provides more structure and support for teams in planning, delivering and learning from our engagement activities.
- **Digital strategy:** to develop a 2–3 year plan to transform our digital relationship with audiences to better meet their needs.
- **Reputation strategy:** to develop a media and reputation strategy which promotes the key themes of a strong and fair regulator that solves real problems and creates incentives for businesses to deliver value for money to customers.

# Calendar: 2019

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## Energy

## Victorian Energy Upgrades

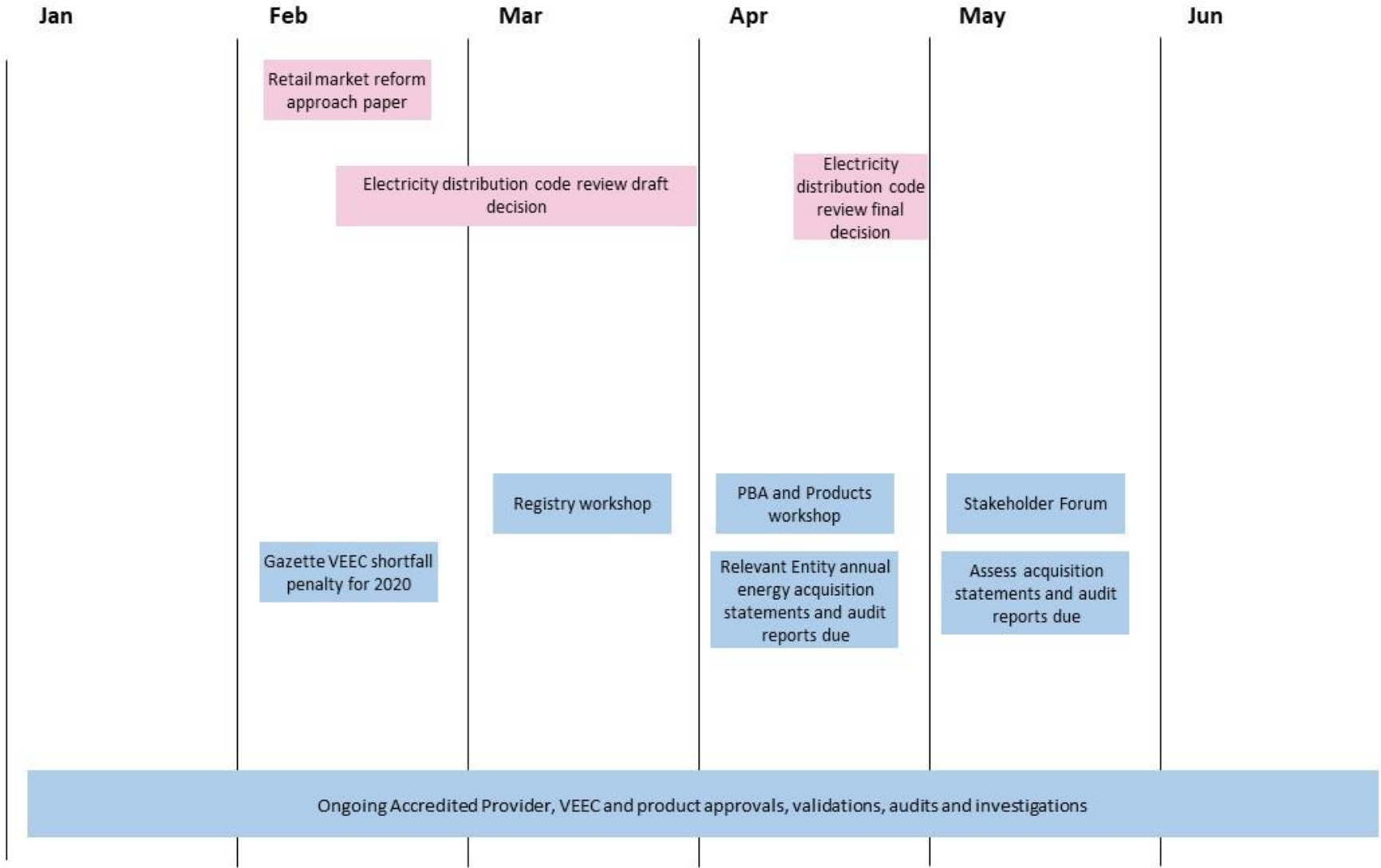




# Calendar 2020

Energy

Victorian Energy Upgrades



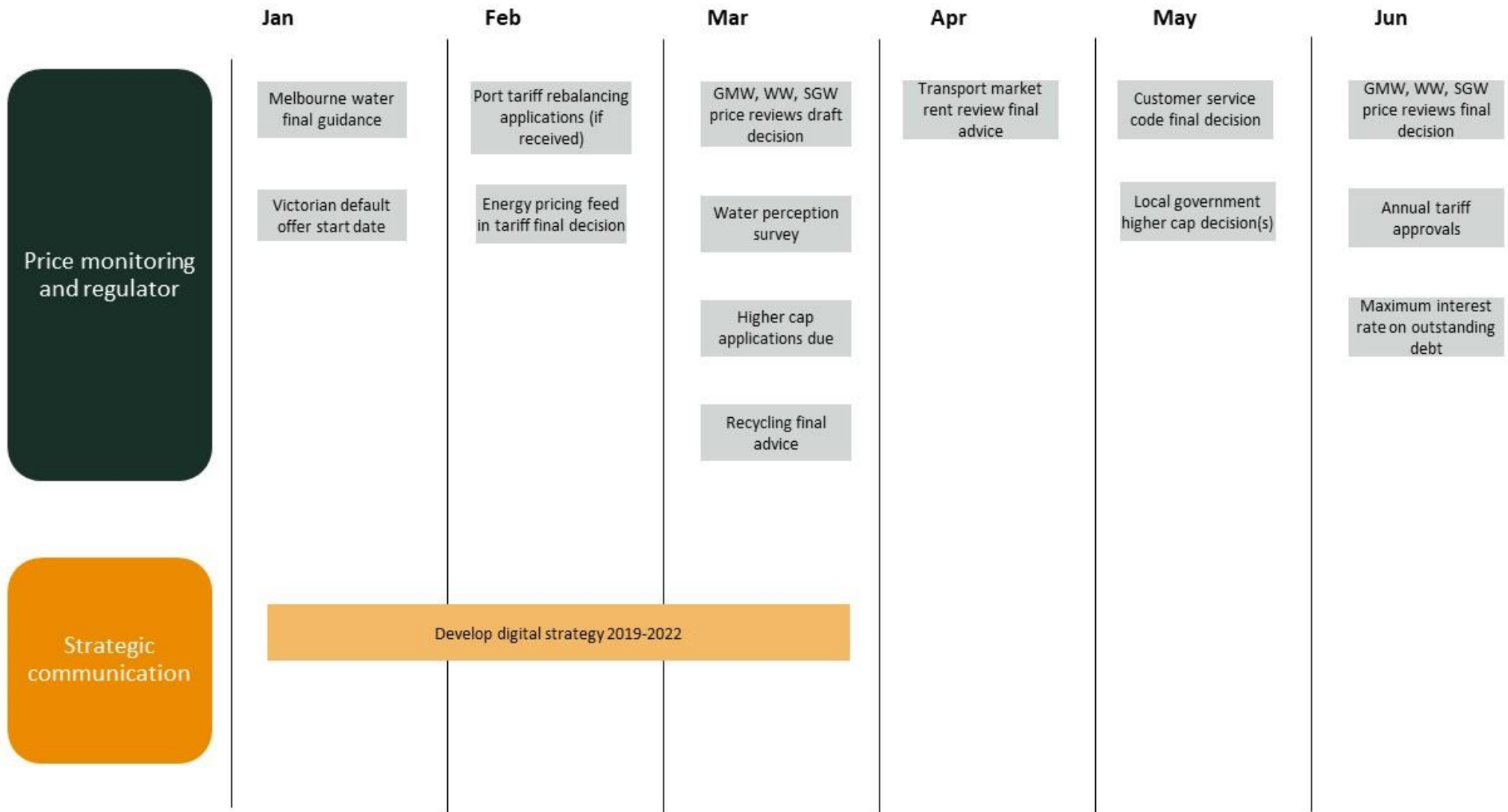
# Calendar: 2019

Price monitoring and regulator

Strategic communication

	Jul	Aug	Sept	Oct	Nov	Dec
	Victorian default offer issues paper	Family violence outcomes report	Water outcomes report	Water regulatory accounts	Port compliance statement market rent review draft advice	Water performance report
	Recycling: to be confirmed	Family violence better practice guide	Water perceptions survey	Water regulatory audits	Final decision Victoria default offer	Water Customer Code draft
		Market Rent Review consultation paper	Transport non-cash payment surcharge (if required)	Melbourne Water draft guidance	Recycling interim advice	Water perception survey
		Updated guidance material	Draft decision Victorian default offer	Local government rural and regional forums		DBI report to Assistant Treasurer
		Recycling scoping paper	Public forums	Local government compliance report		Local government rate cap advice
			Develop reputation strategy 2019-2022	Finalise and publish annual report	Publish communication and engagement plans	
					Commence digital strategy	

# Calendar: 2020



## Targets and reporting

Our annual stakeholder survey collects feedback on how we conduct and communicate information about our work. This survey provides you with an opportunity to provide feedback on:

- how the commission interacts with the sectors and the community it serves
- how well it keeps stakeholders informed and administers its functions
- the commission's processes
- the quality of its decisions.

### We have set targets for further improvement

Each group has set targets to improve on key indicators over the next year and we have overall targets for the whole organisation. Targets for 2019 have been broadly set at:

- meeting or exceeding external benchmarks
- matching or exceeding a 10 per cent improvement over two years.

Dimension	2017	2018	2019	Target 2020
Overall satisfaction	58%	61%	64%	68%
Communication to stakeholders	60%	67%	72%	75%
Stakeholder consultation and engagement	68%	75%	73%	78%
Providing information to the commission	58%	65%	66%	68%
The commission's processes	55%	62%	67%	72%
Interactions with commission staff	64%	73%	70%	75%
Outcomes and decisions	53%	59%	59%	63%

### Annual report

Our annual reports review our performance for each financial year. In 2018–19, our annual report demonstrated how we gave Victorian customers more power over their essential services through our flagship 'It's your energy' campaign, which saw at least 2.2 million Victorians over 18 hear, see or read about new consumer energy rights between June 24 and July 19 in 2019.

View more on the annual report:

[www.esc.vic.gov.au/annual-reports](http://www.esc.vic.gov.au/annual-reports).

