ESSENTIAL SERVICES COMMISSION

Getting to Fair: Advancing Equity

Just and equitable outcomes for all Victorians, today and tomorrow

An appropriate citation for this paper is:

Essential Services Commission 2026,
Getting to Fair: Advancing Equity.

Published by the Essential Services Commission,
Level 8, 570 Bourke Street, Melbourne.
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Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live. We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

Dill-ba-din Balluk Biik – Protect Community and Country
Artist: © Simone Thomson 2023

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Foreword

Questions of fairness and equity have long been part of economic regulation and policy in Australia. More than two decades ago, the Productivity Commission observed that economic reform needed to consider social, environmental, regional and distributional impacts alongside efficiency and productivity outcomes.[1] That recognition remains just as important today.

As Victoria's economic regulator of essential services, our role is to promote the long-term interests of consumers. Efficient and well-functioning markets remain central to that task. But experience has shown that strong consumer outcomes also depend on whether services are accessible, inclusive, trusted and responsive to the diversity of our community.

We see these issues in practical ways through our regulatory work and engagement with consumers and communities:

- a household unable to access a better energy offer because digital systems are difficult to navigate
- a customer falling behind on bills because support systems are hard to access or understand
- regional and First Nations communities experiencing services differently because markets and systems were not designed with their circumstances in mind.

What may appear efficient can produce poor outcomes for some consumers or communities.

Over recent years, the commission's *Getting to Fair 2021–2024* strategy helped shift our understanding of consumer vulnerability. It recognised that vulnerability is not something a person 'is', but arises when people face barriers to accessing or engaging with essential services. That work strengthened our focus on accessibility and fairness, and embedded greater consideration of consumer experiences into our regulatory approach.

This updated strategy builds on the Getting to Fair foundations. It reflects our view that fairness and equity are not separate from economic regulation, but part of achieving the long-term interests of consumers and well-functioning essential service markets.

Getting to Fair: Advancing Equity broadens our focus from individual experiences of vulnerability to the structural and system-level factors that can create, reinforce or compound inequitable outcomes over time.

This is particularly important as Victoria navigates major transitions, including decarbonisation, digitalisation and evolving service delivery models. While these changes create opportunities for productivity and growth, they may also deepen existing inequities and exacerbate cost-of-living pressures if fairness and equity are not considered deliberately and early.

Gerard Brody
Chairperson
Essential Services Commission

1 Productivity Commission, Review of National Competition Policy arrangements, April 2005.

Economic rigour and evidence-based analysis remain central to the commission's work. Efficient pricing, strong incentives, sustainable investment and well-functioning markets will continue to underpin our regulatory approach. But achieving strong long-term outcomes for consumers also requires us to consider how markets and services are experienced in practice – including who benefits, who faces barriers, and how costs, risks and opportunities are distributed over time.

Getting to Fair: Advancing Equity reflects a broader and more outcomes-focused understanding of the long-term interests of consumers. It recognises that affordability, accessibility, trust, resilience and inclusion are not secondary considerations, but important indicators of whether essential services and markets are working effectively for the Victorian community.

Our vision is for fair and dependable essential services, today and tomorrow. This strategy will help guide how we pursue that vision in the years ahead.

Gerard Brody

Chairperson
Essential Services Commission

'*Getting to Fair: Advancing Equity* broadens our focus from individual experiences of vulnerability to the structural and system-level factors that can create, reinforce or compound inequitable outcomes over time.'

Getting to Fair: Advancing Equity

Just and equitable outcomes for all Victorians, today and tomorrow.

Why we are updating Getting to Fair

As Victoria's economic regulator of essential services, we regulate Victoria's energy, water and ports sectors, administer the rate-capping system for the local government sector, and regulate the Victorian Energy Upgrades program. Our work includes setting prices, creating and enforcing consumer protections, monitoring industry performance, and supporting confidence in essential service markets and systems.

The services we regulate affect the daily lives of all Victorians. Safe drinking water, affordable and clean energy, and neighbourhood services and amenities provided by local councils are fundamental to wellbeing, participation and quality of life.

As these sectors and services evolve, so too must our regulatory approach, including how we understand consumer outcomes and particularly inequities experienced by different consumers over time.

Getting to Fair: Advancing Equity sets out how the commission will better understand the way consumer outcomes are experienced in practice. It is intended to support the commission's regulatory and decision-making work, while also informing the community about the principles and considerations that guide our approach.

Our strategy aims to support fairer sharing of the costs, benefits and risks of the essential services we regulate across Victorian consumers, including diverse consumers and groups, and future generations.

How we are evolving

Getting to Fair: Advancing Equity builds on the foundations established through our *Getting to Fair 2021–2024* strategy and aligns with our *Strategic Plan 2025–29* vision for fair and dependable essential services, today and tomorrow.

Getting to Fair: Advancing Equity is our plan to address individual and system-level inequity to improve consumer outcomes, with a continued focus on consumers experiencing vulnerability.

Our earlier strategy marked an important shift in the commission's approach to consumer vulnerability. It recognised that vulnerability is not simply a characteristic of particular individuals but can arise when people face barriers to accessing and engaging with essential services. We introduced a definition of consumer vulnerability that continues to guide our work today, highlighting the role of regulators and businesses in supporting consumers experiencing vulnerability.

Getting to Fair: Advancing Equity retains this understanding of vulnerability while broadening our focus beyond individual consumer experiences to also target the structural and system-led factors that create, reinforce or exacerbate inequitable outcomes over time.

We recognise that consumers experience essential services differently, and that barriers may arise from intersecting economic, social, geographic and systemic factors. For example, differences in service reliability, accessibility or affordability between metropolitan, regional and rural communities can both create and compound inequitable outcomes.

While the actions of *Getting to Fair 2021–2024* were primarily directed toward reducing barriers experienced by individual consumers, this strategy places greater emphasis on the broader systems, market settings and institutional practices that shape consumer outcomes over time.

Embedding equity to align economic efficiency and consumer outcomes

Our overarching legislative objective is to promote the long-term interests of Victorian consumers, having regard to the price, quality and reliability of essential services.[2] In pursuing that objective, we are also required to consider matters including:

- financial viability and competition
- the relevant health, safety, environmental and social legislation applying to the industry
- the benefits and costs of regulation
- consistency of regulation between jurisdictions
- other matters specified in empowering instruments.[3]

As an economic regulator, we view efficiency as a key driver of overall social welfare. Efficient pricing, strong incentives and sustainable investment remain central to our regulatory approach.[4] However, achieving strong long-term outcomes for consumers also requires consideration of a broader range of factors that influence how consumers access, experience and benefit from essential services, including social, cultural and environmental factors.

Getting to Fair consumer vulnerability definition

A person experiencing, or at risk of experiencing, vulnerability is someone who experiences barriers to accessing or engaging in the essential services we regulate or administer. As a result of those barriers, that person experiences economic and/or social exclusion or harm. Barriers can include event-based circumstances, systemic factors, and market-based factors.

2 Section 8, *Essential Services Commission Act 2001*.

3 Section 8A, *Essential Services Commission Act 2001*. Refer to Appendix 2 for more details about our regulatory framework.

4 Our legislation refers to providing 'incentives for dynamic, productive and allocative efficiency and promot[ing] the long-term interests of Victorian consumers' in section 1, *Essential Services Commission Act 2001*.

For example, affordability and accessibility influence consumer demand, payment behaviour and ultimately the sustainability of service provision. Informed design and engagement improve uptake and trust, while reducing dispute, enforcement and transaction costs.

Environmental and cultural heritage considerations, meanwhile, account for externalities that, if ignored, create hidden costs (for example, future remediation or climate related disruptions) that consumers eventually pay for through higher prices or degraded service quality.

By factoring these dimensions into regulatory and business decisions, we can:

- better capture the full value of resources
- strengthen the resilience of essential services
- avoid shifting costs to future consumers.

In this way, considerations of fairness and equity support – rather than sit apart from – the long-term interests of the community and well-functioning markets.

See Appendix 1 for further discussion on how our economic decision-making has adapted to promote equitable outcomes.

The regulatory framework that underpins our strategy

The commission operates within legislative and regulatory frameworks established by Parliament and governments. Our role is to implement and administer those frameworks consistently with our statutory objectives, legislative requirements and broader policy settings. Our decision-making is constrained by predetermined legislative factors and tests, and compliance with legislated processes and timeframes.

In undertaking our functions, we balance the relevant legislative considerations alongside the strategies and policies which inform our work. We are particularly guided by:

- our overarching legislative objective to promote the long-term interests of Victorian consumers, having regard to the price, quality and reliability of essential services[5]
- the matters specified in our empowering instruments (sector-specific legislation)
- organisational policies and strategies, such as our *Strategic Plan 2025–2029* and our *Compliance and Enforcement Policy*.

Getting to Fair: Advancing Equity will inform how we apply these in our regulatory work and decision-making. It supports our goal of promoting just outcomes and equitable access to essential services for all Victorians, today and tomorrow.

See Appendix 2 for more information about our regulatory framework.

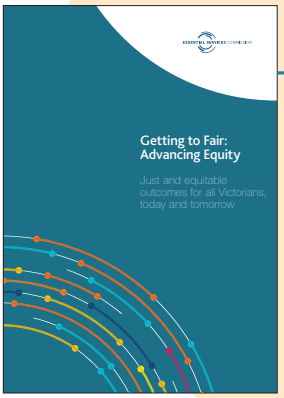
5 Section 8, *Essential Services Commission Act 2001*.

Getting to Fair 2021–2024

- **Goal:** Addressing barriers to access essential services for consumers experiencing vulnerability
- Implemented or progressed all 33 actions

Strategic Plan 2025–2029

- **Vision:** Fair and dependable essential services, today and tomorrow
- Commitment to update Getting to Fair to ensure consumers in vulnerable situations are supported



Getting to Fair: Advancing Equity 2026 →

- **Goal:** Just outcomes and equitable access to essential services for all Victorians, today and tomorrow

Figure 1: Our fairness and equity journey

Getting to Fair: Advancing Equity strategy

The goal of our strategy is to promote just outcomes and equitable access to essential services for all Victorians, today and tomorrow.

Promoting equitable access and just outcomes in the face of rapid change requires a dynamic approach. We will achieve our goal by developing and implementing two flagship frameworks and a program of priority actions.

Our strategy is flexible by design. The strategy outlines the methodological approach we will apply to identify and address inequity and unjust outcomes across the sectors we regulate. Each year we will include priority actions in our annual work program that align with the goal of our strategy. This means we can consider known issues and respond to new and emerging needs, risks and harms.

Four pillars underpin our strategy. They will support our methodological approach and the delivery of our flagship frameworks and priority actions. The pillars will also guide us as we embed considerations of justice and equity into all our work.

Figure 2: Getting to Fair: Advancing Equity strategy

Our goal

Our goal is to promote **just outcomes** and **equitable access** to essential services for all Victorians, today and tomorrow.

Just outcomes involve the fair distribution of the costs, benefits and risks of the essential services we regulate and administer across Victorian consumers and users, including different consumer groups and future generations.

Equitable access involves all consumers being able to access the essential services we regulate and administer, regardless of their circumstances.

Our goal is consistent with our Strategic Plan. In addition to guiding this strategy, it will inform our annual work program. For example, our compliance and enforcement priorities and our annual operational planning.

How we will achieve our goal

We will achieve our goal by developing and implementing two flagship frameworks and delivering a program of priority actions. Our methodological approach will guide all our work under the strategy.

Flagship frameworks

Areas of strategic focus to progress just regulatory outcomes and equitable access.

First Nations Self-Determination Framework

We have developed a *First Nations Self-Determination Framework*. This sets out our common regulatory approach to enable self-determination, address barriers, and drive equitable regulatory participation and outcomes for and with First Nations peoples. The framework outlines our approach to data, engagement, relationships and consultation, as well as how we will identify self-determined outcomes and measures of success.

Energy Justice Framework

We will develop an Energy Justice Framework to provide a common regulatory approach that supports just regulatory outcomes for consumers as the energy sector adapts to long-term change. The framework will include outcomes and measures of success.

Priority actions

Our annual work program will include priority actions to align with our priority themes. These actions will include both existing and new activities. Some actions may address more than one priority theme. We have selected these themes to enable us to address both known and emerging needs, risks and harms.

Priority actions will be published on our website.

Note: The examples below show the types of actions that align with the themes, but these are not yet actions we have committed to deliver.

Priority theme 1: Business conduct

To support the success of our strategy, the conduct of regulated businesses should align with our goal. We will influence and monitor business conduct through ongoing compliance projects, regulatory stewardship and reform. We will encourage businesses to use principles of justice, fairness and equity in their business activities, including as they apply rules, particularly rules that are principle-based. We will carefully consider implementation, recognising the costs and benefits of additional obligations and their ultimate impact on the long-term interests of consumers. This includes considering how our work aligns with existing frameworks and reforms that affect our regulated sectors.

Actions under this theme may seek to address systemic barriers that cause inequitable outcomes for different consumer or user groups. This includes reducing the barriers to individual consumers accessing existing rights and entitlements, or developing protections for future products and services.

For example:

- consumer protections for innovative products and services
- industry standards or guidance for engagement with First Nations consumers
- using data and insights to better understand consumer outcomes in our regulated markets (for example, in the Victorian Energy Upgrades program).

Priority theme 2: System-level responses

As essential services transition and respond to long-term change, we must work to address, not exacerbate, existing inequities and avoid the creation of new inequities. We recognise that different consumer and user groups can have different experiences, so we will take an intersectional approach to improve our understanding and response to inequities at a system level. This theme is not about creating more regulation but about improving and redesigning systems and reducing regulatory burden to achieve just outcomes and equitable access. Actions addressing this theme will target systemic barriers and risks of inequitable outcomes through system-level regulatory responses.

For example:

- exploring principles-based, outcomes-focused regulation to drive better consumer outcomes and reduce reliance on unnecessary prescription (for example, a consumer duty of care)
- exploring options to address systemic barriers that contribute to the higher energy costs and levels of energy debt experienced by some groups of consumers, including advocating to government to influence regulatory design
- supporting regulated businesses to better engage with Traditional Owners and address the risks and impacts of proposed activities on Traditional Owner rights and interests.

Priority theme 3: Regulatory inclusion

To achieve our goal, we must consider the impact of our actions and decisions on diverse consumer and user groups. Regulatory inclusion involves identifying how our regulatory approach, powers and tools can be used and coordinated to achieve equitable regulatory participation and outcomes for diverse consumer and user groups. Any action addressing this theme will align with our objective to promote the long-term interests of Victorian consumers and focus on ensuring our actions, policies and practices are inclusive.

For example:

- improving our relationships and engagement approaches to maximise access and participation for diverse consumer and user groups
- assessing individual and system-level impacts on diverse consumer and user rights and interests as part of our regulatory decision-making
- ensuring our regulatory activities and decisions are supported by data and evidence relating to diverse consumer and user groups.

Our methodological approach

We have developed a methodological approach to guide the work of this strategy. The methodology allows us to consider needs, risks and harms and our regulatory remit.

Our five-phase approach will:

1. Identify inequitable outcomes or consumer harm.
2. Consider our regulatory framework.
3. Design an intervention.
4. Analyse benefits and costs of intervention.
5. Monitor and evaluate benefits and costs of intervention.

Our approach will be supported by our four pillars:

- Internal capability
- Data and insights
- Consumer voice
- Consultation and collaboration.

See Appendix 3 for further details.

The pillars that support our work

The four pillars will embed consideration of justice and equity into all our work.

Internal capability

Delivering our strategy requires us to integrate equity and justice principles and approaches into all our regulatory activities and decision-making. We will do this through staff training and education, and updating our internal processes and systems.

This will support us to:

- deliver the flagship frameworks and priority actions
- identify opportunities for future actions
- embed this way of thinking in all our work.

Data and insights

Data is essential to informed decision-making. It can drive insights that help us understand inequities and whether our actions are improving outcomes.

We will use a broad range of data to:

- generate insights to inform our priority actions
- identify gaps to guide future actions
- measure the outcomes of our work.

This will include drawing from existing data sets and considering whether we need to collect more or different data to make better informed decisions. The costs of any extra data collection will be carefully considered against the benefits and impact on the goals of this strategy. This may also include disaggregated data to help us understand the gaps and the outcomes experienced by specific groups.[6] We will generally share our data and insights to promote transparency and encourage collaboration.

6 Where we collect information, data and evidence about First Nations people, we will treat and manage that information, data and evidence in line with Indigenous data sovereignty principles. For further information please see the commission's *First Nations Self-Determination Framework*.

Consumer voice

It is essential that we understand the varied experiences of consumers. This will inform our current work and help us understand what more needs to be done. Consumer voice can provide insights into the equity gaps experienced by specific groups, as well as system-level inequities.

We will:

- actively seek consumer input into our flagship frameworks and priority actions
- report back on how this input has influenced our work.

Our approach will include consumer feedback and lived experience (for example, of consumers experiencing family violence) and playing our role to enable self-determination for First Nations people.

Consultation and collaboration

We cannot achieve our goal alone. We value the knowledge, perspectives and input from interested parties, from our regulated sectors, consumer and community representatives, governments, ombuds, experts and the wider community who are affected by the decisions we make.

We will continue to play an active role in building relationships and bringing stakeholders and decision-makers together to address issues that are within our remit, as well as those that require coordinated policy, funding or regulatory responses. This will include our regular community and industry roundtables and partnering with experts to explore innovative approaches. Our Stakeholder Engagement Framework and Charter of Consultation and Regulatory Practice guide our approach to engagement.

Reporting and measuring our progress

Priority actions will be published on our website.

We will report on our strategy annually through the commission's annual report. This will include updates on flagship frameworks and priority actions.

We will develop progress measures for each of our flagship frameworks and priority actions.

We will measure the progress of *Getting to Fair: Advancing Equity* against the outcomes listed in our *Strategic Plan 2025–2029*, including:

- More customers receive their rights and entitlements.
- Data on service quality, prices and reliability drive action in addressing gaps.
- Businesses and markets actively adjust to major forces, trends and transitions, maintaining reliability.
- Earlier identification and response to consumer harm and integrity failures.

Appendix 1 – Equity, economic efficiency and consumer outcomes

Good outcomes for all Victorian consumers require consideration of a broad set of factors.

Our legislative objective is to promote the long-term interests of Victorian consumers, having regard to the price, quality and reliability of essential services.[7] Our regulatory and advisory functions are based on economic theory and performed in a manner to provide 'incentives for dynamic, productive and allocative efficiency' and promote the long-term interests of Victorian consumers.[8]

Even competitive markets can lead to undesirable outcomes, particularly in markets for essential services. This is because many of the theoretical assumptions underpinning dynamic, productive and allocative efficiency may not hold in reality. Instead, we see:

- Income constraints (for example, willingness to pay is impacted by ability to pay).
- Unequal exposure to risks (for example, high risk groups may under-consume essential goods and services).
- Structural inequities (for example, the systemic and intergenerational inequity experienced by First Peoples).
- Negative externalities that create additional costs to society (for example, water consumption exceeds the socially optimal level, increasing the risk of water restrictions across the broader community).
- Unequal access to information (for example, impacting the ability of consumers to effectively search for a better deal and switch to a different provider).
- Abuse of monopoly power and failure to innovate (for example, consumer loyalty taxes).
- Prioritisation of short-term market survival and insufficient long-term investment (for example, new entrants into the market).

Figure 3: Dynamic, productive and allocative efficiency

7 Section 8, *Essential Services Commission Act 2001*.
8 Section 1, *Essential Services Commission Act 2001*.

In the commission's view, broader social, cultural and environmental factors are also relevant to considerations of efficiency, because these factors shape the real costs and benefits that consumers bear over time. These broader factors can influence the assumptions underlying dynamic, productive and allocative efficiency, and ultimately shape the distribution of benefits and risks to consumers over time.

Failure to consider broader social, cultural and environmental factors alongside traditional measures of efficiency may result in outcomes that diminish consumers' long-term welfare. Whereas considering social, cultural and environmental factors alongside traditional measures of efficiency can better promote consumers' long-term interests through:

- Avoided social costs: health, emergency services, disconnection impacts.
- Productivity gains: reliable energy supports participation.
- Investment and innovation: future-focused consumer benefits driven by continuous improvement.
- Risk reduction: less extreme hardship reduces systemic shocks.

A market that promotes efficiency and the long-term interests of consumers will often also promote more equitable outcomes, because these objectives can and should align in essential service markets. Efficient markets encourage investment, innovation and competitive pressure, helping reduce costs and improve services for consumers over time. But markets do not operate efficiently where consumers:

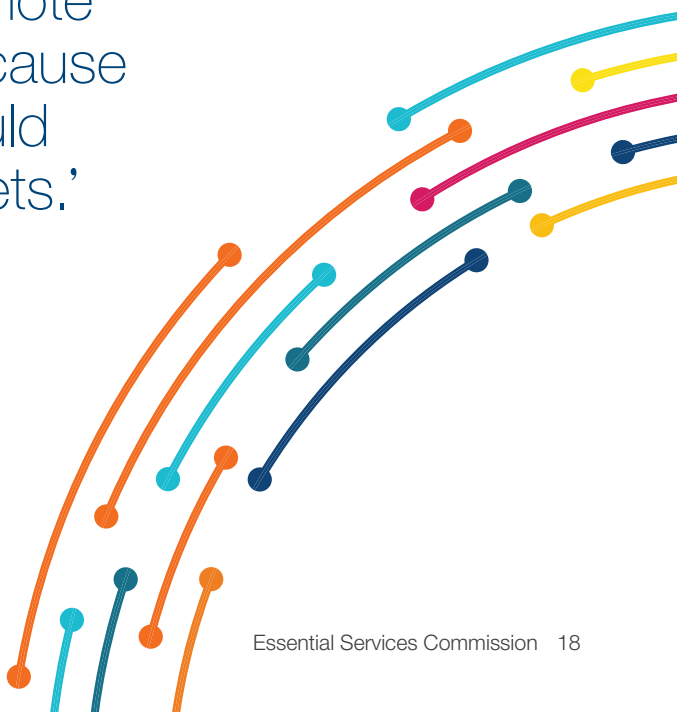
- face barriers to participation
- cannot access or understand information
- are subject to practices that lead to persistent disadvantage or disengagement.

These conditions weaken competition and reduce the ability of markets to deliver good outcomes over the long term.

In this sense, promoting fair access, consumer trust and effective participation is not separate from economic efficiency. These conditions are important for well-functioning markets, promoting durable consumer outcomes over the long term.

This also has implications for regulatory design. Regulators should not assume that consumers will always engage actively with markets, understand complex information or make consistently rational decisions. Instead, regulatory frameworks should support good consumer outcomes in practice through fair business practices, accessible systems and protections that are effective by design.

'A market that promotes efficiency and the long-term interests of consumers will often also promote more equitable outcomes, because these objectives can and should align in essential service markets.'



Appendix 2 – Regulatory framework

The regulatory framework we consider in carrying out our functions includes:

- matters the commission must have regard to under section 8 and 8A of the *Essential Services Commission Act 2001*
- other legislation that sets out the functions and powers of the commission
- the goals, outcomes and decision-making criteria set out in key organisational policies and strategies.

Matters the commission must have regard to under section 8 and 8A of the Essential Services Commission Act

The commission was established by the Essential Services Commission Act to perform its regulatory and advisory functions to promote the long-term interests of consumers. We are required to perform functions under various legislation. The Minister for Finance is the responsible minister for the commission.

In performing its functions and exercising its powers, the objective of the commission is to promote the long-term interests of Victorian consumers, having regard to the price, quality and reliability of essential services.[9]

In seeking to achieve this objective, the commission must also have regard to the following matters to the extent that they are relevant in a particular case:[10]

a. efficiency in the industry and incentives for long-term investment

b. the financial viability of the industry

c. the degree of, and scope for, competition within the industry, including countervailing market power and information asymmetries

d. the relevant health, safety, environmental and social legislation applying to the industry

e. the benefits and costs of regulation (including externalities and the gains from competition and efficiency) for:

   (i) consumers and users of products or services (including low income and vulnerable consumers)

   (ii) regulated entities

f. consistency in regulation between states and on a national basis

g. any matters specified in the empowering instrument, including any objectives specified in the empowering instrument.

Other legislation that sets out the functions and powers of the commission

In addition to the Essential Services Commission Act, the functions and powers of the commission can be found in other Acts including:

- *Electricity Industry Act 2000*
- *Gas Industry Act 2001*
- *Local Government Act 1989*
- *National Electricity (Victoria) Act 2005*
- *National Gas (Victoria) Act 2008*
- *Port Management Act 1995*
- *Victorian Energy Efficiency Target Act 2007*
- *Water Act 1989*
- *Water Industry Act 1994.*

Key organisational policies and strategies

Our *Strategic Plan 2025–2029*, Getting to Fair: Advancing Equity strategy and other policies and frameworks developed by the commission also provide guidance on matters which may be considerd in relevant decisions.

For example, our:

- PREMO Water Pricing Framework is part of our guidance on matters we consider in our water pricing activities.
- Compliance and Enforcement Policy provides guidance on matters we consider in our compliance and enforcement activities.

9 Section 8, *Essential Services Commission Act 2001*.

10 Section 8A, *Essential Services Commission Act 2001*.

Examples of objectives set out in empowering instruments

An empowering instrument is a rule, including an Act, Regulation or Order, which provides the commission with the authority to make decisions or take actions on specific matters. Not all empowering instruments will include objectives; they may include matters that the commission must consider when making a decision or exercising a power.

Examples of objectives the commission must consider include:

Water Industry Act 1994

Section 4C sets out the objectives of the commission under the Water Industry Act:

a. wherever possible, to ensure that the costs of regulation do not exceed the benefits

b. to ensure that regulatory decision making and regulatory processes have regard to any differences between the operating environments of regulated entities

c. to ensure that regulatory decision making has regard to the health, safety, environmental sustainability (including water conservation) and social obligations of regulated entities.

Electricity Industry Act 2000

Section 10 sets out the objectives of the commission under the Electricity Industry Act:

a. to the extent that it is efficient and practicable to do so, to promote a consistent regulatory approach between the electricity industry and the gas industry

b. to promote the development of full retail competition

c. to promote protections for customers, including in relation to assisting customers who are facing payment difficulties.

Similar objectives are found in the Gas Industry Act.

Appendix 3 – Our methodological approach

We have designed this strategy to be flexible. It is guided by a common methodology to identify inequity, develop priority actions and deliver outcomes to achieve our goal to promote just outcomes and equitable access.

We will use the pillars to support all work conducted under this strategy.

1. Identify inequitable outcomes or consumer harm

We will identify inequitable outcomes or consumer harm through a range of data sources and intelligence. This includes:

- Regular reporting and analysis of existing data we collect (for example, energy and water performance reporting).
- Analysis of intelligence and insights that inform our functions (for example, compliance and enforcement).
- Identifying gaps or issues where there may be inequities or harm occurring, and seeking data and insights to understand these issues (for example, Safety by Design Partnership).
- Information provided to us by regulated entities, consumer groups, individuals or government.
- Market studies, consumer surveys and engagement.

Figure 4: Our methodological approach

We will seek to understand the gaps and inequitable outcomes experienced by specific groups by considering factors including:

- socioeconomic factors
- cultural and linguistic background
- geographic location
- homeownership status
- demographic factors such as age and gender.

We will use this information to define the equity issue and its drivers, including assumptions we have made and the data and evidence we have relied on. This will determine the issues that may be suitable for priority actions.

2. Consider our regulatory framework

We will consider whether we can intervene under our regulatory framework.[11]

We recognise that we won't have all the tools to address the inequitable outcomes or consumer harms that we identify. The data and insights we collect through our statutory functions may provide information on matters that sit outside our functions or remit to intervene. In these cases, where appropriate and considering confidentiality, we will share this information with the relevant entity that is better placed to consider or act on it, for example, by providing advice to government to influence policy development.

3. Design an intervention

We will design interventions that address the inequitable outcomes or consumer harm.

We will do this by drawing on a range of regulatory tools. This may include influencing entities or processes, through to changing policies or rules related to our functions. Interventions may relate to all or only a small part of the regulated sector.

We will clarify the aim of our intervention and how we think it will work to address the problem we have identified. Our intervention design will also include measures of success including performance indicators and the data sources used to assess them.

We will consult and collaborate with interested parties during the intervention design process, including with regulated businesses, community and advocacy organisations and consumers.

This could be broad or targeted engagement, in line with the commission's Stakeholder Engagement Framework and Charter of Consultation and Regulatory Practice.

4. Analyse benefits and costs of intervention

We will use robust methods to evaluate the benefits and costs of regulatory interventions. As an economic regulator, we primarily use a cost-benefit analysis when taking any intervention.

The commission recognises that some regulatory costs can be readily quantified, while many benefits (including improved consumer trust, confidence, resilience, access and fair outcomes) are more difficult to measure with precision. The commission will therefore take care to avoid systematically undervaluing benefits simply because they are less readily measurable, and will use additional tools to ensure interventions contribute to our goal, including:

- Distributional analysis: how costs and benefits are distributed across different groups.
- Counterfactual analysis: what happens without intervention.
- Incidence analysis: who gains and loses from the intervention.

5. Monitor and evaluate benefits and costs of intervention

We will monitor and evaluate our interventions. Our evaluation methods will draw upon a mix of quantitative and qualitative data identified in each design process. For example, quantitative metrics provide scale and trends, while feedback from interested parties and case studies reveal how outcomes are experienced in practice, which is particularly important for equity-focused interventions.

Monitoring and evaluation will help us understand if interventions are proportionate and balance costs to industry.

We will be transparent and report on our findings to build accountability and trust. We will use data and insights not just as a compliance tool, but a feedback loop that supports more adaptive, evidence-based regulation.

11 See Appendix 2 – Regulatory framework.