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Engage Victoria web portal

Improving the wait time on electricity connections at new properties

Thank you for the opportunity to provide feedback on the 'Improving the wait time on electricity connections at new properties'.

Overview

The Housing Industry (HIA) is Australia's peak residential building industry association. HIA members comprise a diversity of residential builders, including all Top 100 builders, all major building industry manufacturers and suppliers, as well as developers, small to medium builder members, contractors and consultants to the industry. In total HIA members construct over 85% of the nation's new housing stock.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building and development industry. HIA is committed to working with all sectors of government to support a regulatory environment that facilitates growth in the economy, reduces red tape, and enables the delivery of affordable housing.

HIA Response

HIA would like to thank the Essential Services Commission (ESC) for reviewing how to improve the timeliness of electricity connections at new properties and seeking the views of the residential construction industry.

HIA has long advocated for the need to address lengthy delays in connecting new housing developments to the power grid. Milestone stages in the subdivision process, such as Certification and Statement of Compliance, are greatly affected by having to wait for power companies consent. Often power companies are the last utility provider developers are waiting on to obtain consent leaving the power companies responsible, to a fairly large degree, for land supply lag. This is a very linear one stage at a time process and delays therefore result in protracted construction timeframes. Such delays impact housing affordability which unnecessarily increase construction costs.

There is a view within the development industry that to a large extent, power companies are allowed to operate in a relatively unregulated manner and with minimal auditing requirements leading to a lack of public accountability. In essence power companies have been able to write their own rules, which do not align with the timing, coordination and efficiency that the development industry requires. Power companies are agents of the government and must therefore be accountable though it would appear as though they have no particular accountability at all. The power companies do not see themselves as part of the development process. Being so risk averse and not collaborating with the development industry is a real concern.

Since early 2018 HIA has been advocating on behalf of its developer members and raised concerns that improvements in terms of power companies being more cooperative and working collaboratively with industry was short lived. There was a discernible immediate improvement in the second half of 2018 when the issue came to a head and the attention of Government (the Treasurer) but since then Power Companies have slipped back to where they were in 2017 / early 2018. Additionally, it is noted that Service Improvement Commitments (SICs) have been implemented in an attempt to remedy this issue, however SICs carry little weight and therefore do a minimal amount to improve the system.

These current functions have a very real impact on the development and housing industry, costing both time and money. HIA has been consistent in raising such concerns over recent years and has liaised with the ESC previously with regard to such matters. Additionally, such matters were raised by HIA with Anna Cronin - Commissioner for Better Regulation within the 'Review of the Planning and Building Systems' undertaken throughout the course of 2019.

HIA has reviewed the following three customer service standard documents:

- CitiPower, Power, United Energy
- AusNet services, and
- Jemena Electricity Networks (Vic) Ltd

It is assumed these three customer service standards (standards) are in an early draft stage and HIA commends each of the distribution businesses for commencing the development of these standards.

As an overarching statement HIA consider all three standards require significantly more development and refinement. Greater consistency between each of the standards would also be useful that being in terms of the template and framework of the standard. That said, it is acknowledged each provider is an individual company or group of companies and therefore allowance for the way in which the standard is presented must be allowed for.

Currently each of the standards to varying degrees contain a lot of background and contextual information and whilst this is valuable to have available the standards could benefit from being more direct in addressing the customer, the issues and outlining commitments and approaches as to how issues will be addressed and resolved. The following comments are provided to try and assist with the further development of these standards so as to have greater focus on the customer, the issue and resolution for matters which are causing delay as referred to earlier in this correspondence.

The Customer

Each standard could benefit from identifying upfront and in detail - Who is the customer?

For example

- Is each customer simply a homogenous entity with no specific characteristics? or
- Is there variance in customers? and If so
- What are these variances? and
- Do these variances require different needs for different customers?

It is acknowledged the AusNet services standard does provide detail as to the Engagement Approach and Customer Outcome Statements, though it is considered most of this may be more useful as background that could be contained within an appendices rather than as part of the standard itself. It is submitted the standard must have far greater focus on foreshadowing issues and pragmatic methods in which those issues can be dealt with, managed and mitigated.

The Issue, resolution and mitigation

Neither of the standards appear to clearly identify and or address what the issue is. The flow on effect of the issue(s) not being clearly identified and addressed is that neither of the standards address means in which, issues can be negotiated, resolved, mitigated etc.

The Ausnet services standard does go some way to address the issues, remedy etc when discussing Engagement outcomes - core focus areas at Page 5 and the Research and engagement process / Customer service standard at Pages 5 and 6. However it is submitted the core issue is not being adequately addressed. Similarly and CitiPOwer, PowerCor and United Energy customer service standard begins to touch on the mattes also when discussing at Section 6 United Energy performance reporting.

Notwithstanding that some issues begin to be discussed in the sections identified in the above paragraph HIA submit each of the standards need to be more upfront to explicitly in discussing and identifying:

- The aims of the customer service standard
- The main known issues that arise between a customer and the provider
- The intended resolution pathways proposed to be utilised when issues arise, and
- What course of action is available for both customer and provider if the issue is not able to be resolved in a timely, just and fair manner both parties?

Closing comments

It would be a missed opportunity if the standards did not incorporate a definitive and detailed discussion as to the governance arrangements that providers are required to operate within, both broadly and specifically in terms of electricity connections at new properties. It is considered such a discussion would assist with what can at times be an industry perception that the electricity providers operate with relative autonomy and it is unclear exactly what regulatory requirements are being applied and the degree of accountability providers have for their requests and actions. To ensure there is a clear and consistent industry understanding this could perhaps be prepared jointly by the providers and be a common section of all the standards.

Each standard could benefit from being more clear and upfront in terms of identifying the customer, the issue and resolutions, with the context and background moved to either an appendices or a separate accompanying document.

Once again we thank you for the opportunity to contribute to this consultation, improving the wait time on electricity connections at new properties is an important issue for the residential construction industry. Please do not hesitate to contact myself f.nield@hia.com.au or Mike Hermon – Executive Director, Planning & Development on 0407 684 551 or m.hermon@hia.com.au should you require anything further.

Yours sincerely

HOUSING INDUSTRY ASSOCIATION LIMITED

A handwritten signature in black ink that reads "Fiona Nield". The signature is written in a cursive, slightly slanted style.

Fiona Nield
Executive Director