



MEDIA RELEASE
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***Supporting Customers – Avoiding Labels* – Commission releases draft report
in Financial Hardship Inquiry**

The Essential Services Commission has proposed an overhaul of the regulatory framework that sets out how energy retailers need to assist customers struggling to pay their energy bills.

The Commission’s draft report – *Supporting Customers – Avoiding Labels* – released today says that, under the current framework, by the time many customers receive assistance, it is too late.

Dr Ron Ben-David, Chair of the Commission said debt was the immediate consequence for a customer of not paying their energy bills on-time.

“Our inquiry found that the average debt of customers with some retailers can be as high as \$1,800 before they are offered assistance,” Dr Ben-David said.

The Inquiry also found that early action to address energy debt is the key to ensuring that customer’s payment difficulties do not escalate.

“While energy debt is initially a consequence of a customer’s financial difficulty, once accrued, it becomes a cause of that difficulty,” he said.

Customers increasingly rely on technology for every day communication and interaction. As a result, disconnection from electricity supply risks social and economic isolation.

“Too often, and increasingly so, retailers’ hardship programs are a stepping stone to disconnection rather than an avenue away from it,” Dr Ben-David said.

The Commission is proposing a new approach to assisting customers experiencing financial difficulty based on the principle of shared responsibility.

“Avoiding debt and disconnection can succeed only if all parties accept their share of responsibility,” Dr Ben-David said.

The proposed framework provides unambiguous guidance for retailers and customers on how they should work together to address payment difficulty.

The new framework will provide customers with a new early action option which they can use to self-manage their payment difficulty. It also provides a new safety net for customers with the most severe payment difficulties. The aim of the safety net is to help customers make their energy use affordable.

“The proposed framework focuses attention where it is required – namely on the customer. We are confident that our proposed arrangements will lead to better and more consistent outcomes for customers,” Dr Ben-David said.

The Commission will be consulting extensively following the release of the draft report, including:

- Discussions with retailers and consumer groups;
- Six public information sessions in Melbourne and regional Victoria; and
- Establishing technical working groups

The Commission is inviting written submissions in response to the draft report by 2 October 2015.

The public information sessions are scheduled as follows:

Wednesday, 9 September	6pm-8pm	Dandenong Civic Centre 225 Lonsdale Street, Dandenong
Thursday, 10 September	2pm-4pm	Moonee Valley Clocktower Centre 750 Mount Alexander Road, Moonee Ponds
Tuesday 15 September	2pm-4pm	Quality Hotel Wangaratta Gateway 29-37 Ryley Street Wangaratta
Thursday 17 September	2pm-4pm	Horsham Sports and Community Club 177-179 Baillie Street Horsham
Friday 18 September	10am-12pm	Bendigo Library 259 Hargreaves Street, Bendigo
Tuesday 22 September	2pm-4pm	Traralgon Business Centre 55 Grey Street Traralgon

A copy of the report is available on the Commission's website: www.esc.vic.gov.au

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