



Comment

on the Draft Industry Code for Prepayment Meters.

7 March 2006

INTRODUCTION

ACTCOSS acknowledges that Canberra has been built on the traditional lands of the Ngunnawal people. We pay our respects to their elders and recognise the displacement and disadvantage they have suffered since European settlement. ACTCOSS celebrates the Ngunnawal's living culture and valuable contribution to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) is the peak representative body for not-for-profit community organisations, people living with disadvantage, and low-income citizens of the Territory. ACTCOSS is a member of the nationwide COSS network, made up of each of the state Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS' objectives are representation of people living with disadvantage, the promotion of equitable social policy, and the development of a professional, cohesive and effective community sector.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS receives funding from the Community Services Program (CSP) which is funded by the ACT Government.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

PPMs and consumers

ACTCOSS has been involved in discussions on prepayment meters since it commenced work on National Electricity Market issues in 2003. A continuing frustration has been the lack of adequate data on the usage patterns of varying household types, and any commitment from Government and/or industry to conduct the relevant surveys to provide publicly available data. There is also no qualitative analysis of consumer satisfaction.

ACTCOSS was extremely interested, therefore, in a research project being undertaken by its fellow COSS in Tasmania. As PPMs have been in operation in the Island state for just over a decade, it is the obvious starting point for any assessment of this technology and its impact on consumers. As outlined in the TASCROSS brief:

This project will be the first independent and comprehensive research carried out on current PPM use in Tasmania. The research will inform future national (and other jurisdictional) policy and consumer advocacy on the use of PPMs as an alternative metering tool. (TASCROSS Prepayment Meter Research Brief, November 2005)

The project's parameters are to conduct:

“quantitative and qualitative research and will focus only on existing PPM consumers throughout Tasmania.

The desired outcomes of the research include (but are not limited to) information on:

- *Reasons for having a PPM (ie was it a choice? was it already installed in a rented or purchased property?)
If chosen, why (ie what factors made a PPM attractive?)*
- *Demographic details of PPM users, including*
 - *household type*
 - *household size*
 - *ages of household members*
 - *educational attainment*
 - *ethnic background*
 - *income source, and*
 - *income level.*
- *Dwelling type*
 - *housing tenure type, and*
 - *location.*
- *Consumer perception / awareness of cost, that is, how do consumers think the costs of PPMs compare with those for standard meters?*
- *Is household usage affected by the time-of-use metering – ie is the respondent aware of that PPM tariffs are based on time-of-use and does the household change (or has it ever changed) its usage to take advantage of cheaper tariff periods?*

- *Is the respondent aware of the standing daily charge on PPMs (and that it accumulates whether or not the meter is in use or charged?)*
- *Meter usage, including*
 - *ease of use*
 - *location*
 - *information provided by meters – time of use, usage information.*
- *Point of Sale agent arrangements, that is, arrangements for the recharging of smart-cards, including*
 - *location and geographical spread*
 - *accessibility*
 - *convenience*
 - *transport costs*
 - *access to credit, cheque and/or EFTPOS facilities for card recharging.*
- *PPM product information provision and service by the retailer, its nature and usefulness.*
- *Emergency credit – has the household ever accessed it? How often? Is the \$10 emergency credit provided enough, too much or just right?*
- *Disconnections, including*
 - *reasons for self-disconnection*
 - *frequency*
 - *duration*
 - *experiences of disconnection*
 - *impact of disconnection, eg food spoilage, ill health due to cold/heat, inability to use health-related equipment (eg nebulisers), other*
 - *re-connection experiences.*
- *Whether households forgo other expenditure in order to maintain electricity supply, and how often this occurs. What other expenditure is forgone in such circumstances?*
- *Knowledge of availability and use of government concessions for electricity – do people know about concessions and how many use them?*
- *Consumer perceptions of PPMs, including*
 - *perceived positive aspects / features*
 - *perceived negative aspects / features*
 - *satisfaction / dissatisfaction with PPM.*
- *How consumers believe PPMs (and/or particular features) might be improved.*

ACTCOSS believes that such data will be adaptable to ACT consumers because of the similarity in harsh climatic conditions and will provide some pointers to the issues that need to be addressed in the proposed Code in terms of consumer protection. Given that this research will be completed in June, ACTCOSS asks that the

ICRC not finalise any draft industry code for PPMs until the outcomes are known.

Recommendation no. 1 – that the ICRC not proceed to finalise the Industry Code for Prepayment Meters until the outcomes of the Tasmanian research into the use of prepayment meters is known.

CARE AND ESCC

ACTCOSS believes that the expertise of the organisations providing services to people experiencing financial hardship and fuel poverty are particularly important in the drafting of the regulations covering utilities consumer issues. We therefore point the ICRC to the Essential Services Consumer Council, along with CARE Inc and the Consumer Law Centre of the ACT as the experts on the consumer law issues.

Recommendation 2: That the ICRC pay particular attention to the recommendations of the ESCC and Care Inc. in their submissions on the Prepayment Meter Draft Industry Code.

ACTCOSS does, however, have a role to ensure that all consumers have appropriate and timely information available to them to assist their decision making processes. As mentioned in the ACTCOSS submission on Transitional Franchise Tariffs, there is a role for the ICRC to provide relevant information and tools on its website to facilitate such informed decision making. We therefore recommend that the ACT adopt a similar approach to South Australia, and provide an energy costs comparison tool on a website which can be accessed from the ICRC and other Government sites. We add that a link should be provided from all sites belonging to utilities licensed in the ACT.

Recommendation 3: That the ACT Government, through the ICRC or other instrumentality, make available a web-based utilities cost comparison tool.

Recommendation 4: That the web-based tool be made available via hotlink from the websites of all utilities licensed in the ACT.

ACTCOSS believes that any offer of a “negotiated” contract should include a comparison of the terms and conditions, including tariffs, standing charges, fees and costs, based on the actual past, or projected future, expenditure of the consumer. ACTCOSS therefore believes that the ICRC should mandate an explanation and graphical demonstration to the consumer before any contract is signed. This demonstration should be in an appropriate format and language, and include the use of the Government supported comparison tool on the web.

Recommendation 5: That the ICRC ensure that consumers have understood the full costs involved in signing a negotiated contract, including a demonstration provided by the utility, using the cost comparison tool.

ACTCOSS also believes that consumers should be provided with access to independent advice on what gas and electricity products best suit their circumstances. We note that in the United Kingdom consumers can access such services before signing negotiated contracts.

Recommendation 6: That the ICRC evaluate the provision of third party consumer advice on utilities contracts.

Conclusion

ACTCOSS appreciates the opportunity to comment on the Draft Industry Code for Prepayment Meters. This organisation understands that the timeframe for the introduction of prepayment meters could be 2-3 years. We therefore believe that the ICRC should take the opportunity to avail itself of the TASCOS research before finalising the draft code.