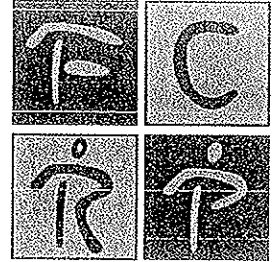


# FINANCIAL COUNSELLORS RESOURCE PROJECT OF WESTERN AUSTRALIA INC.

Claisebrook Lotteries House 33 Moore Street East Perth WA 6004

Telephone: (08) 922 9422 Facsimile: (08) 922 9422

Email: fcrp@fcrp.org.au Website: www.fcrp.org.au



30<sup>th</sup> march 2007

Paul Kelly  
ECCC Chairman  
Level 6, Governor Stirling Tower  
PERTH WA 6000

Dear Mr Kelly

## Submission

### Review of the Code of Conduct for the Supply of Electricity to Small Use Customers

This submission is made by the Financial Counsellors Resource Project as an interested party in issues that affect vulnerable, low income and disadvantaged consumers.

Since June 1990 the Financial Counsellors' Resource Project has been providing a support service to Financial Counsellors in Western Australia (FCRP) is funded by the:

- Department for Community Development
- Department of Families, Community Services and Indigenous Affairs
- The Law Society of Western Australia's Public Purposes Trust. (not ongoing, the Project must re-apply each year)
- The Department of Consumer and Employment Protection (special project)

The Project provides Financial Counsellors and Department for Community Development staff with legal advice, casework guidance, information, resources and support to assist them with providing their clients with up to date information.

Financial Counsellors offer free, independent information, options, support and advocacy to enable clients to develop the skills, knowledge and confidence to take control of their own financial situation.

Financial Counsellors are located from Esperance in the south to Wyndham in the northwest. There are currently 55 financial counselling services in Western Australia (including outreach services).

FCRP works closely with financial counsellors, community workers and consumers in WA and has an interest in, and grass roots knowledge of, issues affecting vulnerable and disadvantaged consumers.

We set out our response to the discussion points raised in the Draft Review Report as follows:

#### **Discussion point 4.2**

*Should part 4 Division 1 be amended to include a provision for bill smoothing?*

Bill smoothing can be a valuable service for customers who want to spread the cost of their bills over a year. Bill smoothing can assist some households to better budget and manage their electricity accounts.

FCRP believes that Part 4 division 1 be amended to include a provision for bill smoothing

#### **Discussion point 4.3**

*Should clause 4.4.3 be amended to require a retailer to issue separate bill for current amounts due and historical debt and if so should separate reference numbers be assigned to each bill?*

FCRP believes a separate reference number to billing amounts relating to historical debt and that by differentiating between historical debt and current consumption customers are better able to understand their consumption. This would assist customers to pay off any historical debt without it impacting on their ability to service their current bill.

#### **Discussion point 6.2**

*Temporary suspension:*

*At present a retailer must temporarily suspend any debt recovery or disconnection procedures if a customer demonstrates to the retailer that the customer has made an appointment with a financial counsellor or relevant consumer organisation. Clause 6.2 aims to provide customers and their financial counsellors sufficient time to meet and assess the customers financial situation.*

*As a financial counsellor may not always be able to meet a customer within the prescribed 10 days, clause 6.2(3) requires a retailer to give reasonable consideration to an extension of time.*

*In relation to clause 6.2, one of the members of the ERCF argued that a moratorium should only be granted if the customers financial counsellor confirms the appointment with the retailer.*

FCRP supports the temporary suspension clause as it presently stands and acknowledges the retailers efforts with clients who require assistance, however

The Financial Counsellors Resource project DOES NOT support the last paragraph in relation to clause 6.2 whereby a financial counsellor should ring the retailer to confirm an appointment. FCRP would like to state the following as we believe this would:

- Be a Breach of privacy act
- Be a Breach of confidentiality
- Financial counsellors act for the client not for the retailer
- This would entail the financial counsellor in more work

Financial counsellors work for not for profit organisations throughout Western Australia. They are consumer advocates and are funded by the State Government to assist low income, vulnerable and disadvantaged consumers. Financial counsellors work within strict guidelines of conflict of interest, confidentiality and other ethical parameters.

If the retailers wish to use the services of a not for profit organisation who has a financial counsellor or consumer advocate working for them it is the retailers responsibility to gain clarification of appointment within the boundaries of confidentiality.

### Discussion Point (9.1)

*Should clause 9.2(2) be amended to allow operation of PPMs outside the TRRP and ARCPSP<sup>1</sup>? If so, should there be universal application or only in additional specified areas?*

We do not support the expansion of the use of PPM's outside the TRRP and ARCPSP. We are concerned about the current operation and possible future expansion of PPM's for the following reasons;

- Absence of a safety net for financially vulnerable consumers
- Limited access to recharge facilities
- Health and safety issues such as disconnection for those who require constant electricity supplies
- Access to rebates such as the Supply Charge Rebate and Dependant Child Rebate. Given that these are currently subsidised each bill cycle, it is unclear how these will be deducted in the pre-payment metre system.
- No record keeping of disconnections
- Higher costs for consumers

### Discussion (9.2)

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<sup>1</sup> TRRP and ARCPSP are the Aboriginal Communities where PPM's are currently are allowed to be

*If clause 9.2(2) is amended to allow operation of PPM's outside the TRRP and ARCPSP should costs to users for installation, connection, disconnection, reconnection and/or return to standard meters be prohibited?*

Given that the installation of PPM's is largely a commercial decision on the part of the retailer, it is our opinion that consumers should not be charged under any circumstances for the installation, connection, disconnection, reconnection and/or return to standard meters.

**Discussion Point (9.3)**

*Should the ECCC request that the Authority commission independent research regarding PPM's.*

In our opinion, independent research regarding the use of PPM's in WA should be undertaken before expanding their use under any circumstances.

**Discussion Point (9.4)**

*If clause 9.2(2) is amended to allow operation of PPM's outside the TRRP and ARCPSP, should provisions similar to those contained in ACT and SA code be added to Part 9?*

The consumer protection provisions in the SA and ACT Codes are substantially more comprehensive than Part 9 of the WA Code and form best industry practice. WA consumer should be afforded at least the same level of consumer protection as those in the Eastern States. If clause 9.2(2) is amended to allow operation of PPM's outside the TRRP and ARCPSP, provisions similar to those contained in ACT and SA Code should be added to Part 9.

**Discussion Point (9.5)**

*If clause 9.2(2) is amended to allow operation of PPM's outside the TRRP and ARCPSP, should clause 9.4(2) be amended to ensure consistency with the SA and ACT codes?*

We support consistency with the SA and ACT Codes

**Discussion Point (9.6)**

*If clause 9.2(2) is amended to allow operation of PPM's outside the TRRP and ARCPSP, should clause 9.4(3) be amended to ensure consistency with the SA and ACT codes?*

We support consistency with the SA and ACT Codes

**General Comments**

The following are general comments about the possible consequences should the expansion of PPM's throughout WA be implemented.

- Many of our clients move frequently in the rental market. We envisage problems regarding retrieval of credit and associated problems due to the transient nature of our clients.
- We are concerned that unforeseen circumstances such as admittance to hospital which impede a consumer's ability to recharge their PPM facility may cause health and safety issues.
- The emergency credit system does not address the issue of financial hardship and has the potential to cause a continuous circle of debt.
- Elderly people and people who are not able to leave their home may experience difficulty accessing recharge facilities and operating the PPM's.

I welcome the opportunity to comment on this issue.

If you have any questions or would like to discuss this matter further, please contact me on 92219411.

Yours sincerely

Diane Hayes

Coordinator

Financial Counsellors Resource Project