16 December 2022

Department of Social Services
GPO Box 9820
Canberra ACT 2601

Lodged electronically: engage.dss.gov.au

EnergyAustralia
LIGHT THE WAY

EnergyAustralia Pty Ltd
ABN 99 086 014 968

Level 19
Two Melbourne Quarter
697 Collins Street
Docklands Victoria 3008

Phone +61 3 9060 0000
Facsimile +61 3 9060 0006

enq@energyaustralia.com.au
energyaustralia.com.au

Financial Counselling Industry Funding Model

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia appreciates the opportunity to participate in the consultation for the financial counselling industry funding model. We support increasing funding of financial counsellors to achieve better outcomes for those experiencing vulnerability, and we accept that industries which contribute to this should likewise contribute to the funding of these services. Therefore, we primarily support the proposal outlined in the consultation paper; however, there are some elements that we believe require further consideration.

- We believe that subsectors and their peak body representatives working with the Department to determine an appropriate methodology to apportion within subsector contributions will be the most effective way of obtaining industry wide agreement for the funding attributable to members of a subsector. The alternative option puts too much onus on peak bodies to achieve consensus, something that is not always achievable, particularly when there are members of a subsector which are not associated with their subsectors peak body.

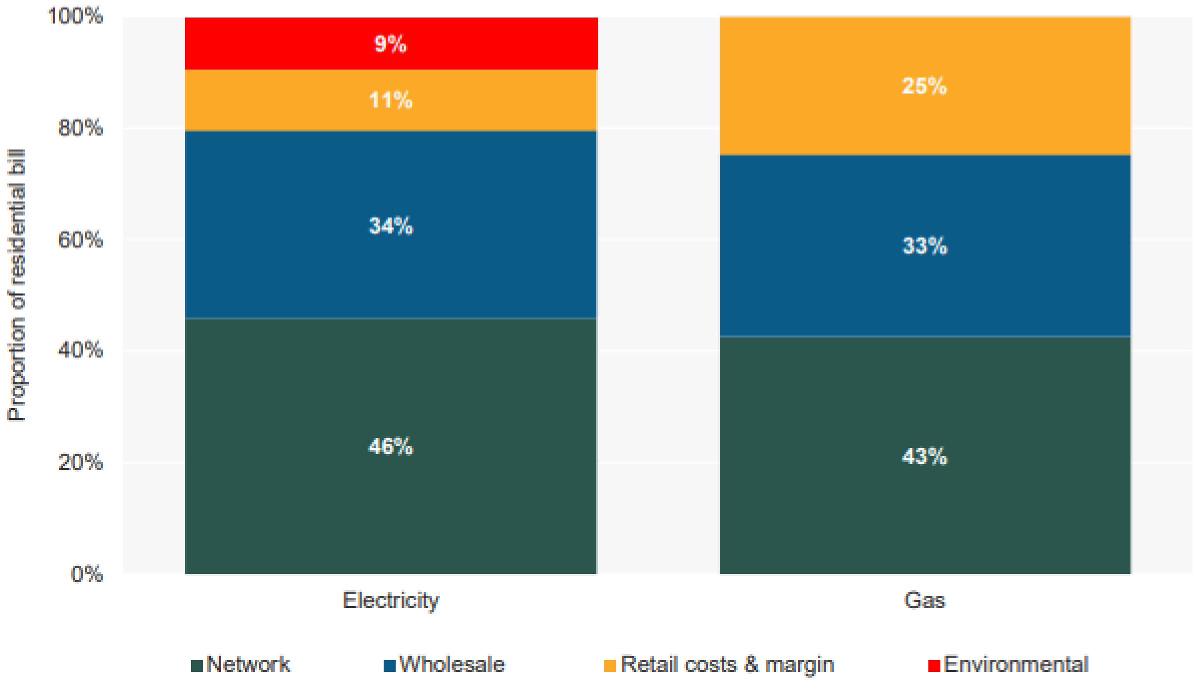
- The Department has substantiated the funding allocation based on a survey of time spent by financial counsellors and the household expenditure on specific subsectors. We believe the combination of the time spent and the household expenditure is the fairest way for determining true impacts, as relying on one or the other would create biases, e.g. focusing purely on the time spent with financial counsellors would unjustly reflect the impact energy has on customers, as the increased time spent is attributable to the regulatory requirements that govern energy retailers interactions and the understanding by financial counsellors about the industries in which they can achieve a successful outcome; those that have regulatory frameworks to support vulnerable customers - banking, energy, and telecommunications.

  We do not believe that the 15.31% of energy's impact on financial counsellors should be attributed solely to energy retailers, as the AER's 2021-22 Annual Retail Market Report[1] outlines, gas and electricity networks are responsible for ~44.5% of a customer's bill. We therefore believe it is

[1] Annual retail markets report 2021-22 (pg.34)

reasonable and equitable that electricity and gas networks should contribute the ~44.5% of their energy contribution to financial counselling funding.

Figure 2.2 Composition of residential electricity and gas bills



Note: Average data across jurisdictions. Data may not add to 100% due to rounding.
Source: AEMC, *Residential electricity price trends 2021 - Final report*, AEMC, 2021; Gas – Oakley Greenwood, *Gas price trends review 2017*, 2018.

- The consultation paper advises that the Department is currently undertaking key work to improve data collection and analysis in the financial counselling sector, and while we are supportive of improvements in collection and reporting of data, we believe the data strategy should be designed and implemented prior to the development and implementation of the industry funding model. The quantifiable data obtained from financial counsellors should be required to substantiate the areas where funding would be most effective, and provider a clearer understanding of the metrics required to determine the success of the industry funding model.

- Evaluation that the model is working is vital to ensure that contributions by subsectors are justifiable and that the funding model should continue after the culmination of the initial three years (2023-26). We believe the Department should expand the evaluation metric *'the model contributes to improved coordination, innovation and enhanced service delivery across the sector'* to include attributes beneficial to contributing subsectors; such as, increases in the successful graduation from contributor's hardship programs after a customer has received assistance from a financial counsellor, improved satisfaction (Net Promoter Score) of customers that have been supported by a financial counsellor, and increases in the setting and adherence of customer payment arrangements where they are established following discussion with a financial counsellor.

If you would like to discuss this submission, please contact me on [redacted] or [redacted].

Regards

Travis Worsteling

Regulatory Affairs Lead