

# CUAC Rural and Regional Network Newsletter

August 2010

*Electricity, gas and water consumer issues in rural and regional areas*

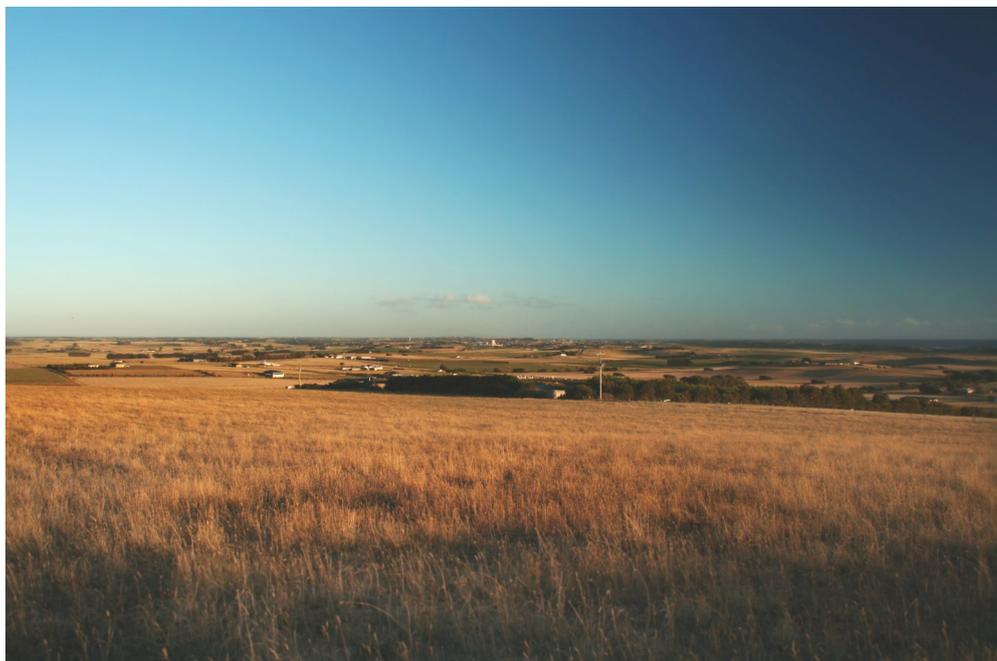
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*CUAC is committed to ensuring rural and regional consumers have their interests represented in decision-making on electricity, gas and water. For us, that means talking to rural and regional Victorians about their needs and concerns, and then advocating strongly on these issues in policy and regulatory debates. In this issue of the RRN, we cover CUAC's efforts to see that coming changes to water legislation increase protections for rural and regional consumers, rather than diminishing them for metropolitan consumers. There's also information about our recent visit to Bendigo to find out about information needs in relation to smart meters.*

*Jo Benvenuti, Executive Officer*

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CUAC is an independent consumer advocacy organisation which ensures the interests of Victorian electricity, gas and water consumers—especially low income, disadvantaged, rural and regional, and Indigenous consumers—are effectively represented in the policy and regulatory debate.

CUAC believes all Victorians have a right to:

- affordable and sustainable electricity, gas and water
- have their interests heard in policy and regulatory decisions on electricity, gas and water
- not be disconnected from electricity, gas and/or water due solely to an inability to pay

*Views expressed in the newsletter are not necessarily those of CUAC.*





# Debt recovery powers in the balance

*Caitlin Whiteman, Policy Advocate*

A merger of Victoria's two key water laws has been in the pipeline for some time. As the merger proceeds, CUAC is pushing for new arrangements that repeal rural and regional businesses' unfair debt recovery powers, rather than extending them to Melbourne businesses.

## **Different acts, different powers**

At present, Victoria's water businesses fall under two separate pieces of legislation. The *Water Act 1989* sets out the functions, rights and obligations and governance of regional urban and rural water authorities. Metropolitan businesses, known as the 'licensees', fall under the *Water Industry Act 1994*.

While these acts are similar in many respects, there are critical differences with regard to the debt recovery powers of water businesses. Under the *Water Act*, regional urban and rural water businesses are able to charge interest on overdue accounts. The interest rate may be up to the limit set by the Governor in Council, currently approximately 12 per cent.

Alarming, a business is also entitled to sell or cause the transfer to itself of a customer's property in relation to which fees/charges have been unpaid for more than three years. CUAC is aware of at least one current case, advertised in the *Latrobe Valley Express*, in which Gippsland Water is selling a property under this provision.

## **Exacerbating difficulties as prices rise**

For a number of years, CUAC and other consumer advocates have been calling for the repeal of these debt collection provisions, which impact unfairly on consumers outside of Melbourne. CUAC argues that in essence, an interest charge on overdue accounts constitutes a late payment fee, which penalises those rural and regional consumers who are already experiencing difficulty in paying for this essential service. Cases provided to CUAC by financial counsellors show that interest and other charges (such as restrictor fees), when added to outstanding amounts, can come to make up a major portion of the overall amount owing. For similar reasons, Victoria has already led the way by banning late payment fees for energy consumers. The same protection should be afforded to water consumers.



The possibility that interest charging powers may be extended is particularly concerning at a time when the price of water (along with energy) is increasing substantially. Over the period to 2012-13, average real price increases of up to 14.9 per cent each year have been approved by the Essential Services Commission. As prices rise, payment difficulties can also be expected to increase. There could not be a worse time to subject more Victorian consumers to harsher debt recovery provisions.

### **Where to from here?**

On the understanding that merger legislation was about to be tabled in parliament, in May CUAC wrote to the Essential Services Commission expressing its deep concerns about these issues. Since that time, however, CUAC has learned that the legislation has been delayed, and remains with the Minister for Water, the Hon. Time Holding MP. It is unknown when the legislation will reappear.

The harmonisation of Victoria's water legislation is an opportunity to ensure that consumers across the state benefit from the stronger protections that are currently enjoyed only by Melbourne consumers. Instead we may see these protections watered down. CUAC will continue to monitor developments and argue strongly on behalf of all Victorian consumers.



## **Bendigo smart meters forum**

On July 15, CUAC journeyed to Bendigo for a forum with community sector and local government representatives. The event was part of CUAC's Smart Meter information needs project. With funding from the Victorian Government Department of Primary Industries, CUAC is investigating the information needs of community sector agencies and their clients in relation to smart meters and associated tariff changes. CUAC is also seeking ideas about how such information is best provided.

CUAC presented an update on our advocacy and recent developments in the smart meter space, and gave an overview of the roll-out and associated changes. David Stanford from CUAC was joined by Tamara Abraham from the Energy and Water Ombudsman (Victoria) and Damien Moyse from the Alternative Technology Association in answering participants' trickier questions about the roll-out.

Local government officers, financial counsellors and other community service workers from Bendigo and other regional areas shared their ideas about how smart meters and time-of-use pricing might affect their clients; the information that could be of use to them; and the delivery methods for that information.

CUAC thanks all participants for their contributions on the day.

## Dealing with door-to-door marketing

In talking with community service workers around the state, CUAC often hears about clients' negative experiences with door-to-door energy salespeople. Consumer Affairs Victoria (CAV) can provide information, assistance and referral in relation to door-to-door marketing, as well as a range of other consumer issues.

CAV has a special hotline for use by agency staff and volunteers only.

**1300 553 509**

If clients wish to seek advice independently, they should call:

**1300 558 181**

Many consumers are already aware of the Do Not Knock campaign. Consumer Action Law Centre (CALC) has recently produced a new batch of 'Do Not Knock' stickers, which warns salespeople that they are in breach of the law if they doorknock a home where the sticker is attached. To obtain stickers, send a stamped, self-addressed envelope to CALC at:

**Level 7, 459 Little Collins St  
Melbourne VIC 3000**

Or visit one of the following agencies:

**Ballarat: Child & Family Services**

**Bendigo: Loddon Campaspe Community Legal Centre**

**Geelong: Diversitat**

**Morwell: Anglicare Gippsland**

**Warracknabeal: Rural Northwest Health**

**Warrnambool: Community Connections**

More information is available on the CALC website at:

<http://www.consumeraction.org.au/get-involved-in-our-campaigns/Do-Not-Knock.php>

## Information tools for energy consumers

Because energy issues are so complex, CUAC is continually advocating for better consumer information and education. In the meantime, there are already some tools to help consumers choose a retailer and manage their energy use.

The Essential Services Commission's *Your Choice* website lets consumers compare energy and gas prices in their local area. Consumers can also input information from their household bill and then compare those charges with alternative offers.



<http://www.yourchoice.vic.gov.au/>

The Department of Primary Industries' online Energy Calculator allows consumers to compare their energy use with that of households with similar characteristics (such as size, type and number of appliances, and property type). The site also offers energy saving tips.

<http://new.dpi.vic.gov.au/energy/consumer-information/energy-calculator>

What type of property do you live in?	House
How many people live here?	1
Do you have any of the following?	select for yes
Electric hot water system	<input type="checkbox"/>
Swimming pool	<input type="checkbox"/>
Electric cook top	<input type="checkbox"/>
Electric oven	<input type="checkbox"/>
Air conditioning	<input type="checkbox"/>