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3 Sep 2019

Mr Greg Piper MP
Chair
Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

By email: pac@parliament.nsw.gov.au

Dear Mr Piper

Thank you for your letter of 5 August 2019 about the Auditor-General's performance report on Energy rebates for low income households.

I appreciate the opportunity to provide information about the Public Accounts Committee's recommendations. Please find enclosed the response to your questions.

If you have any questions about this advice, please do not hesitate to contact Mr Andrew Lewis, Executive Director, Energy Strategy via andrew.lewis@planning.nsw.gov.au or 02 8229 2814.

Yours sincerely

Jim Betts
Secretary

Enclosure: Response to Auditor-General's performance audit report – Energy rebates for low income households

Auditor-General's performance audit report – Energy rebates for low income households

Response to recommendations:

Recommendation 1

On what basis were the community languages targeted chosen and which channels have been used to disseminate the information?

The Department of Planning, Industry and Environment prepared a media plan using a specialist media buying agency to provide analysis on the target audience most relevant for culturally and linguistically diverse (CALD) communities. The media buying agency recommended the channels based on the analysis and identified the target audience's consumption habits, levels of English proficiency and digital consumption. As a result, the channels recommended were: direct mail, digital, search keywords buys, and TV, radio and press adverts. The Department followed the recommended approach and it was approved by the peer review process with the Department of Premier and Cabinet.

How has the success of this strategy been measured and how have these metrics been used to improve targeted messaging?

The Department is tracking the success of increased rebate uptake through the six monthly energy retailer data reporting. For example, in 2018-19, due to a Service NSW email to 3.8 million email accounts in NSW, an additional 22,700 customer received the Family Energy Rebate. This was a 53 per cent increase in recipients compared with 2017-18. The Department will have more analysis at the end of 2019 once it completes work on the energy retailer data reporting submissions from 2018-19. This data will be compared against the 2017-18 data.

How is compliance with community language information provision monitored on the part of retailers?

Energy retailers are required to do this as part of their regulatory obligations. The Department regularly audits energy retailers to ensure that they comply with these requirements.

Recommendation 2

Has this [*the processes to measure and better target rebates by collecting Federal eligibility data*] now been completed and has this improved the equity of ongoing rebates?

Yes. The Department now reports on how many customers are eligible for the rebates based on the Federal eligibility data and is now using it to inform uptake to promote equity.

Recommendation 3

Has the Department finalised the development of measurable objectives for the ongoing rebate schemes?

Yes. The Department developed a comprehensive Program Logic which details the objectives of the rebate schemes. This includes measurable objectives to ensure that all customers eligible for rebates are receiving them, as well as that rebates place downward pressure on living costs for recipients. The Department is tracking this through the energy retailer reporting requirements data reports.



Recommendation 4

Can you detail how this work *[the work is being progressed through COAG to manage increased administrative risk associated with a forecast increase in embedded networks]* has progressed to date?

On 20 June 2019 the Australian Energy Market Commission released its final report with recommendations to update the regulatory framework for embedded networks. The recommendations aim to provide customers of embedded networks with equivalent consumer protections to standard retail customers. This requires embedded network operators to have similar obligations to authorised energy retailers and registered networks under the national energy framework. Such obligations include extensive billing and contract rules, mechanisms to promote retail competition and establish national metering identifiers for each customer. This is expected to reduce the administrative risks associated with the forecast increase in embedded networks.

Officials have been tasked with developing a response to the recommendations, which will be considered by COAG Energy Ministers at the next COAG Energy Council meeting. If agreed, implementation of the necessary national and jurisdictional legislative and regulatory changes could be completed in 2020.

Recommendation 6

How are you addressing the issues identified *[of inflexible payments to be distributed in multiples of \$50, caps on payments based on energy types in the home, or the reported lack of EAPA providers in some localities]*?

Energy Accounts Payment Assistance (EAPA) is an emergency assistance program separate to ongoing rebates. Vouchers are not designed to be flexible payments that cover a customer's entire electricity or gas bill. EAPA providers issue vouchers to customers based on an array of factors, including financial need, the nature of their crisis, risk of disconnection, and the customer's capacity to pay their energy bill. The total amount owing on the bill is only one factor, and the value of vouchers provided depends on the individual customer's overall circumstances. This applies to energy type as well, as it may only be the customer's electricity at risk of disconnection and not their gas supply. EAPA providers work with energy retailers and customers to ensure eligible customers receive ongoing assistance through energy rebates and other energy efficiency programs, as well as assist customers onto a retailer hardship or payment plan where appropriate.

The EAPA Guidelines provide for a maximum amount of EAPA vouchers per customer, per energy type (gas or electricity), per financial year. However, where warranted, EAPA providers can submit requests for the Department to consider EAPA voucher transaction amounts that exceed the Guidelines.

The Department conducted a review of all hundreds of EAPA providers and their associated thousands of users across the state in July and August 2019. It is now analysing that data to identify where there may be a need for additional providers in some localities.