

# CONSUMER LAW CENTRE VICTORIA

## e-bulletin no. 39, June 2006

### EDITORIAL

Hello to all e-bulletin readers.

As always, it's been a busy time in the consumer world. Mid-May saw the Ministerial Council meeting in Alice Springs, at which a range of reforms, including unfair contract terms, funding for consumer research, and broker and property investment regulation were to be discussed.

Outcomes of the meeting can be viewed in the Communiqué at [www.consumer.gov.au](http://www.consumer.gov.au). However, it appears that moves towards reform in many of these areas remain slow, with the Office of Regulation Review the latest hurdle for much-needed consumer protection measures to overcome.

Driving forward these reforms in the face of the new regulation review agenda is extremely important. Consumer advocates are not in favour of knee-jerk regulation as a cure-all for the problems we see. But when consumers continue to be ripped-off by the shonky, shyster practices endemic in certain sectors, it's no wonder we get frustrated at a process which demands more and more evidence to justify even basic protection.

So we continue to make the case, and appreciate the support of those consumer protection agencies and the enlightened industry members who are with us pushing for these reforms.

In Victoria, moves towards enhanced consumer credit protection continue. In late May, I spoke at a forum on consumer credit organised by the Brotherhood of St Laurence, at which the Victorian Minister for Consumer Affairs, Marsha Thompson, reaffirmed her Government's commitment to implementing better consumer protection in the area of consumer credit. We await further information on the Government's preferred means by which this will be undertaken.

What has become clear in recent times is the urgency of equivalent measures to the NSW changes to calculation of the 48% cap on interest to include fees and charges. As at least one lender, Amazing Loans, prepares an assault on Victorian and Queensland consumers now that its activities in NSW have been curtailed, ensuring consumers in those and other states are not rendered vulnerable to exploitative lending practices is a priority.

I enjoyed catching up with many consumer advocates, in town for the EDR forums in late June. It was also a chance to say goodbye. Some of you may be aware that this is will be my last e-bulletin as Executive Director of CLCV. With the changes to CLCV nearing finalisation, I've accepted a position heading a human rights NGO in London, which I will take up in late July.

I consider it an incredible privilege to have had the opportunity to work at CLCV. Even though it's been a time of change, I have enjoyed every second of working with a highly skilled team of dedicated, passionate, wonderful people. I'll miss them and the broader consumer movement, terribly.

I wish the new Centre all the best in continuing to push for effective protection for low-income and vulnerable consumers, and to in providing the expert independent advice and assistance those consumers need.

All the best  
**Catherine Wolthuizen**  
**Executive Director**

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### 1. What are we doing?

#### 1.1 Committee of Inquiry into Financial Hardship of Energy Consumers

As reported in previous editions of the e-bulletin (see e-bulletin no 34, August 2005), in 2005 the Victorian Government established an independent Committee of Inquiry to investigate financial hardship of energy consumers (the **Inquiry**). The Centre provided the Inquiry with a detailed submission, arguing that while consumer protection measures currently in place in Victoria are generally adequate, particularly the Energy Retail Code and the concessions system, as well as the services offered by the Energy and Water Ombudsman Victoria with respect to complaints handling, there is scope for improving and strengthening existing measures, primarily in relation to more robust enforcement of the Retail Code and through the implementation of an effective and state-wide retrofitting program.

The Committee provided its report to the Government in late 2005 and the Government provided its response publicly on 30 May 2006. The Government's response includes:

- the production of a hardship policy statement;
- increased funding for the DHS Utility Relief Grants Scheme (including expanding eligibility criteria);
- legislation to require retailers to adopt best-practice hardship policies and programs, and to prevent disconnection for incapacity to pay where consumers are in a best-practice hardship program;
- enhanced monitoring, auditing and reporting on the performance of energy retailers under their hardship policies and programs;
- funding for training of financial counsellors; and
- a commitment to review Sustainability Victoria's 'Energy Task Force' retrofitting initiative.

The Centre generally welcomes the Government's response and awaits with interest the development of best-practice hardship programs by the energy retailers. The Centre also welcomes the Government's renegotiated 'safety-net' tariffs with the three major retailers, which include an 'allocation' for hardship programs to be implemented by the retailers. The Centre is concerned, however, that customers of the other energy retailers will not be able to access the same sorts of programs. Further, it calls into question effective competition in the energy market, given that the major retailers may have a competitive advantage over new entrants.

Finally, the Centre notes that the consumer 'safety net' (which includes the regulated tariffs and the Energy Retail Code's consumer protection measures) is due to expire at the end of 2007. The Centre is concerned that the new and existing hardship measures continue beyond the end of this period. In particular, the Centre believes that the Victorian Government should retain reserve powers to monitor retail prices and to intervene on social equity grounds if prices rise to a level that is unaffordable for households in financial hardship.

If you would like further information about the work of the Centre in relation to utilities policy, please contact Gerard Brody on (03) 9629 6934 or [gerard@clcv.net.au](mailto:gerard@clcv.net.au).

## 1.2 National Energy Market Capacity Building Project

The National Electricity Consumers Advocacy Panel (the **Advocacy Panel**) has agreed to fund, for a further 12 months until the end of June 2007, the Centre's project to build the capacity of the community sector to participate in NEM policy and regulatory debates (the **Project**). The NEM Network, formed as a result of the Project, is made up of advocates based in community organisations representing environment, social welfare and consumer interests

The Project, in collaboration with the Consumer Utilities Advocacy Centre, will continue to host consumer roundtables to enable advocates to meet face-to-face to discuss energy market reform and its impacts on the interests of small-end consumers. The most recent roundtable, held in May 2006, saw 20 consumer advocates from all jurisdictions (except Northern Territory) come together to discuss the progress of reform in the NEM. Dr John Tamblyn, Chair of the Australian Energy Market Commission (**AEMC**), the new national regulator that reviews and changes the NEM rules, gave a presentation on the role and responsibilities of the AEMC. Other outcomes of the roundtable included an agreement to undertake research on the implications for small end-users of generic versus energy-specific consumer protection regulation. The Centre has received separate funding to undertake this research. The next Roundtable will be held in early August in Melbourne.

The Project will also re-introduce an abridged version of *On the Wire*, which will provide bi-monthly snapshots of NEM reforms and regulatory processes, as well as provide information about work being undertaken by NEM Network members. The first edition will be available in August.

Persons or organisations interested in participating in the NEM Network or in the Centre's work on energy should contact Gerard Brody on (03) 9629 6300 or [gerard@clcv.net.au](mailto:gerard@clcv.net.au).

## 1.3 Creating access to justice for rural and regional and indigenous consumers

Since 2003, the Centre has been operating its Legal Practice Outreach Project (the **Outreach Project**) to provide access to justice for Victorian low-income and vulnerable rural and regional consumers and Indigenous consumers. The aims of the Outreach Project are that it will:

1. result in a sustainably significant increase in access to justice for rural, regional and Indigenous consumers;
2. expand significantly the body of knowledge regarding the problems faced by such consumers, with a view to addressing and/or preventing those problems; and
3. establish an innovative model of service delivery that will be able to be used by other community organisations.

Since March of this year, the Centre has been developing a relationship with the Victorian Aboriginal Health Service Co-operative (**VAHS**) to provide Outreach services at VAHS offices in Fitzroy in conjunction with its financial counselling program. VAHS provides statewide services to the Indigenous community and services rural clients by transporting them to a central location in Melbourne for assistance. The Centre and VAHS have recently concluded negotiations for the implementation of fortnightly Outreach services at VAHS offices to commence in July.

This new relationship will allow the Centre to further develop access to justice for Indigenous consumers, and to provide its Outreach services to those consumers in a more effective manner.

For more information about the Centre's Outreach Project, please contact Xan Colman on 03 9629 6934 or at [xan@clcv.net.au](mailto:xan@clcv.net.au).

#### **1.4 Central Region Sustainable Water Strategy**

In March 2006, the Department of Sustainability and Environment (**DSE**) released its Draft Central Region Sustainable Water Strategy (the **Draft Strategy**). Regional Sustainable Water Strategies were a policy initiative that arose from the Government's White Paper on Water, released in June 2004 (see e-bulletin number 30, September 2004).

The Draft Strategy is a plan to secure water supplies for homes, business, industry, agriculture and the environment for the next 50 years. It aims to secure water supplies for all users in the face of future pressures on the resource such as climate change, population growth, economic development and land use change. It covers the Central Region, which includes Melbourne, Geelong, Ballarat, the Macedon district and West Gippsland, and contains a number of policy proposals that may impact upon Victorian water consumers.

The Centre supports the objectives of the Draft Strategy and has provided a submission to the DSE. In the submission, the Centre argues that policy interventions aimed at reducing household water consumption must ensure that all consumers are able to respond and do not result in low-income and disadvantaged consumers under-consuming to the detriment of their health and well-being.

A copy of the Centre's submission will soon be available on the Centre's website at [www.clcv.net.au](http://www.clcv.net.au). If you would like further information about the Centre's work on water regulation and policy, please contact Gerard Brody on (03) 9629 6300 or at [gerard@clcv.net.au](mailto:gerard@clcv.net.au).

#### **2. Representing the consumer interest in the development of product and service standards**

The objectives of this project are to nominate and support consumer representatives on Standards Australia technical committees, and to provide further opportunities for consumer involvement in the development of Australian Standards.

*For up-to-date information on the Standards Project, go to the CFA website; [www.consumersfederation.com](http://www.consumersfederation.com)*

We are currently seeking consumer representatives for the following committees:

<b>BD-85</b>	Inspection of Buildings
<b>CS-88</b>	Furniture
<b>CS-102</b>	Reduced Fire Risk Cigarettes
<b>E-000-04</b>	Electrical Products Environmental Reference Panel
<b>EL-34</b>	Power Quality
<b>EN-3</b>	Energy Performance of Buildings
<b>FP-3</b>	Fire Extinguishers
<b>ME-84</b>	Four Wheel Drive accessories and Cargo Restraint Systems
<b>NT-001</b>	Nanotechnologies
<b>TE-001</b>	Energy performance and labelling of televisions

CFA representatives attending Standards Australia committee meetings are entitled to have their travel expenses reimbursed.

Public comment is invited on the following draft standards and amendments.

- Interchange of client information **DR 06354**. Comments by 6 July 2006.

- The hygienic production and transportation of meat products for human consumption, **DR 06307**. Comments by 17 July 2006.
- Meters for water supply – Part 4: In-service compliance testing, **DR 06281**. Comments by 26 July 2006.
- Amusement rides and devices - Part 4.3: Roller Coasters, **DR 06288**. Comments by 31 July 2006.
- Helmets for horse riding, **DR 06295**. Comments by 2 August 2006.
- Emergency eyewash and shower equipment **DR 06357**. Comments by 11 August 2006.
- LP Gas fuel systems for vehicle engines **DR 06365**. Comments by 15 August 2006.
- Temporary fencing and hoardings **DR 06362**. Comments by 15 August 2006.
- Management of clinical and related waste **DR 06374**. Comments by 17 August 2006.

*To access copies of draft standards or to find out how to lodge your comments, go to [www.committees.standards.org.au](http://www.committees.standards.org.au)*

The Standards Co-ordinator maintains a record of consumer comment on draft standards. If you choose to make a comment on a standard, it would be appreciated if you informed Angela Russell (03) 9629 6300, [angela@clcv.net.au](mailto:angela@clcv.net.au)

### **3. Next Edition: August 2006**

Our *e-bulletin* is designed to keep our stakeholders up to date on the work of the Centre. We welcome your comments on the *e-bulletin*. If you would like to be added to the Centre *e-bulletin* mailing list, please contact Melanie Keenan at [info@clcv.net.au](mailto:info@clcv.net.au) or on (03) 9629 6300.