



BRIEFING

Consumer Advocacy Council: next steps

Date:	17 May 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2324-3458

Ministers	Action sought	Deadline
Hon Andrew Bayly Minister of Commerce and Consumer Affairs	Note the Minister of Finance and the Associate Minister of Finance agreed to disestablish the Consumer Advocacy Council as part of Budget 24. Agree to the Council closing on 28 June 2024, and to give the Chair and members one month's notice.	29 May 2024

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Glen Hildreth	Manager, Consumer Policy	Privacy of natural persons	✓
Privacy of natural persons	National Manager, Consumer Services		

The following departments/agencies have been consulted:

--

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments:



BRIEFING

Consumer Advocacy Council: next steps

Date:	17 May 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2324-3458

Purpose

To provide you with information on the closure of the Consumer Advocacy Council, and seek your agreement to notify the Chair and members ahead of Budget 24 decisions being announced.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a. **Note** the Minister of Finance and the Associate Minister of Finance agreed to cease funding and close the Consumer Advocacy Council as part of Budget 24 [Briefing 2324-2778 refers].

Noted

- b. **Agree** to the Council closing on 28 June 2024, giving the Council one month's notice.

Agree/Disagree

- c. **Agree** to send the draft letters attached at Annex One (subject to any feedback you may have) to the Council Chair and members on 29 May 2024, informing them of the decision ahead of Budget 24 announcements on 30 May 2024.

Agree/Disagree

- d. **Agree** to call the Council Chair to notify her of the closure decision ahead of the letters being sent on 29 May 2024.

Agree/Disagree

- e. **Forward** this paper to the Minister of Energy for his information.

Forwarded

Glen Hildreth
Manager, Consumer Policy

17 May 2024

Hon Andrew Bayly
Minister of Commerce and Consumer
Affairs

..... / /

Background

1. The Consumer Advocacy Council (the **Council**) was set up as a Ministerial Advisory Committee in 2020 with the objective of providing evidence-based policy advocacy for small business and residential electricity consumers.
2. The Council consists of four members, including the Chair, all appointed by the Minister of Commerce and Consumer Affairs:
 - Deborah Hart (Chair) – current term ends 27 June 2024.
 - Dr Norman Evans (member) – current term ends 4 July 2025.
 - Nanette Moreau Hammond (member) – current term ends 4 July 2025.
 - Jessica Wilson (member) – current term ends 4 July 2025.
3. MBIE provides secretariat services to support the Council to deliver its work programme.
4. Under the Council's Terms of Reference, the Minister of Energy is to be consulted regarding any changes to the Council's membership, role, and functions. Your Small Business and Manufacturing portfolio is also included in any consultation process.

Managing the Council's closure

5. As part of Budget 24 decisions, the Minister of Finance and the Associate Minister of Finance agreed to cease funding and close the Consumer Advocacy Council at the end of the current financial year.
6. The decision was a variation to the Council levy-funded proposal submitted by MBIE as part of the Budget 24 savings initiatives and will deliver savings of \$1.6 million per year. You were briefed about the decision on 28 March 2024 [Briefing 2324-2778 refers].
7. The decision to close the Council will be made public as part of Budget 24 announcements on 30 May 2024. Subject to your agreement, the Council's final day of operation is scheduled to be 28 June 2024.
8. As a goodwill gesture, MBIE recommends notifying the Council Chair and members of the Council's closure ahead of the public Budget 24 announcements. This will need to be carefully managed given the sensitive nature of Budget decisions. Draft letters are attached as Annex One for your review, which could be sent on or around, 29 May 2024.
9. You may wish to call the Council Chair, Deborah Hart, ahead of any letters being sent to advise her of the decision. MBIE can work with your office to ensure the timing of the communications is appropriate.
10. MBIE will manage the closure of all other aspects of the Council's operation through a wider close-down plan. This will include management of contracts, the Council's website, public information, and finances.
11. The Council's closure will result in one affected MBIE FTE, with the other two Council-related FTE positions due to be vacant at the time of closure. MBIE will begin an internal change consultation process after Budget 24 announcements are made.
12. The Council's appropriation will receive \$608,000 through Budget 24 to fund related closure costs, including redundancy and outstanding invoices for Council work.

Communications

13. Once Budget 24 announcements have been made on 30 May 2024, MBIE will release proactive communications to Council stakeholders and respond to any media queries. Reactive Q&As and key messages are attached as Annex Two.

Risks and mitigations

Risk areas	Details	Mitigation
Reputational	<p>The Council represents approximately 2 million residential consumers and 530,000 small businesses across New Zealand.</p> <p>These small electricity consumers may be perceived as having no longer have anyone to advocate on their behalf.</p>	<p>MBIE has developed reactive media lines based on the key messages.</p> <p>MBIE will share draft proactive communications with the Minister's office.</p>
Budget sensitivity	<p>Informing the Council ahead of Budget announcements risks information about the closure being made public.</p>	<p>The letter to the Council will remind them of the sensitive and confidential nature of Budget decisions.</p> <p>Informing the Council after Budget announcements would present a greater risk of negative media comments from Council members.</p>

Next steps

Action	Timing
MBIE implements close-down plan including management of contracts, the Council's website, public information, and finances.	Ongoing
Minister calls Chair and sends letters informing the Council of the decision.	29 May 2024
Budget 24 announcements are made. MBIE advises Secretariat staff and begins internal change consultation. MBIE releases proactive communications to Council stakeholders.	30 May 2024
Council closure date.	28 June 2024
All costs related to the closure of the Council are met.	FY 2024/25

Annexes

Annex One: Draft letters to the Council Chair and members

Annex Two: Reactive Q&As and key messages

Annex One: Draft letters to the Council Chair and members

29 May 2024

Deborah Hart
Chair, Consumer Advocacy Council
Privacy of natural persons

Tēnā koe Deborah

Closure of the Consumer Advocacy Council

Tomorrow, the Minister of Finance will announce decisions made as part of Budget 24. This year's Budget process has been shaped by the Coalition Government's commitment to a programme of fiscal sustainability. Significant savings have been sought to deliver this Government's fiscal strategy, policy commitments and fund critical cost pressures.

I am writing to inform you that as part of this Budget 24 savings process, the Consumer Advocacy Council will not be funded to continue beyond June 2024. The Council will close on Friday, 28 June 2024 and your appointment term will end.

I understand this decision will be disappointing, which is why I am writing to you, in confidence, ahead of the public Budget 24 announcements being made.

In making the decision to cease funding for the Consumer Advocacy Council, the Minister of Finance acknowledged the contribution the Council has made. However, as part of this year's Budget process, difficult trade-offs have been made in order to achieve baseline savings reduction.

I would like to take this opportunity to personally thank you for your dedicated and effective leadership of the Council.

The Minister of Energy joins me in thanking you and the Council members for your service.

.

Nāku noa, nā

Hon Andrew Bayly
Minister of Commerce and Consumer Affairs

29 May 2024

Jessica Wilson

Privacy of natural persons

Tēnā koe Jessica

Closure of the Consumer Advocacy Council

Tomorrow, the Minister of Finance will announce decisions made as part of Budget 24. This year's Budget process has been shaped by the Coalition Government's commitment to a programme of fiscal sustainability. Significant savings have been sought to deliver this Government's fiscal strategy, policy commitments and fund critical cost pressures.

I am writing to inform you that as part of this Budget 24 savings process, the Consumer Advocacy Council will not be funded to continue beyond June 2024. The Council will close on Friday, 28 June 2024 and your appointment term will end.

I understand this decision will be disappointing, which is why I am writing to you, in confidence, ahead of the public Budget 24 announcements being made.

In making the decision to cease funding for the Consumer Advocacy Council, the Minister of Finance acknowledged the contribution the Council has made. However, as part of this year's Budget process, difficult trade-offs have been made in order to achieve baseline savings reduction.

I would like to take this opportunity to personally thank you for your dedicated and effective leadership of the Council.

The Minister of Energy joins me in thanking you and the Council members for your service.

Nāku noa, nā

Hon Andrew Bayly

Minister of Commerce and Consumer Affairs

cc: Deborah Hart, Chair, Consumer Advocacy Council

Privacy of natural persons

29 May 2024

Nanette Moreau Hammond
Member, Consumer Advocacy Council
Privacy of natural persons

Tēnā koe Nanette

Closure of the Consumer Advocacy Council

Tomorrow, the Minister of Finance will announce decisions made as part of Budget 24. This year's Budget process has been shaped by the Coalition Government's commitment to a programme of fiscal sustainability. Significant savings have been sought to deliver this Government's fiscal strategy, policy commitments and fund critical cost pressures.

I am writing to inform you that as part of this Budget 24 savings process, the Consumer Advocacy Council will not be funded to continue beyond June 2024. The Council will close on Friday, 28 June 2024 and your appointment term will end.

I understand this decision will be disappointing, which is why I am writing to you, in confidence, ahead of the public Budget 24 announcements being made.

In making the decision to cease funding for the Consumer Advocacy Council, the Minister of Finance acknowledged the contribution the Council has made. However, as part of this year's Budget process, difficult trade-offs have been made in order to achieve baseline savings reduction.

I would like to take this opportunity to personally thank you for your dedicated and effective leadership of the Council.

The Minister of Energy joins me in thanking you and the Council members for your service.

Nāku noa, nā

Hon Andrew Bayly
Minister of Commerce and Consumer Affairs

cc: Deborah Hart, Chair, Consumer Advocacy Council
Privacy of natural persons

29 May 2024

Norman Evans
Member, Consumer Advocacy Council

Privacy of natural persons

Tēnā koe Norman

Closure of the Consumer Advocacy Council

Tomorrow, the Minister of Finance will announce decisions made as part of Budget 24. This year's Budget process has been shaped by the Coalition Government's commitment to a programme of fiscal sustainability. Significant savings have been sought to deliver this Government's fiscal strategy, policy commitments and fund critical cost pressures.

I am writing to inform you that as part of this Budget 24 savings process, the Consumer Advocacy Council will not be funded to continue beyond June 2024. The Council will close on Friday, 28 June 2024 and your appointment term will end.

I understand this decision will be disappointing, which is why I am writing to you, in confidence, ahead of the public Budget 24 announcements being made.

In making the decision to cease funding for the Consumer Advocacy Council, the Minister of Finance acknowledged the contribution the Council has made. However, as part of this year's Budget process, difficult trade-offs have been made in order to achieve baseline savings reduction.

I would like to take this opportunity to personally thank you for your dedicated and effective leadership of the Council.

The Minister of Energy joins me in thanking you and the Council members for your service.

Nāku noa, nā

Hon Andrew Bayly
Minister of Commerce and Consumer Affairs

cc: Deborah Hart, Chair, Consumer Advocacy Council
Privacy of natural persons

Annex Two: Reactive Q&As and key messages

Key messages

- The decision to close the Council has been made as part of Budget 24. This year's Budget process has been shaped by the Coalition Government's commitment to a programme of fiscal sustainability.
- The work of the Consumer Advocacy Council is coming to a close at the end of June 2024.
- During its time the Council has provided evidence-based policy advocacy on behalf of small electricity consumers – particularly households and small businesses.
- The relationships the Council built with the electricity sector and other consumer advocacy groups has helped to make the electricity industry easier to navigate and fairer for everyone.

Why has the Government decided to disestablish the Consumer Advocacy Group when consumers are facing increasing costs of living from essential utilities such as electricity?

- This Government is committed to getting public spending back under control.
- While the Government appreciates the work the Council has undertaken to date, we are committed to identifying enduring savings where possible to ease the burden on the already stretched taxpayer.

How does the Government expect consumers to have their views heard on electricity matters which affect them?

- The Consumer Advocacy Council was established in 2020 following the recommendation of the Electricity Price Review to fill the gap in evidence-based policy advocacy for small electricity consumers.
- Since then, Electricity Industry Act 2010 has been amended to give the Electricity Authority a statutory objective to protect the interests of small electricity consumers. The Authority's work programme includes initiatives to strengthen and improve protections for small consumers, such as its February 2024 decision to mandate the Consumer Care Guidelines that are currently voluntary.
- I note the Authority decided in January 2024 to establish a new advisory group to provide it with independent advice on Authority projects – it is signalling the intent to work more closely and transparently with the sector and consumers, and to encourage greater involvement of consumer views.
- There are other ways for the consumer perspective to be heard, and other advocacy groups continue to participate in regulatory decision making.

What is the Government doing to promote consumer interests in the electricity sector?

- This Government remains committed to cut red tape to drive a surge of investment in renewable electricity generation so New Zealand can double its supply of affordable, clean energy and become a lower emissions economy.
- Ultimately this will benefit consumers as they have increased access to clean energy.