

Electricity Price Review – Review of Options Paper
Ministry of Business, Innovation and Employment

The Salvation Army New Zealand, Fiji, Tonga and Samoa Territory Submission

BACKGROUND:

1. The Salvation Army is an international Christian and social services organisation that has worked in New Zealand for over one hundred and thirty years. The Army provides a wide range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.
2. We have over 90 Community Ministry centres and Churches (Corps) across the nation, serving local families and communities. We are passionately committed to our communities as we aim to fulfil our mission of caring for people, transforming lives and reforming society by God’s power.
3. This submission has been prepared by the Social Policy and Parliamentary Unit of The Salvation Army. This Unit works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand. This submission has been approved by Commissioner Andrew Westrupp of The Salvation Army’s New Zealand, Fiji, Tonga and Samoa Territory. We are thankful to the Expert Advisory Panel members for the opportunity to contribute to this crucial review discussion, particularly from a Christian, NGO and grassroots community perspective. It has been a long process for all of those involved. However reviews like this are crucial platforms to try and effectively represent the interests, views and concerns for those people facing various forms of socio-economic and spiritual hardship that we work with daily.

SUBMISSION:

EPR Recommendation	The Salvation Army Submission
A1: Establish a consumer advisory council	<ul style="list-style-type: none"> • It is crucial to establish the consumer voice The Salvation Army is advocating for regarding this Review. For example, in 2018, we supported approx. 120,000 Kiwis through our various Christian and social service platforms. Almost half of this number is people or whanau with some sort of financial problem debt issue. Additionally, many of these people are beneficiaries, those on lower incomes, those facing challenges with addictions, and numerous other social issues. We submit then that The Salvation Army primarily assists some of the most marginalised and vulnerable New Zealanders, many of who are facing serious and complex inter-related forms of hardship. • We support the establishment of an advisory council.

	<p>However, it is crucial that this council has ‘teeth’, and is able to independently and effectively represent the diverse consumer voice to various stakeholders and sectors.</p> <ul style="list-style-type: none"> • We strongly advocate that representation on this council should cover the broad spectrum of New Zealand society – from those representing more vulnerable consumers, through to those representing other general groups of our society. We recommend that a sufficient number of advocates from the NGO sector are appointed to this council to represent these consumers. • We believe that this council should be clearly weighted towards the real consumer voice. This council, as per the EPR Options Paper, is for the consumer voice. Whilst there are diverse types of consumer voices e.g. small business, residential customers etc., we do not want this council to be captured by the power companies. It is a consumer council and the representatives here should be overwhelmingly being from recognised consumer groups. • We support the potential levy of electricity participants to help fund this council. • The Salvation Army has numerous questions about how this council should and could work e.g. is there an interim council? Who is the lead agency? What values are underpinning their work? Who is their secretariat? But in principle we strongly support this recommendation. We also are willing to continue engaging in this council process to ensure how the consumers we represent are advocated for at this council level.
<p>A2: Ensure regulators listen to consumers</p>	<ul style="list-style-type: none"> • We support this idea of establishing an explicit statutory responsibility for the Electricity Authority and Commerce Commission to consult electricity consumers. This idea could be connected to the A1 Option above. • We acknowledge that there are various consumer-related aspects of the legislation and practice of these organisations. But we submit that specific reference in the law would strengthen the consumer voice and protection, particularly for vulnerable consumers.
<p>B1: Establish a cross-sector energy hardship group</p>	<ul style="list-style-type: none"> • The Salvation Army strongly support this Option. • We believe the initial focus should be on energy hardship and energy-related issues. However, there is a lot of discussion across various government departments about this idea of hardship and vulnerability. We believe there is scope to potentially broaden the scope of this group beyond energy issues in the future as government departments grapple with the ideas and realities of hardship and vulnerability. • The composition of this group is crucial. There needs to be highly skilled advocates that can effectively work across various sectors of society, and also across various

	<p>government departments. The Salvation Army is happy to contribute to the ongoing discussions in this area.</p> <ul style="list-style-type: none"> • We also note that if representatives of this group are coming from the NGO/NFP sector, that there needs to be adequate resourcing for these people. The NGO/NFP sector is severely over-consulted and is not profit-making organisations. Therefore the strain on them is very real and difficult. Properly resourcing this group is crucial. • We do have a question about what is the connection, if any, between this hardship group and the council from A1. Would the hardship group be a sub-group of the council?
B2: Define energy hardship	<ul style="list-style-type: none"> • We strongly support this Option. • We submit that this should be one of the first priorities for the newly formed hardship group.
B3: Establish a network of community-level support services to help consumers in energy hardship	<ul style="list-style-type: none"> • We support this Option in principle. However, we do have some questions or concerns about this Option. • Scale is important to increase the reach and impact of these services. We submit there are existing organisations, particularly NGOs/NFPs that have the capacity and reach needed to implement this network of services. But these services are significantly underfunded. Therefore, the potential contracting model proposed here could be beneficial. At the same time, The Salvation Army finds the government contracting processes extremely onerous, stuck in silos, and not funded well given the high needs clients we work with. • In our experience, local community organisations have built up trust and familiarity with their communities. Any network as outlined in Option B3 should work with the existing community networks as much as possible. With the potential of contracting arrangements, there is a likelihood that new organisations ‘enter the market’ to compete for these funds. This can be very unhelpful as local community groups could be side-lined in if this network is established. • Furthermore, the socio-economic issues that people face are complex and inter-related. Isolating energy-related issues could be positive. Conversely, our experience tells us that providing wrap-around and holistic services are very beneficial in trying to support these intertwined issues. We submit the EPR Panel should consider these realities as they make the final decisions in this area.
B4: Set up a fund to help households in energy hardship become more energy efficient	<ul style="list-style-type: none"> • We support this Option. • We acknowledge some of this work is already happening. We believe it is crucial that this work is undertaken with the support of a case worker or advocate, potentially the Advisors or Coaches from B3. Providing additional funds for this work is positive. But in our experience consumers, particularly vulnerable consumers often need active and

	<p>consistent mentoring and support to change or adjust behaviours. In light of this, financial capability and literacy are great platforms or mechanisms for this energy efficiency work to take place. Also, if households have to apply for this fund, some more vulnerable whanau might need assistance in navigating through this process. The Whanau Ora model is very effective in regards to this kind of navigating through bureaucratic processes.</p> <ul style="list-style-type: none"> • Would it be possible for groups to apply for this fund e.g. iwi groups or defined neighbourhoods? Could NGOs apply for this fund for a specific group of people or whanau?
<p>B5: Offer extra financial support for households in energy</p>	<ul style="list-style-type: none"> • We support this Option in principle. However, it is important to provide mechanisms for people to mobilise and break any unhelpful cycles if possible for them and their whanau. Therefore, providing this extra financial assistance can obviously help people. But, for example, building the financial capability and literacy of consumers could help reduce the dependence or reliance on this extra support. Of course those in severe energy hardship would benefit greatly from this and we definitely support that approach. But is this fund for energy-related emergencies or a new general form of welfare to whanau? This needs to be clarified. • Additionally, through the government’s recent reforms, policies like the Winter Energy Payment have made an important difference in people’s lives. What if people did not want or need the WEP? What if they wanted to donate their WEP to consumers facing energy hardship? Extra financial support can come from new forms of welfare. But it could also come from some sort of community sharing or giving model too. • Any assistance like this is clearly in the realm of the government’s welfare reforms.
<p>B6: Set mandatory minimum standards to protect vulnerable and medically dependent Consumers</p>	<ul style="list-style-type: none"> • We strongly support this Option. • We advocate for a clearer process when disconnections are a possibility for vulnerable or medically dependent customer. What support do they get when they are facing disconnection? In our experience, on many occasions, staff from NGOs/NFPs act as advocates and navigators for these vulnerable consumers. Do the power companies engage with the consumer’s advocate (if they have one)? We support the company engaging with the consumer’s advocate(s) and support mechanisms to ensure disconnection and other related issues do not become too punitive. This could be reflected in any new regulations or standards developed by the Code.
<p>B7: Prohibit prompt payment discounts but allow</p>	<ul style="list-style-type: none"> • We support this Option in principle. Of course, the idea of ‘reasonable’ must be defined clearly here.

reasonable late payment fees	
B8: Explore bulk deals for social housing and/or Work and Income clients	<ul style="list-style-type: none"> • We support this Option. • We strongly advocate that the definition of social housing must be broadened to go beyond just government social housing. For example, The Salvation Army 577 transitional housing units (mostly under government contracts), and 331 social housing units across the country. Any bulk deals should, in our opinion, include social housing in the NGO sector, particularly social housing under community housing providers, iwi groups and others.
C1: Make it easier for consumers to shop around	<ul style="list-style-type: none"> • We support this idea. • We recommend that these websites have a clear connection to the government-run language line to support those with English as a Second Language. Also, we believe there is room for connection with the FinCap MoneyTalks phone line to provide some more sources of advice and social navigation.
C2: Include information on power bills to help consumers switch retailer or resolve billing disputes	<ul style="list-style-type: none"> • We strongly support this idea. • However, with the move towards digitising information, we submit that this crucial information, particularly around resolving disputes, should be clearly presented on these digital platforms.
C5: Prohibit win-backs	<ul style="list-style-type: none"> • We support this. There is a potential to confuse consumers, especially vulnerable consumers, if win-backs are allowed after a switch between companies. Switching companies can be itself very confusing.
C6: Help non-switching consumers find better deals	<ul style="list-style-type: none"> • We support this Option as it supports the wider public good. Again, we strongly advocate that the voice and reality of vulnerable consumers is not forgotten or lost in this work. Connecting to the council and/or hardship group discussed earlier could greatly benefit this Option.
C7: Introduce retail price caps	<ul style="list-style-type: none"> • We support the inclusion of this Option in some sort of review of this EPR in the future. We understand that for many reasons, the EPR Panel does not favour this option. That is fine. But how do we ensure that this lever does not come off the proverbial table? Could there be a review in 5 in 5 years to ensure the retail competition here is still effective and ethical? If not, then the price cap mechanism could be looked at again. We do support this Option in principle as it would greatly help vulnerable consumers (alongside many other mechanisms). But we acknowledge this is a difficult and somewhat contentious issue. We believe a cap can be effective alongside other measures. The council and hardship group could play a significant role in reviewing and overseeing this policy cap tool.

E1: Issue a government policy statement on transmission pricing	<ul style="list-style-type: none"> • We support this.
E2: Issue a government policy statement on distribution pricing	<ul style="list-style-type: none"> • We support this.
E3: Regulate distribution cost allocation principles	<ul style="list-style-type: none"> • We support this. We recommend that the council and/or hardship group play a role in disseminating this often complex information to those organisations working with those in energy hardship.
E4: Limit price shocks from distribution price increases	<ul style="list-style-type: none"> • We support this.
E5: Phase out low fixed charge tariff regulations	<ul style="list-style-type: none"> • We do not have a strong opinion on this Option. We understand consumer groups like Grey Power and others have been active in opposing this Option. Though we do not have a strong view here, we do want to support any approach that prioritises the needs of consumers.
F3: Give regulators environmental and fairness goals	<ul style="list-style-type: none"> • We support this.
G4: Improve the energy efficiency of new and existing buildings	<ul style="list-style-type: none"> • We support this. However, we want to inform the Panel that this could become an increasing financial burden on NGOs/NFPs who are already facing significant financial challenges. This is a reality that corporate or commercial groups don't have to face. We hope these realities are factored in when considering the implementation of these standards.