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Plan needed to protect consumers from debt tsunami: IAP

Energy Consumers Australia has welcomed the Independent Accountability Panel's report on the disclosures of Energy Charter signatories this week, saying it comes at a critical time as consumers continue to struggle with bill stress and face a riskier tide of debt in the future from deferred payments.

The report shows there has been progress by many of the Charter signatories in putting greater focus on the consumer this year, with several examples of good practices which have been critical to support Australians during the bushfires and the COVID-19 pandemic.

Interim CEO Lynne Gallagher said, importantly, the report not only assesses progress of energy companies over the past 12 months against the Charter goals, but also looks to the future saying the energy sector needs a plan to protect consumers from the "debt tsunami" which is ahead.

"The Panel makes the point that thousands of customers took up the option to defer bill payments because of the pandemic and we need to make sure this doesn't become a major pain point for them in the future.

"That will require a lot of flexibility by energy companies in the way re-payments are handled in 2021."

Ms Gallagher said the economic crisis created by the pandemic had triggered a real-life stress-test for energy companies as record numbers of households and businesses suddenly needed support.

"COVID-19 has asked companies to assess their customer service standards and approach customers with empathy as part of a larger community support effort.

"We need energy companies to build on the good practices which have emerged during 2020 and keep going beyond the obligatory business-customer relationship with genuine proactive engagement.

"The lessons from the pandemic are also relevant beyond the immediate crisis – we need to continue seeing a big lift in the way energy companies support consumers to manage their use and bills."

Ms Gallagher said with wholesale and network costs falling to their lowest levels in years, now was the time for price relief for energy consumers.

"Reducing energy prices is critical for the economic recovery – both for individuals struggling with reduced income or unemployment and for small businesses trying to keep their head above water and then accelerate business activity as the crisis abates.

"We've seen some good news about price reductions in recent times and we need to see that continue over the coming months and years."

Ms Gallagher said there was still much more work to be done by the Energy Charter to bring consumers into the centre of the energy industry's focus.

"With government support winding back and many households and businesses still in severe financial difficulty and amassing large debts, the Energy Charter must take a leading role in planning for the ongoing hardship faced by many consumers," she said.

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