



Housing for the Aged Action Group

ABN: 80 348 538 001 Reg: A0017107L

**Postal address: 1st Floor, Ross House
247-251 Flinders Lane, Melbourne 3000**

Admin: 9654 7389 Fax: 9654 3407

Intake Service: 1300 765 178

Email: haag@oldertenants.org.au

Website: www.oldertenants.org.au

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Due: 13th Sept 2019

The Essential Services Commission

Level 37, 2 Lonsdale Street

Melbourne VIC 3000

Dear Sir/Madam,

Submission: Electricity Distribution Code review issues paper

This written submission is provided by Housing for the Aged Action Group (**HAAG**).

HAAG is a member-based, not-for-profit organisation. Our members are mostly older residents and tenants from a variety of housing types across Victoria, and our committee of management is representative of the same. HAAG also facilitates and supports working groups made up of older residents and tenants living in caravan and residential parks and villages and Independent Living Units (**ILUs**).

The organisation is driven by the needs of older people, and our members participate fully in planning and implementing our activities, via working groups and our Committee of Management. All policies, procedures and campaigns are the result of grass roots engagement with older people, who have been advocating for improved housing for older people for over 30 years.

*name changed

Many of our cohort live in Retirement housing Options that have Embedded Networks (**EN**). These ENs are run by the owners, operators or managers of their villages or parks; they will be referred to as 'operators' in this submission. In HAAG's experience these older people living in Retirement Villages, Residential Parks, Independent Living Unit complexes, Caravan Parks and other retirement housing are often living with intersecting vulnerabilities and stressors including their health, finances, family situation amongst other concerns.

Due to a lack of regulation and standardisation of contracts, services, maintenance, management training, and dispute resolution processes in the broader retirement housing sector, many retirement housing residents who come into contact with HAAG are experiencing a profound lack of choice, control, security and comfort in their villages and parks.

Many retirement housing residents have invested their life savings to move into their new home, but due to excessive departure costs are often restricted from moving on. This combined with a lack of transparency and communication with retirement housing operators about processes, cost and changes in the village or park can mean that residents have even less agency in how they live their lives.

Many retirement housing residents experience restrictions on their rights and choices in how they live and receive services due to the lack of standardisation and transparency in their retirement housing contracting. Many retirement housing residents are provided energy and other essential services via an EN that is managed by retirement housing operators. Many residents that come into contact with HAAG have concerns with their ENs as the retirement housing owners or managers use their monopoly of essential services provision as a method to reduce the agency of residents in choosing their energy providers, while charging them unregulated and/or unreasonable fees for this.

Response to the Issue Paper:

Dispute Resolution Processes Currently Available to EN Customers

On 1st July 2019 the Energy and Water Ombudsman Victoria (**EWOV**) announced that they would be gaining jurisdiction to resolve disputes on behalf of Victorian EN customers. This included people who are residents of caravan parks, retirement villages, residential parks and other kinds of retirement housing. Unfortunately, EWOV can only act on an EN customer's complaint if the EN operator registers with EWOV. HAAG has noticed that many retirement housing operators that already ignore or avoid their legislated responsibilities are unlikely to voluntarily opt-in to a formal dispute resolution process that will make them accountable to a government agency. This means that EN customers who may already be living in retirement housing with an EN managed by an unethical operator have no avenue to correct this injustice.

Though theoretically, EN customers are able to leave the EN and choose their own energy providers, this is practically near impossible. It would involve having to lay new cables and other hardware as well as getting approval for such works from the retirement housing operators to commence such construction within their boundaries. There is no incentive or obligation for operators to do this. Residents can be left feeling trapped in housing that they

cannot afford to leave due to exorbitant exit fees, receiving energy from an EN that they have no capacity to leave due to the impracticality and unfairness of the situation.

The EN customers that HAAG supports are often older people who live with intersecting vulnerabilities such as physical and mental health concerns, financial disadvantages, lack of family and community support. They have often moved into a retirement housing with the belief that it offers them supports and lifestyle options to age-in-place, but once they have moved in they realise they cannot exercise their right to choice in essential services. This can exacerbate their financial distress if they have budgeted for a certain amount, and the EN option means they have no real control or understanding of what their costs are now and what they will be in the future. It can also create a feeling of hopelessness when people feel like they have no choice, control or way out of a situation, as well as no social or community supports to rely on.

“I guess I will just have to lie back and take it.”
Nora, 87*

Transparency and Lack of Information Provided

HAAG members report that they are often not provided with clear, concise information on what their Embedded Network is, how much it will cost and how that cost is calculated and then paid, and how that cost is incorporated into other costs in the park or village.

Many EN electricity prices are bundled into general ‘maintenance fees’ or ‘rental fees’ that are paid weekly, fortnightly or monthly. The specific electricity amount is not always obvious, and sometimes is actively not included.

“Honesty goes a long way.”
Graham, 78*

Many residents when requesting information on the cost of all their services are not provided with an itemised list of costs. This makes it difficult to see what they are paying for their electricity to begin with, let alone assert themselves if their rights are being violated.

Other residents have reported to HAAG that their village operator will not disclose what ‘deal’ they have and what price they are buying their electricity at from the main grid distributor. Residents state that often they pay exorbitantly high prices for electricity, and they believe that the village operator is making a profit on the electricity they are buying and on-selling.

*name changed

Practically residents have no option to choose a different energy provider or leave the village if they are unhappy, so the village operator can charge whatever they want without consequences.

The lack of transparency in services and costs, as well as the entanglement of EN costs with general costs is illustrated in the case study below:

Case Study:

Glenda received a rent increase in her retirement village. The village said that it was a necessary increase. Simultaneously, they were offering residents a discount on their electricity deal which they receive through the village's Embedded Network. Glenda and fellow residents contacted CAV and it was established that that the rent increase was too high. The residents took the village to VCAT and it was confirmed by the Tribunal that it was indeed too high. After this ruling, the village contacted all residents and told them that if they refused to pay the higher rent, then they would not be offered an Embedded Network discount. The village then proceeded to tell residents they could choose between the two options, but Glenda stated that there was definite pressure to pay the higher rent option. Without the discount applied, residents would be paying the higher overall costs for rent and energy than just paying the rent increase. There was a lack of transparency and information on how the Embedded Network energy fees were calculated, what the deal the village was receiving from the distributor, and how much the resident-customers were required to pay. There was also the issue of the overall village costs being bundled together and the use of the Embedded Network discount as a tool to pressure resident into paying higher rent than was appropriate.*

This case study illustrates that exempt sellers need to provide their customers with transparent communication about options, costs and what 'deals' are they are receiving from the distributors so EN customers, especially those who are physically, mentally and financially vulnerable in retirement housing can ensure they are not being taken advantage of.

*name changed

*“No one told me I couldn’t
get out of it.”*

Jen, 67*

Lack of Choice and Unable to Leave

For some residents, retirement housing with an EN is ideal. They get to move into retirement housing and don't have to worry about setting up their electricity, and know that their retirement housing operator will sort out any service interruptions on their behalf so they don't have to. Often this arrangement is used as a selling point to people that are looking to move into a certain retirement housing. What is not explained to residents is that though theoretically they should be able to choose their own energy provider if they have a company they prefer based on price, service, or personal preference, practically it is often impossible. If a resident chooses a different provider they need the cables, towers and hardware to supply them. If the resident has left the EN, it is unlikely the retirement housing operator will allow them to use the village EN hardware. The only other options is for the residents' new energy provider to install the necessary hardware, potentially at the expense of the resident. Residents report this situation makes them feel like they have no control or choice in the services they receive. Residents who weren't told that leaving is not an option often feel mistrust in management.

Protections for EN Customers

Exempt sellers such as retirement housing operators have been given responsibility, control and power of the electricity provision for the residents within their EN. This responsibility needs to be infused with an understanding that the rights and protections offered to them should also be passed on to the residents.

Protections should not be diluted for the people that are actually receiving this essential service and whose lives are impacted by issues and disruptions. They are often, especially in the case of people who contact HAAG, older people who already have less access to agency, choice and external and impartial dispute resolution processes due to the nature of many retirement housing contracts. All protections afforded to main grid customers should be afforded to EN customers

Guaranteed Service Level Scheme

The Guaranteed Service Level Scheme (**GSLs**) exists to compensate people who have had their electricity services disrupted. Though the exempt seller is 'technically' the customer to be compensated, there needs to be a component of the GSLs that mandates the EN customers also receive some compensation as they are the customers who are most impacted. This is especially the case for our clients, who are often home more due to mobility and health issues, often experience higher levels of disability and health concerns, and often depend on electrical appliances to remain safe and healthy in their homes. When there is a disruption to their electricity supply the retirement housing operator should have a duty to pass on any compensation to the residents affected.

*name changed

Other Responses:

Solar Panels and Selling Back to the EN

Another concern is that of the relationship between retirement housing with ENs and the installation of solar panels.

Issue that have been brought to the attention of HAAG include:

- Residents within ENs being told they cannot install solar panels on the units they own as retirement housing operators do not want them leaving the EN.
- Management installing solar panels on the roof of resident-owned units but the energy collected does not provide any benefit to the resident. The energy is funnelled back into the EN for use by the retirement housing facilities, yet the cost of electricity for residents remains the same.

Many retirement housing residents who come into contact with HAAG are interested in solar panels and other sustainable resources. Many have done substantial research into solar panels with the hope of living in a more financially and environmentally sustainable manner. Residents report that retirement housing operators often actively block the resident's choices, or subtly create barriers for residents to establish alternative energy sources.

Energy distribution regulations should have in place mechanisms that support people to access their energy from sources that are environmentally sustainable, and ensure that if exempt sellers do facilitate the installation of solar panels, that residents receive financial benefit from this.

“It all just goes back to the village and there is no benefit to us at all.”

Nora, 87*

Recommendations:

- Exempt sellers must provide EN customers with separate documentation outlining the cost-price and the on-sale price, any 'deals' the exempt seller is receiving, the individual costs or bill the EN customer is required to pay. EN costs must not be combined with any other costs such as rent or maintenance fees. Document should be a standardised and prescribed form that exempt sellers are required to provide.
- All protections afforded to the exempt seller should also be afforded to the EN customers as they are the people whose lives are impacted directly. Similarly, the GSLS compensation should be forwarded onto benefit EN residents impacted.

*name changed

- Exempt seller must be transparent about the resident's rights to change energy provider, and their ability to practically be able to do that. Documentation should be provided before a resident moves into their housing of what the exempt seller is willing and able to do to facilitate changing electricity providers, and if they are not able to do this, explicit indication of this lack of choice. Document should be a standardised and prescribed form that exempt sellers are required to provide.
- Solar panels installed on resident-owned dwellings should be to the benefit of the resident who lives there. A percentage or fair figure of the solar energy collected should be deducted from the EN energy costs the resident is liable to pay each bill.
- The outsourcing of the management of ENs to exempt sellers and their agents needs to be regulated and prescribed. Requirement such as these need to be standardised to protect those who are vulnerable, isolated, disempowered and 'trapped' in ENs that afford them no choice, control or protection.

FOR MORE INFORMATION:

Retirement Housing Advice Service
Housing for the Aged Action Group
retirement@oldertenants.org.au
(03) 9654 7389 option 2