

**Submission to the Draft Addendum to the Medically Dependent Consumer (MDC) and the Vulnerable Consumers (VC) guidelines
The Electricity Authority (EA)**

Executive Summary

1. The Salvation Army would not normally make a submission on this type of consultation. But given the importance of this review in the post-Covid environment, we wanted to add some brief comments based on our experience with our clients. Overall, we are supportive of this draft addendum to these guidelines.

Background

2. The mission of The Salvation Army is to **care for people, transform lives and reform society by God's power**. The Salvation Army is a Christian church and social services organisation that has worked in New Zealand for over one hundred and thirty years. It 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.
 - a. The combined services of Te Ope Whakaora The Salvation Army provided support to around 120,000 people in 2019. In our Community Ministries service, over 57,000 food parcels were distributed to more than 28,000 families and individuals. Our workers also conducted nearly 13,000 financial mentoring and budgeting sessions with about 3,800 clients in 2019. In addition, The Salvation Army is a registered Community Housing Provider, providing social housing for hundreds of tenants, and we are one of the largest transitional housing providers in the country. Also, we continue to provide various housing support services around the country through our Salvation Army Social Housing (SASH) and Transitional Housing units. Furthermore, our Addictions Supportive Accommodation and Reintegration Services (ASARS) continued to provide support for those facing addictions to alcohol, other drugs, and problem gambling, and also assisting those leaving prison.
 - b. This submission has been prepared by the Social Policy and Parliamentary Unit (SPPU) of The Salvation Army. The SPPU works towards the eradication of poverty by advocating for policies and practices that strengthen the social framework of New Zealand. This submission has been approved by Commissioner Mark Campbell, Territorial Commander of The Salvation Army's Aotearoa New Zealand Fiji Tonga and Samoa Territory.

Responses to consultation questions

3. Electricity meter operating in a prepayment mode

- a. We support retailers being encouraged to not recommend prepayment meters to MDCs, but to do so in a non-discriminatory way. We are interested in the assessment process that happens for MDCs *before* they are presented with meter options by retailers. In our experience, a robust assessment of broad issues facing those using our services is important to get an accurate picture. For us, often that picture is made more accurate with data and insights from other organisations working with that person. We adhere to privacy rules. But we submit that a retailer where possible should attempt to get as broad a picture as possible of their consumers, especially as meter options are presented to them.
- b. In the Addendum under section 7(d), there is a list of good criteria for retailers:
 - i. Do retailers give assistance where possible if English is a second language for the MDC or VC? Is there a connection to free language services for these consumers¹? We submit greater flexibility regarding MDC and VC with language services is useful to ensure these consumers are properly informed.
 - ii. For our clients who have issues with electricity retailers, the primary source of the problems is usually a financial one. We believe that customers should be encouraged to go back to the retailer/company directly themselves if there are challenges with payment. But we also affirm that there should be a connection to other avenues for help. For example, the MoneyTalks helpline is a great resource in the community for those with financial and budgeting issues². Are your clients directed to these kinds of help available before there are repayment or disconnection issues? Many times, Salvation Army staff serve as advocates for clients as they engage with electricity companies, disputes resolutions schemes or other corporate entities because navigating through complex corporate (and government) bureaucracy is extremely difficult for those classed as MDC/VC. This advocacy and awareness of other help available is beneficial for both the consumer and the company.
 - iii. Under section 7(d)(iii), if there is a purchase of additional or emergency credit, what support or advice is given by the retailer in this part of the process? Many of our clients make financial trade-off decisions like any other consumer. The difference is that our clients (who would fall within MDC/VC categories) make these decisions with relatively little money. We recommend some budgeting assessment if there is a push to purchase more credit, and possibly an informing of these consumers of the more ethical lending options available in the community so they do not take up high interest, short term loans in order to pay for this credit. The trade off to buy

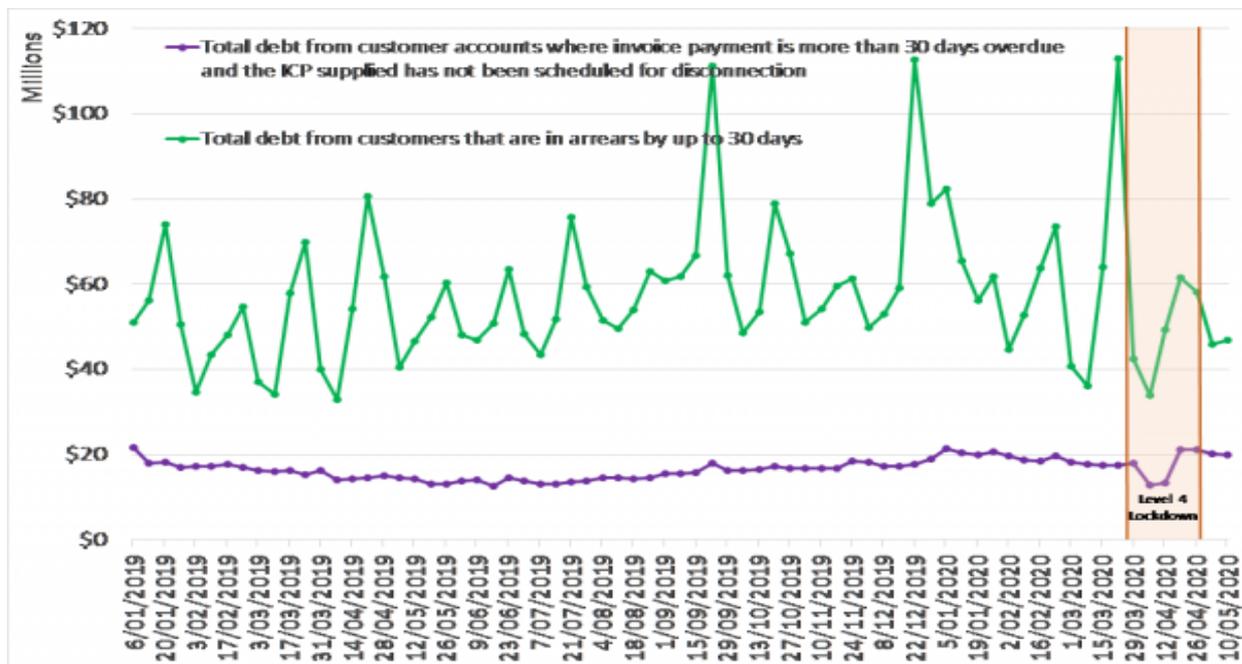
¹ <https://www.mbie.govt.nz/cross-government-functions/language-assistance-services/#:~:text=A%20new%20Telephone%20Interpreting%20Service,week%2C%20in%20over%20180%20languages.>

² <https://www.moneytalks.co.nz/>

more credit could cause serious problems in other parts of that person’s life or household.³

4. Remote disconnection or connection

- a. We support clause 8(a). We also support the guidelines in section 8(d), particularly subsection (iii) around the time of the disconnection.
- b. We submit that, as is probably the desire of retailers, the key focus should be to not get to the disconnection stage. As we stated earlier, the importance of comprehensive and ongoing assessment and financial mentoring support for the consumer is critical to not get to the disconnection stage. Within this is the importance of debt levels for MDC/VC. In the EA’s May 2020 Market Commentary⁴, it was noted that customer debt levels did not significantly increase in the Level 4 lockdown as the EA expected, probably due to bad debt being written off and/or payment extensions being given. This is illustrated below. We are encouraged with the potential reasons for debt levels not increasing, particularly where debts are written off. We also believe some of this is explained the government’s wage subsidy during the lockdowns. At the same time, we wonder about the debt levels MDC/VC have outside of this contractual relationship with their electricity retailer. Debt outside of this relationship will obviously impact repayments and any disconnection issue. Again, we affirm the huge importance of solid assessments, navigating and financial mentoring assistance (or direction externally) from retailers for these MDC/VC.



³ <https://www.salvationarmy.org.nz/get-help/welfare/community-finance-low-income-loans/no-interest-loan-scheme-nils>

⁴ <https://www.ea.govt.nz/about-us/media-and-publications/market-commentary/market-insights/covid-19-and-alert-level-effects-on-disconnections-and-debt/>

5. Retailer-Customer-Consumer-Premises Relationship

- a.** While we support the guidelines in this section, we do acknowledge that MDC/VC have a much more favourable arrangements than other customers. In our view, what can be classed as a vulnerable person/household is rapidly changing because of Covid. For example, our foodbank services were inundated with *new* clients during the levels 3 and 4 lockdown – clients who've never used our services before and many had never received government welfare support. While our work at The Salvation Army has a natural and missional bias to poorer Kiwis, we affirm that many Kiwis who would not normally fit a vulnerable category are doing it tough now. These are the ones we see in our services. This raises issues of fairness. We submit a fluid process of defining VC be developed by retailers to adapt to the changing face of hardship in this post-Covidian world. We want all New Zealanders to thrive and be dealt with fairly and justly, particularly from our Christian and Biblical context.
 - b.** We note the importance of information in this section of the Addendum. There are obviously privacy restrictions. But better and more streamlined information sharing, especially between NGOs (who regularly advocate for and with MDC/VC) and retailers/corporates could really help ensure the consumer has the information, support and navigation they need to function (in this context) with good, affordable and appropriate energy for their situation that will not cause detriment to other parts of their lives and wellbeing.
 - c.** We support the criteria listed in section 10(g).
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