

## **Electricity Industry Amendment Bill**

### **Economic Development, Science, and Innovation Committee**

#### **Executive Summary**

1. The Salvation Army is supportive of the passing of this Bill into legislation. Our short submission will focus on three specific areas relevant to our mission and work in Aotearoa that are contained in the Bill – the consumer advocacy group, the role and power of the Electricity Authority (EA) regarding the Electricity Industry Participation Code (the Code), and the role of the Minister under this Bill. We are pleased to see the progress of this Bill and the Electricity Price Review (EPR) in general. We have engaged with the EPR particularly from the perspectives of vulnerable and lower-income people and whanau that often use our various Christian spiritual and social support services. The primary point of contact these people whanau have is through our national network of financial mentors and budgeters who engage with various financial hardship problems, including energy hardship.

#### **Consumer Advocacy Group (CAG)**

2. We support the establishment of this group as per New Section 22A of the Bill. The balance and mix of this group is crucial to ensure that there is a balance of domestic and small business consumers.
3. From our perspective, it is vital that the voices and views of those consumers deemed vulnerable are represented strongly in this group. It would be easy and unfortunate if the voices and experiences of vulnerable consumers is drowned out by other perspectives in this group.
4. To fulfil the requirements outlined in New Section 22B of the Bill, we propose the Committee look at one or all of the following options:
  - a. Establish specific positions within this Consumer Advocacy Group devoted to representing the views of poorer and more vulnerable consumers. There are already models operating in the public sphere where consumer advocacy groups or panels have been established that have places for the voices of vulnerable consumers to be expressed to inform policy and operational systems change e.g., ASB Bank, Utilities Disputes Ltd, Insurance Council New Zealand. Additionally, there are individuals and organisations with vast experience working with vulnerable consumers and advocating for their views e.g., disability advocacy groups, CAB, local Marae. Having specific roles within the overall new advocacy group for these voices will ensure there is strong advocacy to the EA and public of these energy hardship issues.
  - b. The selection of CAG members will require people who are skilled in engaging with policy and public servants, while still being well-connected to people and whanau in hardship. The earlier Cabinet paper framing the CAG called for CAG members to, among other things, *analyse potential policy, regulatory and service options that could address concerns and issues of domestic and small business consumers;*

*advocate on behalf of these consumers in regulatory consultations and other decision-making processes that affect them in relation to their electricity supply; and proactively inform regulators when electricity markets are not working for these consumers.* These can be difficult and complex functions and so membership of this CAG, particularly from those tasked with representing the voices of vulnerable consumers, requires people who have a broad set of experiences, skills, and community connections.

- c. We note that New Section 22A (3) and (4) allows for this CAG function to be performed by an existing crown agency if appointed by the Minister. We support this approach as this could provide administrative support to this CAG. However, we urge the Committee and Minister to ensure this CAG is made up of diverse and skilled people who can represent and advocate for all consumers (especially those experiencing energy hardship) and for small business consumers.
5. The Salvation Army supports the use of a new levy system under this Bill to fund this CAG. Clearly there will need to be robust consultation to ensure the levy is fair and sufficient to support the CAG's important work.

### **The EA and the Code**

6. The Salvation Army supports the amending of the objective section of the Principal Act through section 15 (2) and (3) which insert the additional objective of protecting the interests of domestic and small business consumers.
7. Furthermore, we support the amendment of section 16 (1)(f) (ia) that allows the EA to take *measures* to fulfil section 15 (2) and (3) mentioned above. As discussed earlier, we submit having a specific focus on issues of energy hardship for vulnerable domestic consumers should be an integral part of the EA's revised objectives and workplan.
8. These are in effect consumer protection provisions that have dropped out of the advocacy of many groups during the EPR. We welcome these changes. We affirm that this is a positive move because the focus in the Bill is to do with how the industry engages with consumers and not with other industry participants. This is a vital point given that this allows the EA to look at the how key industry practices including how electricity retailers acquire new residential customers, the terms and conditions of residential retail contracts, and billing practices. These are three areas where our frontline financial mentors have had consistent issues emerging from their work with our clients. The scope of sections 15 and 16 in the Bill allow for greater focus, investigation, and protective measures to protect domestic and small business consumers, particularly those people and whanau in vulnerable situations, facing real financial hardship challenges.

### **Provisions about the role of the Minister**

9. We note the significant change in the Bill allowing the Minister the ability to amend the Code. This is specifically in areas such as limiting retailer saves and win-backs, requiring retailers to provide further information to the EA to promote switching, requiring participants to make information available to improve the performance of the wholesale market, requiring participants to act as market makers in relating to wholesale electricity contracts, and requiring retailers to release information about the profitability of their retailing activities.

10. We also note there are limitations to these powers around time limitations and the requirement to comply to the consultation process enshrined in the Principal Act.
11. We can understand some of the logic behind this. And it is very positive to have a Minister fully engaged in these crucial issues. Our concern here is that there should be no duplication or bureaucratic over-reach in this process. The EA as a crown entity has been tasked with the enforcement of the Code and the laws in the Principal Act and should be given the full opportunity to enact these legislative changes, especially with the additional consumer protection initiatives in this Bill. The balance required between Ministerial involvement and the EA being allowed to do its job is difficult.
12. In reality, these provisions would probably lead to more reviews of the Code, which is also very positive, particularly around the provisions to protect consumers.
13. Finally, it is puzzling that under New Section 22A, the Minister *may* establish the CAG. We believe that this section should be in the affirmative. Replacing the word *may* with words such as *will* or something similar will add real strength to this requirement to establish the CAG.

#### **Background of The Salvation Army**

14. The mission of The Salvation Army Te Ope Whakaora 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.
15. The Salvation Army employs almost 2,000 people in New Zealand, and the combined services of The Salvation Army provided support to around 120,000 people in 2020. These services included in 2020 providing around 79,000 food parcels to more than 43,000 people, providing some 2,400 people with short-or long-term housing, over 7,100 families and individuals supported with social work or counselling, around 18,000 addictions counselling sessions, almost 5,000 families and individuals helped with budgeting, other practical assistance to around 6,000 families and individuals, chaplains visited more than 2,300 prisoners, and 5,200 victims, defendants and families were supported at court.
16. 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.