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13 November 2008

Dear Sir/Madam,

### **Retailer of Last Resort – Development of a National Policy Framework**

The Victorian Council of Social Service (VCOSS) is the peak organisation of the Victorian social and community services sector. VCOSS raises awareness of the existence, causes and effects of poverty and inequality and advocates for the development of a sustainable, fair and equitable society.

VCOSS welcomes the opportunity to respond to *the Retailer of Last Resort- review of Current Jurisdictional Arrangements and Development of a National Policy Framework* (the report).

VCOSS' overwhelming concern is the impact that the proposed National Policy Framework (RoLR Framework) will have on disadvantaged and vulnerable households, as such our comments are largely confined to elements of the scheme relevant to this concern. Lack of comment on other aspects of the scheme does not indicate support for them.

### **Objectives**

VCOSS is generally supportive of the objectives of the proposed RoLR Framework, however believes that objective number four, rather than focussing on the RoLR's ability to recover efficient costs, should ensure that the RoLR scheme itself covers the efficient costs, including consideration of the benefits of undertaking RoLR obligations.

### **Principles**

While broadly supportive of most of the proposed principles that underpin the RoLR Framework, VCOSS has strong objections to the inclusion of Principal 10, that: 'Customers of the failed retailer should bear the cost of failure, to the extent practicable'.

In justifying this principle, the report states that, 'the resulting costs that arise from a RoLR event ...should not be smeared across all customers because such an approach minimises the incentive of customers to consider the risks of signing with a new retailer'<sup>1</sup>.