

**Essential Services Commission Victoria**  
***Supporting Customers, Avoiding Labels***  
**Energy Hardship Inquiry Draft Report**

**Response prepared by Kildonan UnitingCare**

**October 2015**



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# Summary of Kildonan’s Response to ESC Energy Hardship Inquiry Draft Report

## Introduction

Kildonan UnitingCare (Kildonan) provides this response to the ESC’s *Supporting Customers, Avoiding Labels* Energy Hardship Inquiry Draft Report (ESC draft report), released September 2015.

As detailed in our May 2015 submission to the Inquiry, Kildonan assists more than 20,000 vulnerable Victorians each year and consults to businesses across Australia who want to work more effectively with their vulnerable customers. We have a clear understanding of the causes and effects of vulnerability and operate from the premise that we are all vulnerable at certain junctures in our life and should be given fair and equitable treatment.

Views expressed in this response are also informed by our experience in working with businesses across the energy, water and finance sectors for almost 20 years.

We held a focus group on 18 September to test the proposed framework with 12 vulnerable energy customers and used some of those outcomes to also inform our thinking.

In May 2015, we offered 16 recommendations to the ESC in relation to:

- The commission’s approach and the regulatory framework
- Performance and compliance
- “Better” practice
- Benchmarking

This response also considers our initial recommendations.

*We acknowledge that much consultation has taken place since the ESC draft report was released in early September, and the ESC has indicated several changes to the framework in response to feedback. This submission mainly refers to the framework as presented in the ESC draft report, acknowledging some shift in thinking since. Kildonan will formally comment on subsequent changes when they are publicly released.*

## Overview of Kildonan’s Response

The ESC draft report goes some way towards addressing several of Kildonan’s concerns in relation to:

- energy retailer transparency;
- normalisation of vulnerability and hardship; and
- mandatory reporting on customer outcomes.

We applaud the ESC for its clear diagnosis of the issues and its preparedness to revisit the old framework in its entirety. We endorse the ESC’s attempt introduce assistance measures earlier on in the collections process.

However, we believe there is a risk that the principles so clearly and accurately articulated in the initial chapters of the ESC report may not translate into positive customer outcomes if the framework proposed (Chapter 7 of the ESC draft report) is implemented *as presented*. As mentioned, we applaud the ESC’s consultative approach to date and are confident that, with further conversations, the framework will evolve into a more proactive and effective model.

Our key recommendations are for the ESC to amend its framework so that it facilitates and advocates for:

- Earlier customer conversations with retailers, including requirements for retailers to work through capacity to pay with their customers;
- Tailored debt and usage reduction measures for any customer;
- Facilitated pathways from and into other services for customers with more complex needs;
- Pathways to assistance for other issues that may be contributing to the customer's inability to pay their bills;
- Tougher disconnection requirements for the retailer; and
- Opportunities and rewards for retailer innovation in assisting vulnerable customers.

Kildonan is passionate about achieving an **integrated approach** to vulnerable Victorians through government and regulatory frameworks as well as the community sector. The ESC should consider working with government to ensure regulatory change that enables the provision of holistic support to energy customers across a variety of service platforms.

Better alignment is required across Victorian Government policy and systems to prioritise those people with highest needs. Priority groups such as children at risk, Aboriginal Victorians, women experiencing family violence and prisoners leaving the criminal justice system should be prioritised for similar assistance across government and regulatory systems. Policy levers are required to help break the cycle of hardship and cannot be achieved by one department in isolation.

An example of how the energy market can contribute to a holistic approach for priority markets is as follows:

*A key 2015 Victoria Government (Department of Health and Human Services) priority is to prevent children from entering the Out of Home Care system. This priority should be shared across government and regulatory platforms, with the requirement to facilitate a positive outcome wherever possible. Therefore, if a social worker identifies a family at risk of losing their children, and identifies that this family has a large energy debt that is potentially hampering their progress, mechanisms should be in place via ESC provisions for the relevant energy retailer to either waive the debt, fast-track concessions or provide other assistance*

### Testing the proposed ESC framework

Kildonan on 18 September hosted a focus group to test the proposed ESC approach. The focus group was attended by 12 energy customers (clients of Kildonan and other, low income customers) and was observed by representatives from ESC as well as AGL and EnergyAustralia.

Key outtakes were:

- early intervention is vital;
- automatic payment plans won't resolve the issue of affordability or usage; and
- tailored debt and usage reduction measures should be implemented at the earliest opportunity via respectful conversations to achieve a meaningful outcome for the customer.

The feedback provided by the focus group comprises *Appendix 1* of this report.

### Need to focus on usage (and other issues) as well as debt

The framework's focus on debt, not usage and other, underlying issues, fails to furnish customers with early and proper assistance to manage usage and does not address long-term endemic financial difficulty issues that result in the inability for some people to meet ongoing usage costs.

A key aspect of prevention and early intervention in relation to the energy retail market is ensuring the customer has the knowledge and ability to reduce energy consumption, and therefore reduce debt to save money on future energy bills. In its current form, the proposed framework suggests that access to usage reducing facilitators (such as energy literacy education, energy visits etc) does not occur until Stage D: Active Assistance Plan, or even at Stage E: Reconnection Plan (prepayments, supply capacity controls).

Up until then, the only obligation is for energy retailers to place customers onto extended repayment plans, which have the potential to last for up to 12-15 months, depending on the billing cycle. During this time, the customer's energy usage theoretically remains the same and, assuming their financial situation also remains static, their debt will continue to grow.

In our experience, a moratorium on debt (even with the retention of the pay-on-time discount as proposed) does not alleviate the customer's situation: it merely puts the issue on hold for the length of the moratorium and potentially exacerbates the problem at the end of that period, when the customer's income has been reallocated to other expenses.

*Kildonan's experience in the finance sector has shown that between 60 and 70 percent of customers choose not to have a moratorium placed on their debt when presented with a clear picture of the implications. They would rather pay something, reducing the debt and keeping it top of mind.*

In relation to 'other underlying issues', Kildonan has previously stressed the importance of supporting best practice for customers through understanding the multiplicity of customer needs, taking responsibility and tracking customer outcomes. Our *CareRing* program was used in our original submission as an example of how holistic supports, provided in partnership between government, industry and community sectors, can address a variety of issues contributing to an individual's or a family's decline. Policy levels are required to help break the cycle of hardship, and opportunities to collaborate and coordinate across government, community sector and industry need to be created and supported.

### An early conversation

The key to the success of companies such as Yarra Valley Water in developing and implementing hardship programs has been the flexibility to test ideas and approaches.

An 'innovation' that Kildonan is closely associated with is the introduction of respectful conversations between water retailers and their customers. The onus is not solely on the customer to self-identify, however staff are trained in how to draw enough information to ascertain not only the customer's preparedness to pay, but also their ability in the short and longer term.

Having this conversation early enough gives the retailer the opportunity to work with the customer to put tailored and appropriate measures in place. Not having the conversation at all in the early stages simply defers (and potentially exacerbates) the issue.

*Kildonan recently assisted in the implementation of a First Point Resolution approach to giving customers access to a flexible and sensitive range of options when they were experiencing financial difficulties. The finance provider's innovation was to take hardship customers at their word and empower frontline staff to make efficient decisions around capacity to pay. Staff could then work through the various options with the customer, assisting them in deciding the best course of action. Results included a 50% increase in sustainable payment plans, a dramatic decrease in internal and ombudsman complaints and a marked uplift in customer satisfaction ratings. The approach is now being rolled out across the business' entire collections team and hardship approvals have reduced from 21 days (regulatory requirement) to a new and celebrated target of 21 minutes.*

#### Assess capacity to pay

Kildonan disagrees with the ESC's view that retailers should not assess the customer's capacity/ability to pay: this simply removes accountability and shifts the responsibility back to the customer. The customer and the retailer should have a conversation about affordability as part of the process of deciding how much is enough – and the retailer's staff should be trained accordingly.

#### Strengthen disconnection requirements

Finally, the original purpose of the ESC review was to reduce wrongful disconnections. Kildonan therefore suggests strengthening the Energy Retail Code to include the requirement for a series of other options to be offered to customers prior to disconnection. It also suggests that elements of Stage E: Reconnection Plan (with the exception of supply capacity control as we have a fundamental disagreement with this as a cost-saving measure) be implemented prior to disconnection rather than after.

Kildonan considers supply capacity control a draconian measure that is no longer appropriate or relevant in Australia, regardless of third party involvement. Other measures should be considered as alternatives, including retrofitting, energy visits and energy orbs.

#### Foster innovation

Commentary was made in the ESC draft report in relation to innovation, in particular reference to the work within water, finance and telecommunications industries. Innovative approaches include partnerships with the social sector, communication, and resource efficiency.

The ESC framework needs to foster innovation, and there is a real risk that the framework proposed will be adopted by retailers as the minimum standard, not allowing for trialling different approaches until, perhaps, the customer is at the Active Assistance Plan stage, if at all.

Innovation can include how retailers approach conversations with their customers, what other supports are offered and of course, connections across service platforms to ensure businesses and regulatory bodies think outside the square to deliver on Victorian Government priorities relating to vulnerable people.

## Conclusion

Kildonan commends the ESC for identifying prevention / early intervention and innovation as key components of a successful outcome for energy retail customers. It also commends the ESC for extending the concept of vulnerability beyond hardship customers.

It encourages the ESC to continue testing and amending its proposed framework in consultation with the government and community sectors to ensure the above elements can be implemented effectively.

This includes ensuring the framework facilitates earlier customer conversations with retailers, tailored debt and usage reduction measures for any customer; facilitated pathways from and into other services for customers with more complex needs; pathways to assistance for other issues that may be contributing to the customer's inability to pay their bills; tougher disconnection requirements for the retailer; and opportunities and rewards for retailer innovation in assisting vulnerable customers

# Detailed Response to ESC Energy Hardship Inquiry Draft Report

Kildonan has compared the recommendations in *Supporting Customers, Avoiding Labels* with the 16 recommendations it made in its April 2015 submission to the ESC.

*We acknowledge that much consultation has taken place since the ESC draft report was released in early September, and the ESC has indicated several changes to the framework in response to feedback in recent days. This detailed response mainly refers to the framework as presented in the ESC draft report. Kildonan will formally comment on subsequent changes when they are publicly released.*

## The commission's approach and the regulatory framework

### **Kildonan Recommendation 1:**

*Within the current inquiry, prioritise the principles put forward by the Commission relating to transparency, clarity and accountability among energy retailers, as well as effectiveness of options that support vulnerable customers.*

Kildonan believes the ESC has prioritised the principles of transparency and clarity among energy retailers through proposing a clear and unambiguous framework by which it suggests retailers should operate. The ESC does not, however, prioritise the principle of accountability; in fact it removes this obligation by removing the requirement for retailers to design and implement their own hardship policies and programs and placing the onus on the customer to self-identify and reduce energy consumption.

In its original proposed framework, the ESC did not, in Kildonan's view, prioritise the effectiveness of options that support vulnerable customers, instead taking a "one size fits all" approach to the issue of affordability, adding usage reduction almost as an afterthought and proposing a reconnection process that will cause unnecessary stress to the customer. Subsequent drafts have sought to address these issues and Kildonan looks forward to the next formal iteration for comment.

### **Kildonan Recommendation 2:**

*Continue to evolve the regulatory framework to provide more clarity on retailer obligations specifically more prescriptive hardship obligations within Part 3 of the Energy Retail Code.*

While the proposed framework provides more clarity on retailer obligations, and offers more prescriptive obligations, the proposed approach does not take a proactive, early intervention focus to addressing customers' needs.

As presented in the early September report, the framework simply allows for deferred payments which, without other supports, will almost certainly result in unmanageable debt levels.

In discussions with ESC officers on 14 September, Kildonan ascertained that 'guidelines' would be drafted with more detail around other forms of support that retailers could offer at the same time as Stages A, B and C, however it is not clear whether these would comprise a compulsory element of the framework. Subsequent discussions have clarified that adherence to the guidelines will be a condition of licence – this is good news however must be adequately enforced.



**Kildonan Recommendation 3:**

*Enhance safeguards in the regulatory framework to prevent wrongful disconnections among vulnerable customers specifically by updating clause 116 of the Energy Retail Code.*

There is no reference in the ESC draft report to enhancing safeguards in the regulatory framework to prevent wrongful disconnections by updating the code. The only reference is that the customer may ultimately be disconnected if “the retailer correctly follows the standard disconnection procedure”. This is surprising and disappointing to Kildonan, given the initial impetus for the inquiry.

Kildonan suggests the ESC review the code to at least include the requirement for a series of other options to be offered to customers, including energy audits, referral to a financial counsellor or a debt waiver if appropriate, prior to disconnection. At the very least, increase the minimum disconnection debt amount.

Kildonan suggests the measures outlined under Stage E: Reconnection Plan, be moved to the time period just prior to disconnection, to allow customers to further reduce usage and meet their financial obligations without the stress of disconnection. We understand that this is being considered following the release of the initial ESC draft report and as a result of consultation.

**Kildonan Recommendation 4:**

*Explore the increase in Victorian wrongful disconnections through qualitative customer case analysis.*

This is not contemplated in either the March ESC issues paper or the September ESC draft report and should be.

**Kildonan Recommendation 5:**

*Combined with sustainable payment plans, incentivise other hardship options that energy retailers can offer vulnerable customers, particularly energy home visits.*

Kildonan saw no evidence of incentivisation of options for vulnerable customers in the ESC draft report. While we support sustainable payment arrangements that are affordable and provide customers with a fighting chance to repay legitimate debts, there is a clear need to investigate and incentivise the role of other hardship options, beyond and/or combined with payment plans. These options include assistance to apply for the Utility Relief Grant Scheme (URGS), application or renewal of other eligible concessions, energy audits, appliance upgrade, retrofitting and debt waivers. Under the proposed framework, these options are not contemplated until Stage D: Active Assistance Plan, after which some time may have passed and customers may be further in debt.

## Performance and compliance

**Kildonan Recommendation 6:**

*Introduce mandatory reporting of all hardship options retailers make available to customers, i.e. beyond solely reporting on payment plans.*

Kildonan commends the ESC on its proposal to increase retailer reporting obligations and audit compliance, in particular its focus on tracking customer outcomes. It encourages the ESC to extend this scope beyond the proposed attributes of payment difficulty, debt, disconnection and reconnection to include performance data relating to how retailers assist customers to reduce their energy *usage* (and the contribution this makes to reducing debt).

Retailers should also be asked to analyse how their measures did or did not reduce debt levels and make suggestions for change as part of the reporting process.

Hearing firsthand the experience of customers who may be vulnerable or in hardship can provide valuable and timely intelligence that will complement ongoing data collection and assist in identifying emerging issues.

**Kildonan recommendation 7:**

*Introduce mandatory reporting on the status of customers in retailer hardship programs, i.e. whether the customer repaid the debt and returned to standard billing.*

See Recommendation 6.

**Kildonan recommendation 8:**

*Explore ongoing monitoring of the broader customer base to understand if the proportion and make up of customers in retail hardship programs reflects general economic trends i.e. access for non-concession card holders, customers from diverse cultural and linguistic backgrounds.*

This is not contemplated in the ESC draft report and should be.

**Kildonan recommendation 9:**

*Consider the mix of outcome indicators relating to customers in hardship put forward by Kildonan for incorporation into energy retailer mandatory reporting requirements (see question six, page 15).*

See Recommendation 6.

**Kildonan recommendation 10:**

*The Commission undertake more direct conversations with customers in hardship programs with access to customers supported by energy retailers.*

This is not contemplated in the ESC draft report and should be.

## 'Better' practice

**Kildonan recommendation 11:**

*Priority focus should be placed on improving energy retailer operations relating to three of the best practice principles identified by the Commission - early identification, availability of useful information, and sensitive and flexible approaches.*

The ESC has highlighted *early identification* as a key principle in addressing energy debt before it spirals out of control. The customer should be entitled to access all *useful information* relating to potential concessions, benefits and payment plans upfront, however often does not get these until they enter the retailer's hardship program. Kildonan endorses the early identification approach, however encourages the ESC to include respectful conversations about the issues behind the debt earlier rather than if/when the customer fails to meet the payment plan.

The proposed framework's current stages do not allow for *sensitive and flexible approaches*: the customer is simply put on payment plans until they fail to meet them, then further assistance can be initiated by the retailer.

Availability of useful information including access to entitled concessions is another priority area of concern to Kildonan. Some customers confuse market discounts they are receiving from their retailer with an entitlement for concession. Depending on the bill layout, greater prominence may be given to discounting rather than government-guaranteed concessions. Additionally, door-to-door and telesales people sometimes factor in the obligated concession on electricity bills as though it is a discount 'granted' through the generosity of the energy retailer. A lack of bill literacy or general literacy skills may contribute to this confusion.

**Kildonan recommendation 12:**

*Increase the transparency of energy retailer hardship practice by making mandatory reporting on the types of assistance available to customers in retailer hardship programs and how hardship assistance decisions are applied.*

Kildonan believes it is vital that retailer hardship practices be more transparent and reiterates this recommendation.

**Kildonan recommendation 13:**

*Explore innovation from other industries such as an 'early identification' tool for high energy use based on the telecommunications industry SMS notification for excess data.*

Commentary was made in the ESC draft report in relation to innovation, in particular reference to the work within water, finance and telecommunications industries. Innovative approaches include partnerships with the social sector, communication, and resource efficiency.

The ESC framework needs to foster innovation, and there is a real risk that the framework proposed will be adopted by retailers as the minimum standard, not allowing for trialling different approaches until, perhaps, the customer is at the Active Assistance Plan stage, if at all.

**Kildonan recommendation 14:**

*Support innovative partnerships models such as Kildonan's CareRing which provides a centralised approach to addressing the multiplicity of vulnerable customer needs, taking responsibility, and tracking customer outcomes.*

While Kildonan's CareRing and other partnerships are highlighted in the ESC report (Section 5.4), no reference is made to how the proposed framework dovetails into this work, with the exception of a brief mention under the Active Assistance Plan component (Section 7.3.4) which simply requires retailers to point customers in the direction of government and community programs.

This puts the onus on the customer to research programs and does not guarantee entry. The purpose behind CareRing is to ensure customers receive the support they need to manage a variety of issues that may be manifesting in an inability to pay their bills. This could include energy visits but it could also include a myriad of other services such as emergency relief, family support services, drug and alcohol support, mental health assistance and more.

## Benchmarking

### **Kildonan recommendation 15:**

*The Commission meet with Kildonan to better understand Kildonan's experience developing and delivering hardship program benchmarking and lessons learnt when adapting the benchmarking framework to different industries.*

Meeting held 1 June 2015. Not reflected in ESC draft report.

### **Kildonan recommendation 16:**

*Ensure the scope of the benchmark framework incorporates broader organisational assessment beyond solely hardship policy, procedures and practices.*

See Recommendation 15.

## APPENDIX 1: Testing the ESC draft framework: Vulnerable Customer focus group

### 1. Introduction

On 18 September 2015, Kildonan hosted a two-hour focus group session with vulnerable energy customers at its Epping office to test the framework proposed by the Essential Services Commission (ESC) as part of the Energy Hardship Inquiry. The session, hosted by Kildonan's Senior Manager Sue Fraser, was observed by representatives from the ESC, AGL, EnergyAustralia and Kildonan.

Participants were invited from Kildonan's client base and contact lists and had all either experienced hardship (and been on energy retailers' hardship programs) or were low income earners who had in the past or present struggled to pay their bills. Ages ranged from 20 to 70 and participants were housed mainly in private rental accommodation, with two mortgage holders, one home owner and two public housing tenants. Participants were customers of AGL, EnergyAustralia, Lumo, Red Energy and People Energy.

The session was designed to test the proposed framework in a non-threatening, conversational style, drawing out participants' ideas and reactions to inform Kildonan's formal response to the ESC's *Supporting Customers, Avoiding Labels* Energy Hardship Inquiry Draft Report (ESC draft framework), released in September 2015.

#### 1.1 Key findings

Two key findings emerged during the focus group session, for incorporating into the ESC framework:

- early intervention is vital; and
- tailored debt and usage reduction measures should be implemented at the earliest opportunity via respectful conversations to achieve a meaningful outcome for the customer

Early and sensitive conversations with customers' energy retailer, more help reducing energy usage and better access to URGs and entitlements would provide assistance to manage customers' debt and maintain their ongoing account.

The proposed framework's payment plan approach would not resolve the customer's affordability issue if their financial situation remained static. In fact, it would simply delay the problem until a later date.

Key messages from focus group participants were:

- one size doesn't fit all: do not take a cookie cutter approach to resolving issues around vulnerability;
- Listen to customers and understand their issues;
- train retailers' staff to "be compassionate" about customers and communicate sensitively and without prejudice;
- have the conversations with energy customers earlier about capacity and ability to pay / affordability, to ascertain the best options for the individual;
- know that financial hardship isn't necessarily just for now – sometimes it's long term;

- proactively offer energy efficiency information, appliance replacement or repair and potentially solar panels to assist customers to reduce energy bills;
- don't use disconnection as a means to initiate conversation with a customer; and
- work with customers to ensure they receive their entitlements as early as possible (URGs, concessions etc).

## 2. Testing the ESC draft framework

*"There are people out there who are hurting and who need understanding. They don't get themselves into that situation through neglect. It's just circumstances."*

Male retiree, home owner

### 2.1 Does delaying payment help?

Stages A, B and C

All participants initially thought they would appreciate a no-questions-asked payment plan option; however, on reflection, 75% indicated that this would not assist them in the longer term. The three who, after considering the implications, said they would still take up the payment plan were home owners or had variable income, and knew they could manage the increased amount at a later date. The others were on low, fixed incomes, with limited options.

*"It (payment extension) gets you out of hot water right now and I'll worry about it later."*

*"If you're on a variable income, and knew you'd get extra, it might work."*

*"Unless your income increases, you can't catch up."*

*"(If you do opt for a payment plan) the retailer could ring back in a couple of days to check that you're OK with the decision, when you've had a chance to think about it."*

### 2.2 Should retailers have earlier conversations with their vulnerable customers?

Stages A, B and C

Participants suggested energy retailers initiate early conversations with customers about the implications of delaying payment. This would provide the opportunity for the retailer to understand their customers' circumstances, ensure they were receiving all of their entitlements and tailor a payment plan to suit.

There was general agreement that the energy retailer should understand customers' financial position to work with them to negotiate a sustainable payment plan.

*"If I get a bill I can't pay, I would prefer to talk to someone."*

*"Making that first call is probably the hardest (but) having to explain it all again is even harder."*

*"Don't assume every customer is the same and in the same financial position."*

*"They should know what the household income is, otherwise they have nothing to compare to."*

*"Remember we're all human and give that extra 30 seconds or one minute."*

*"If businesses were a bit compassionate and understanding, people would feel less anxious over when to call them."*

*"It's embarrassing enough telling (my story) to one person in the first place, let alone having to tell other people."*

Single mother of three whose husband moved to Qld, leaving her with a \$5,000 energy debt

## **2.3 Should energy retailers offer energy reduction measures earlier?**

### **Stage D**

Participants agreed that assistance from their energy retailer earlier might help reduce their bills.

Two participants said they had received an energy visit in the past. One was a customer of Yarra Valley Water who was referred to Kildonan for a variety of services including financial counselling and an energy visit. The participant indicated that understanding what each appliance used assisted with how he operated in his home.

Participants indicated they would generally use the internet to research ways to make their home more energy efficient. Some said they would use their energy retailer either through a phone call or the website, to see if they had any tips or measures to save power.

*"I had an energy visit and it really helped me see what utilities I have."*

*"If they spent \$200 on every consumer to help make their home more energy efficient, it's going to bring bills down. Then they will get their money."*

## **2.4 Before disconnection, what else should happen?**

### **Disconnection and Stage E**

Participants agreed that disconnection should only be used as a last resort if retailers could not contact customers. They indicated that the process should include contact and a suite of options for payment and usage reduction prior to disconnection.

*"Just because you're disconnected, doesn't mean you're going to automatically come up with \$500 to get reconnected."*

*"(Disconnection is) fair if someone's blatantly refusing to pay. Most people want to pay their bills but don't have the means to."*

One participant, who was disconnected after failing to pay her energy bills for a year (because they were being sent to an old address) said she was forced to see the financial counsellor. The participant was told that the energy retailer would only negotiate with her financial counsellor.

*"Being forced to do that, by the company it's not only degrading...they're not believing what I'm telling them."*

### 3. Other topics of interest

#### 3.1 Is trust an issue?

Focus group participants indicated that their relationship with their energy retailers was purely a business transaction. They did not consider “trust” when considering changing providers. They did, however, concede that they had to “trust” that their retailer was providing the amount of power they were being charged for.

*“Let’s get real: they’re in it for the money.”*

*“It’s not a matter of trusting or not trusting. It’s power. It’s always there.”*

*“It comes down to...if they can give you a better deal, stay with them. If not, move on.”*

*“You have to trust them that they’re going to bill you for the right amount.”*

#### 3.2 Housing types have an impact

Most focus group participants lived in private rental accommodation and all talked of the difficulty in getting their landlords to make their homes more energy efficient. Often they would use temporary insulation measures such as curtains, bubble wrap and door snakes to block gaps and reduce the need for heaters.

*“I can’t afford to fix the house so that everything is sealed. It’s not my property.”*

*“I live in an older house in Thomastown, The owner hasn’t maintained the house at all.”*

#### 3.3 Do people have examples of good customer service with their past or present energy retailer?

Participants recalled various experiences where their energy or water retailer provided good customer service. These included:

Lumo – after work in the same street, the participant’s lights began to flicker and bulbs started blowing at a rate of three every two days. He called Lumo and they sent repair company United Energy Servicing to investigate. The problem was identified and fixed quickly and the participant received a follow up phone call two weeks later to ensure everything was working well.

AGL – a participant who called to enquire about higher than normal electricity bills discovered that her concession had not been applied for 12 months. The operator worked with her to refund the amount via credits on future bills.

Powercor – After a storm in which thousands of Melbourne homes lost power, a participant’s household went for five days without power. This was eventually rectified by Powercor, who, some months later, sent the participant a \$100 cheque ‘for my trouble’.

Yarra Valley Water – a participant received a \$600 water bill for a summer period in which he was interstate. YVW investigated and immediately applied a discount and a payment moratorium. The water retailer followed up and negotiated for the participant to pay what he



could, offered to make a payment on his behalf every five payments and referred him to a financial counsellor.

*“(Because of how they worked with me) I went out of my way to give them something that little bit extra when I had the money. I now have to pay \$10 a fortnight but instead of that I give them an extra \$2.50 because of how they treated me.” (YVW customer)*

### 3.4 Other ideas

- Energy retailers / government could invest in solar panels for low income earners to assist in energy use reduction
- If people can't afford to pay their bill, energy retailer could take an amount off the balance and off-set it against the sale of the property (if they own their own home or have a mortgage).

*“Financial hardship isn't just for now for some people. Sometimes it's long-term.”*

*“There was a time after I went bankrupt that I didn't open any mail.”*

*“Some people withdraw when they feel overwhelmed or highly anxious.”*

## 4. Conclusion

The 18 September 2015 focus group will inform Kildonan's submission to the ESC in response to the draft framework. It concludes that:

- early intervention is vital;
- automatic payment plans won't resolve the issue of affordability or usage; and
- tailored debt and usage reduction measures should be implemented at the earliest opportunity via respectful conversations to achieve a meaningful outcome for the customer.