

## Hardship Guideline issues paper submission

Saturday 12 January 2019.

### Introduction:

After 20 years of full-time employment as an energy expert for both ENERGEX and Origin, for the past three years I have been assisting hundreds of disadvantaged people in South East Queensland who have sought assistance to pay their energy accounts while maintaining my consultancy business focused on helping Australia's energy consumers understand and take control of their home energy.

A considerable amount of time has been spent in a volunteering capacity with the St Vincent de Paul Society's Inala Family Support Centre working with a group of dedicated volunteers assisted by a professional Centre Co-ordinator.

It has been my experience that Australia's energy retailers provide better customer services to customers experiencing financial hardship when their customers are personally aided by an experienced energy advocate.

My response to questions relating to Section 3. of the Hardship Guideline issues are listed below and I welcome new opportunities to aid consumers, energy retailers and government stakeholders to achieve better outcomes when dealing with a small, important section of Australia's residential energy market.

Anne Armansin

Energy Consultant

[Anne@energyaid.com.au](mailto:Anne@energyaid.com.au)

### Section 3.1: How should the Guideline best ensure that consumers are effectively informed about their rights?

#### 1. What is the current consumer and consumer advocate experience of accessing information about retailer hardship policies and programs?

**AA:** I have accessed copies of hardship policies of energy retailers from their websites to determine how best to assist people who seek payment assistance and found few of these documents provide clear, specific requirements for their clients who may qualify to enter hardship programs.

When contacting retailers of over three hundred individual clients (via phone) to discuss their client's predicament and seek information regarding specific hardship policy guidelines, my experiences have varied.

Examples include:

- Excellent, consistent service from dedicated representatives of hardship teams who demonstrate a great respect for their customers and happy attitude to working with myself as advocate. Each contact dealt with in a professional manner with mutually satisfying outcomes (in most cases).
- Telephone numbers changing from a dedicated 'hotline' to a retailer's hardship department to general call centre queue and experiencing long wait times before speaking to personnel who acted as 'gatekeepers' transferring all calls of this nature directly to credit team representatives who in turn, evaded discussing their hardship policy while seeking all outstanding monies to be paid in full before the next bill arrived. (Both myself and clients found it frustrating to repeat answers to the same questions more than three times to people from different departments.) Some call times registered over one hour resulting in outcomes other energy retailers achieved in a quarter of the time.
- Some energy retailer staff members have told their clients and me that there were 'no set guidelines', and each request for hardship assistance was considered on a 'case by case basis' by someone in the credit team.

**2. Are there any serious practical impediments or barriers to implementing the changes described? If so, how could these be overcome?**

AA: I believe the guidelines are quite clear in their instructions to energy retailers and understand that this approach should be successful in communicating with many people who have previously been proficient in managing their finances and find themselves facing financial difficulties.

However, financial stress can manifest into depression and/or anxiety and those affected may find it hard to think clearly, are disengaged from marketing messages and creditors requests to contact them to discuss overdue payments.

I have found people in financial stress tend to avoid dealing with accumulating debt until a pivotal moment is reached (receipt of a disconnection notice or have actually had their energy supply disconnected) and this is often the time they seek assistance from a trusted charity organisation for food, financial assistance and advice.

People seeking assistance from me with their unpaid energy accounts are often embarrassed, feel hopeless, inadequate, depressed and overwhelmed by their situation. Most were solely reliant on welfare payments for income and there is a significant proportion of single parents, migrants, refugees and Aboriginal and Torres Strait Islander people.

The latest Census data revealed at 30 June 2016 in 72.7% Australian households, English was the only language spoken by a person in the home; 28.5% of the estimated resident population (ERP) was born overseas (6.9 million persons), and Aboriginal and Torres Strait Islander people in Australia represented approximately 3% of the total population (estimated 761,300 persons).

It has recently been reported that approximately 13% of Australians are living below the poverty line<sup>i</sup> and only 1% of energy account holders are registered on energy retailer's hardship programs.

Too often clients have told me they have called their energy provider, explaining they are in financial hardship and unable to pay their accounts and instead of being referred to the hardship department by call centre operators, they were transferred to a credit department (no mention

of hardship assistance; energy plans not reviewed or updated to more appropriate discounts; unpaid concession entitlements not discussed; and no mention made of government assistance available for those who may qualify for payment relief).

It should not be assumed that those in need of financial hardship assistance are internet savvy, clear minded or possess the communication skills to say the 'correct key words' when speaking with representatives from their energy retailer to trigger connection with the hardship team rather than the more aggressive credit team.

Other examples of unsuccessful contact with energy retail staff include:

- an inability to communicate effectively (English not being the first language for either party);
- complex information relayed at a rapid-fire pace without any consideration for whether they were being understood or not;
- displaying aggressive or insensible attitudes to customers situations (if you can't pay your bill, your power will be turned off);
- asking intrusive, inappropriate questions of customers (what medications are you taking?) – this from a person working in a retailer's credit department.

The aforementioned experiences may provide insight to consumers loss of confidence with energy providers who I believe need to work with independent advocates to offer fair, consistent service to customers experiencing financial hardship.<sup>ii</sup>

### **Opportunity to establish contact point for customers in need of hardship program assistance**

Charitable organisations are contacted by growing number of Australians in dire financial situations and it is interesting to note a recent survey reports many charities achieve better reputational scores than energy providers<sup>iii</sup>

Common requests for charitable assistance include food, furniture, clothing, medicines and payment assistance for essential items including energy accounts.

It is inappropriate to suggest charities be relied on to outlay the large sums of money required to maintain uninterrupted energy supply for those seeking payment assistance, however it is this 'touch point' that presents an opportunity for energy consumers to meet face to face with trained and supported caseworkers to support them to receive appropriate assistance, understand and take control of their household energy expenses, act responsibly, live within their means and pay their debts.

I believe energy retailers could better service their 'lost customers' by creating business partnerships with suitable community organisations who work directly with people in financial difficulty. These services need not be in-home based and may be successfully carried out from private meeting rooms in community centres, charity offices, libraries or via telephone (using skype or similar visual communication aid).

In the past twelve months, I have personally assisted more than 300 people who have sought assistance with their energy accounts. During this time, an advocacy service model was developed and adapted that may be expanded and shared between multiple organisations in all NEM network areas.

### **3. In relation to the problems described in section 3.1, are there other steps that retailers could take to achieve the intentions of the hardship obligations?**

AA: Retailers could ensure they are effectively communicating on any developments in this area with consumer advocates working in this space.

**4. Are there other risks or considerations should we be aware of?**

AA: Retailers could nurture relationships with individual consumer advocates as well as industry groups.

**Section 3.2: How should the Guideline support consistent application of the Retail Law minimum standards?**

**5. What is the current consumer and consumer advocate experience of application of retailer hardship policies and Retail Law minimum standards?**

AA: My experience of the application of retailer hardship policies has varied.

Examples include:

- Accepting clients entry to hardship program for a period of twelve months, agreeing for clients to pay regular fortnightly amounts via CentrePay that cover current consumption levels; matching client's payment for every regular payment made to reduce debt; proactively suggest plan change from 'pay on time' to 'guaranteed' or update plan to higher 'guaranteed' discount; ensure customers receive all concession entitlements and pro-actively advising customers of appropriate government scheme assistance availability. – One such client with low energy consumption ended their twelve-month program more than \$800 in credit with her energy account. (a positive experience for a grandmother battling cancer)
- Advice to customers that they would not only have to pay for ongoing energy use in full but increase regular amounts paid to reduce debt owed to a nil balance within a twelve-month period or they faced disconnection. (No rate review, no concession check, no consideration of affordability)
- Many clients who have sought hardship program entry owed money that would have been paid in full if they had been receiving their concession entitlements. (Retailers advising claims would only apply from current date forward as government agencies did not accept requests to backdate claims)
- Clients being accepted onto hardship programs only after completing a qualifying period of agreed monies being paid AND contacting energy provider AGAIN to make new arrangements. (clients who have completed only the first of these two steps have received disconnection notices within a short amount of time)
- Clients being accepted onto hardship programs paying regular agreed sums of money for periods of three months and total debt payment expected at end of that time. (an unachievable goal for many facing financial hardship)

**6. Are there any serious practical impediments or barriers to retailers implementing the changes described? If so, how could these be overcome?**

AA: Not to my knowledge

**7. Are there other risks or considerations should we be aware of?**

AA: Not to my knowledge

### **Section 3.3: How should the Guideline support consumers most in need of hardship assistance to receive it?**

#### **8. What is the consumer and consumer advocate experience of accessing retailers' hardship programs on behalf of customers?**

AA: In addition to the examples above, I have encountered retailer staff that would not accept the assistance of a professional interpreters who we had engaged to assist non-English speaking clients, stating it was their company policy to organise interpreter services themselves. Unfortunately, the retailer was unable to secure the services of an appropriate interpreter and the opportunity to assist this client on this day was lost.

#### **9. Are there any serious practical impediments or barriers to implementing the changes described? If so, how could these be overcome?**

AA: Many consumers agree to maintain relationships with their energy providers and then avoid all attempts at further contact to review progress or increase the amount of monies to be paid regularly.

This often results in their removal from hardship programs and the cycle of receiving supply disconnection notices, daily texts / phone calls to secure more money, late payment fees, disconnection of supply, being the subject of debt collection activity, bad credit ratings, stress and angst resumes.

#### **10. Are there other risks or considerations should we be aware of?**

AA: Retailers could seek specific permission from their customers to enlist the assistance of consumer advocates known to be working with their clients to facilitate discussions of changes to existing arrangements.

### **Section 3.4: How should the Guideline facilitate more customers completing hardship programs successfully?**

#### **10. What is the consumer and consumer advocate experience of customers' completion of hardship programs?**

AA: I have received many calls from satisfied clients to thank me for my services and only few clients returning for assistance after breaking their agreements with retailers.

#### **11. Are there any serious practical impediments or barriers to implementing the changes described? If so, how could these be overcome?**

AA: More effective outcomes could be achieved if there was a formal working partnership between myself and retailers to monitor progress and take advantage of opportunities to re-engage with 'disengaged energy customers'

#### **12. What other Guideline requirements would assist in improving the rate of customers successfully completing hardship programs?**

AA: . Energy literacy being taught in schools to both adolescent and mature students.

- Energy literacy sessions for consumers regularly held in community halls or similar venues
- More effective use of television, radio, printed and social media to educate community in all aspects of their home energy use consumer rights and responsibilities to pay their household accounts.

Respectfully submitted

Anne Armansin



**Anne Armansin**  
Energy Consultant

0407 623 079  
anne@energyaid.com.au  
energyaid.com.au

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Note: Recommendations contained in the above responses are the result of an accumulation of more than 20 years of full-time experience working with residential energy consumers across the NEM. Examples of experiences contained herein are both first and second-hand reports of encounters.

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<sup>i</sup> <https://www.acoss.org.au/poverty/>

<sup>ii</sup> <https://2018.aemc.gov.au/competition-review/>

<sup>iii</sup> <https://www.afr.com/leadership/australian-charities-beat-companies-on-reputation-20181214-h194tg>