



TELSTRA CORPORATION LIMITED

Submission to the Australian Energy Regulator's (AER) consultation on the proposed Consumer Vulnerability Strategy

28 February 2022



Introduction

We support the Australian Energy Regulator's (AER) Consumer Vulnerability Strategy (the Strategy) and welcome the opportunity to provide a submission to the consultation process.

In the following submission we provide comments and insights into Telstra's approach to vulnerable customers across the five key AER objectives:

1. Identification of vulnerable customers
2. Inclusive design for products and services
3. Better customer supports (particularly regarding the Payment Difficulties Framework)
4. Vulnerability Impact Assessment
5. Balancing regulatory reviews with consumer perspective

At a high-level, Telstra makes the following statements:

1. We support the development of vulnerable consumer toolkits to help provide guidance to energy businesses (**objective 1**).
2. We support the exploration of non-price comparison points for customers to make informed decisions on factors that matter to them and their circumstances (**objective 2**).
3. We support further exploration by the AER of the Victorian Payment Difficulties Framework (**PDF**), which will be better informed following the publication of the Essential Services Commission Victoria's (**ESC**) review of the PDF (**objective 3**).
4. We support the inclusion of a Vulnerability Impact Assessment (VIA) as part of a broader commitment to undertake cost-benefit assessments on regulatory decisions, designs and advocacy (**objectives 4 and 5**).

We also refer the AER to our 2021 Telstra Sustainability Report which provides a detailed look at the range of programs, supports and initiatives Telstra offers our customers and for an overview of our vulnerable customer work.¹

We look forward to engaging with the AER and other stakeholders further on this important topic.

01 Objective 1 – identification of vulnerable customers

Telstra supports the development of vulnerable consumer toolkits to help provide guidance to energy businesses.

Overview

Under objective 1, the AER is proposing to work with stakeholders to develop toolkits to assist with the identification of customers experiencing financial abuse and vulnerability (including living with mental or physical illness). These toolkits would support better practice by energy stakeholders, including how retailers train front line staff to have important conversations with customers.

Telstra supports this initiative. Toolkits of this nature can help ensure businesses understand vulnerabilities and needs of diverse customer bases, while still allowing for innovation, flexibility, and investment by businesses in line with broader business and social pursuits. Toolkits can help retailers

¹ Telstra *Bigger Picture 2021* [Sustainability Report](#)



understand broader regulator and community expectations and can create consistency in industry approaches.

International approach to vulnerability

The International Organization for Standardization (ISO) is a worldwide federation of national standards bodies (ISO member bodies), including Australia. There is currently an international standard being finalised - ISO/PC 311/WG 1 *Inclusive service – identifying and responding to consumers in vulnerable situations* (ISO/PC) which is looking at the standardisation of vulnerable consumer approaches.²

This standard is aimed at vulnerable customer identification and the benefits of adopting an inclusive service approach. The standard will outline principles for organisations and strategies for achieving positive outcomes for consumers, undertaking a proactive approach and ways to adopt policies for consumer benefit.

We encourage the AER and other regulators to consider close alignment to the ISO/PC principles and approaches, as this can help organisations (both in and out of the energy sector) to achieve a consistent approach to vulnerable customer care.

How Telstra identifies vulnerable customers

We commonly use the term “vulnerable customer” to refer to a customer whose circumstances places them at risk of harm or disadvantage if an organisation does not act with appropriate levels of care. We recognise that vulnerability can impact anyone at any time and can be permanent, long-term or temporary. We look at vulnerable circumstances through four dimensions:

1. **Economic** – limited financial means and access, where financial commitments, payments and planning are difficult
2. **Disability** – physical, cognitive, sensory or other impairment that limits usability of and access to resources
3. **Digitally Excluded** – limited or no access to digital environments due to skill, location, access type or language barriers
4. **Safety & Security** – compromised personal safety circumstances where security needs are heightened.

We use these dimensions as a way of reporting and reviewing our progress and work towards greater inclusion and support for all our customers.³

We also have our company-wide principles available on Telstra Intranet for staff awareness and practice. This includes information on staff on the four dimensions, and customer personas to help link these dimensions to everyday customer interactions. Our *Customers in Vulnerable Circumstances Principles* have been developed to ensure our products and services are accessible, affordable, and suitable for vulnerable customers. Through them, we commit to building a deeper organisational understanding of customer vulnerability, to take action to be more inclusive and to provide better support for customers by understanding their needs including through consultation with community stakeholders.

² International Organization for Standardization [ISO/PC 311 Vulnerable consumers](#) technical committee

³ Telstra *Bigger Picture* 2021 [Sustainability Report](#)



These principles help our staff to understand customer vulnerability to ensure that sales and service approaches are appropriate. This includes ensuring that our products and services are accessible by a greater number of individuals and improving the quality of customer interactions.

We are continuously building on our vulnerable customer work and adjusting our approach to vulnerable customers as we learn and adapt. We would welcome the opportunity to participate in any future work the AER undertakes in developing toolkits to share learnings.

02 Objective 2 – inclusive design for products and services

Telstra supports the exploration of non-price comparison points for customers to make informed decisions on factors that matter to them and their circumstances

We support the Strategy encouraging and supporting inclusive design for products and services. Better and accessible information, including price and terms of sale, can help address existing barriers to consumers when engaging with the retail energy market and considering/comparing products and services. We also refer to the ISO/PC referenced above in relation to inclusive design approaches.

Digital inclusion

Connected digital technologies and digital inclusion is becoming increasingly important for ensuring customers can participate and receive social, cultural and economic benefits. The Australian Digital Inclusion Index (ADII) shows that Australians with lower levels of income, employment, and education have significantly lower levels of digital inclusion and are therefore not able to take full advantage of the digital economy.

Digital inclusion is based on the premise that everyone should be able to make full use of digital technologies and the benefits they bring.⁴

We are focused on supporting those on low-incomes, people living with disability, older Australians, those living in regional and remote communities, First Nations Peoples, and people who are experiencing unemployment, homelessness or family violence. We partner with government and community organisations so that those in vulnerable circumstances can not only participate, but also benefit from the digital economy.

Providing customer insights into an organisations digital inclusion can help customers make decisions based on their individual circumstances and needs. There are many ways that this could be done, for example the Digital Inclusion Benchmark measures and ranks 150 of the world's most influential technology companies on their responsibility to advance a more inclusive digital society. The benchmark measures what companies are doing to:

- Enhance universal access to digital technologies
- Improve all levels of digital skills
- Foster trustworthy use by mitigating risks and harms
- Innovate openly, inclusively, and ethically.

⁴ Telstra *Bigger Picture* 2021 [Sustainability Report](#)



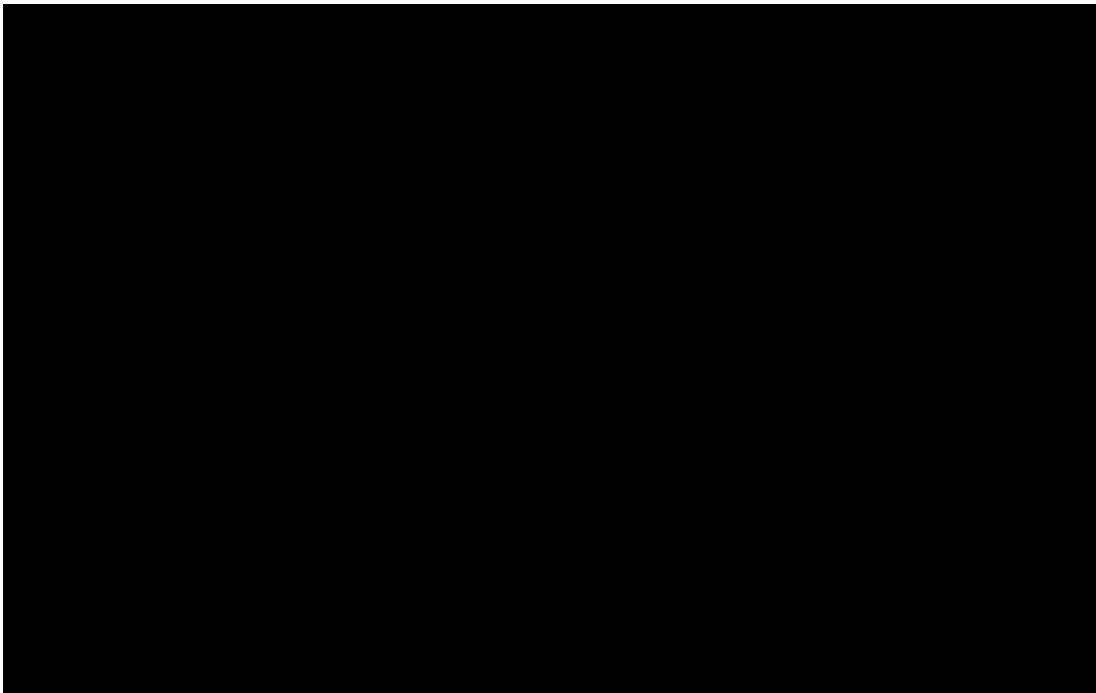
We support further exploration of the potential use of digital inclusion as a comparison point for customers.

Accessibility

In FY21, we introduced our first user testing program for people with disability; onboarded a new automation testing tool that identifies defects relating to accessibility requirements across web-based assets; and created a new e-form solution that complies with the Web Content Accessibility Guidelines (WCAG) 2.1 Level AA requirements. We also built international accessibility standards into the foundational building blocks of our core digital assets. This includes the My Telstra app, which currently complies with the Web WCAG 2.1 Level AA requirements, and is being tested by a third party for external certification.⁵

We also have an Accessibility Action Plan which has outlines our strategy, successes to-date and a range of actions aimed at delivering benefits to our customers.⁶ For example, the Action Plan identifies that under our internal guidelines, we now use fewer colours for online content and strict use of darker tones guided by WCAG standards.

We encourage the AER and other regulatory bodies to consider aligning accessibility requirements with WCAG. This level of standardisation would also allow for WCAG compliance to be considered a measure for non-price comparisons under this objective of the Strategy.



Telstra simplified T&C

Preparing for our entry into the energy retail market, we looked at how contracts are designed for customers (both in telecommunications, and by other energy retailers). We found that many of these

⁵ Telstra *Bigger Picture 2021 Sustainability Report*

⁶ Telstra 2021 [Disability Action Plan](#)



contracts met regulatory requirements but did not aide customers in their understanding of the rights and requirements under the contract, particularly with the dense and jargonistic display of information.

When developing our terms and conditions for our Market Retail Contract (MRC), solar plans and pricing & plan information, we decided to make it as simple as possible. We introduced summary boxes (a short summary of each clause throughout the terms), we do not have sub-clauses and simplified our sentences to make the contract more accessible, friendly and to increase engagement.

We still meet the regulatory requirements but now have one of the shortest contracts in the energy market (in some cases, less than half the pages of other retailers). These are the first of many simplified documents which Telstra has designed for our energy customers.

Adopting inclusive design principles across a range of products, services and information tools for customers will lead to better customers outcomes.

Measuring retailer performance on Energy Made Easy

We support further discussion on the inclusion of non-price comparison metrics for customers on Energy Made Easy (EME). There are a number of reasons customers may seek to switch energy retailers. While the primary driver is to save money, there are other factors such as environment, accessibility and support programs which can motivate customers to switch. Including non-price comparison information may help customers consider a range of factors which may be relevant to their circumstances. For example, NSW Department of Planning, Industry and Environment identified that approximately one third of customers are willing to pay more for environmentally friendly products and services from energy retailers,⁷ and there has recently been increased media attention on green energy providers and customer preferences.⁸

Understanding and measuring service-quality metrics

We encourage further consideration and stakeholder engagement on what non-price factors may influence a customer's decision to switch between energy retailers. For example,

- The importance of digital accessibility, including the website and online tools, particularly for those customers who may not be digitally savvy.
 - WCAG compliance as a way of measuring and ensuring consistency in digital accessibility.
- Environmental factors, including the overall approach to carbon neutrality, investment in renewable energy and GreenPower (or other government standards such as 100% Renewable Electricity under the current Climate Active review).

Case study – OFGEM approach to vulnerability metrics

OFGEM was one of the first United Kingdom regulators to regulate for vulnerability, and their definition is now seen across multiple sectors in the UK.⁹ OFGEM's approach requires energy retailers to provide information about how they have supported different customers and considers other performance metrics.

⁷ Department of Planning, Industry and Environment consultation paper [promoting innovation for NSW energy customers](#), December 2021

⁸ ABC News, [How green is your power company?](#) 7 February 2022

⁹ OFGEM [Consumer Vulnerability Strategy 2025](#)



OFGEM's approach recognises that a way to drive and incentivise energy retailers is to focus on the reputational element – this can change how retailers compete and how customers can make informed decisions about their energy retailer. By bringing in a new market narrative, OFGEM was able to assess to what extent the market is achieving positive outcomes for vulnerable customers (e.g. focusing on debt, repayment plan metrics, etc.)

OFGEM's Consumer Protection Report also offers retailers an insight into better practice activities and includes encouragement for uptake of activities (for example, in 2021 OFGEM encouraged retailers to utilise good practice to minimise inaccurate bills).¹⁰

03 Better customer supports

3.1 Payment Difficulties Framework in NECF

Telstra supports the exploration of implementing the Victorian Payment Difficulties Framework in NECF

The AER is considering whether the PDF should be implemented in NECF jurisdictions. Due to only recently becoming a licenced retailer, we have limited experience with the benefits and impacts of the PDF for Victorian customers.

However, we have been developing the internal processes and systems to operate under both the Victorian and NECF customer support frameworks and recognise the benefits from a single framework.

Jurisdictional alignment in energy requirements offers benefits to both businesses and consumers. For businesses, compliance requirements are simplified for our front-of-house staff, and the ability to offer consistent experiences for our customers too. It reduces the cost and complexities in compliance programs, training programs and other work (such as the development of customer communications).

From a customer perspective, there is a consistency in language and references to supports offered from a single national framework, meaning customers who move across jurisdictional borders, or who want to access help, can access clear and consistent information on the supports available. A reduction regulatory bifurcation was also acknowledged by the Australian Competition and Consumer Commission (ACCC) to reduce costs for consumers.¹¹

As the Essential Services Commission Victoria (ESC) are currently undertaking a review of the PDF, we await the final report to ensure that the PDF will deliver an overall benefit to customers if applied in NECF.

04 Voice of consumers in regulatory design

Telstra supports the inclusion of a Vulnerability Impact Assessment (VIA) as part of a broader commitment to undertake cost-benefit assessments on regulatory decisions, designs and advocacy.

¹⁰ OFGEM [Consumer Protection Report](#), Autumn 2021

¹¹ Australian Competition and Consumer Commission [Retail Electricity Pricing Inquiry final report](#), 2018, chapter 10 p227



Vulnerability Impact Assessment

The AER has proposed the introduction of a Vulnerability Impact Assessment (VIA) to help guide regulatory decisions, designs, and advocacy. We support the inclusion of a Vulnerability Impact Assessment (VIA) as part of a broader commitment to undertaking Regulatory Impact Statements (RIS) or cost-benefit assessments (CBA).

A VIA would be a vital element of a RIS/CBA to help ensure that policy decisions are measured, appropriate and do not ultimately cost more to implement than the benefits they deliver. As part of this assessment, we would also encourage the AER to consider scenarios to ensure a robust assessment of different customer cohorts, to ensure that spread of benefits and losses are understood across a diverse customer base. The inclusion of a VIA in a robust RIS/CBA assessment will provide a comprehensive view of the consumer benefit and potential detriment of policy options and therefore ensure more robust decisions are made.

05 Balancing regulatory reviews with consumer perspective

As above, we encourage the AER to utilise comprehensive RIS/CBA in undertaking regulatory reviews, including the development and amendment of mandatory guidelines. This is particularly important as the energy rules and requirements for retailers who operate nationally continue to fracture or misalign.¹² Undertaking a robust RIS/CBA is also in line with the Department of Prime Minister and Cabinet's Deregulation Agenda.¹³

Advocating for energy consumers in other forums

We support the AER strategy including more information about what the AER will do to support customer advocacy on matters which are outside the control of regulated energy businesses (e.g., distributors, retailers) at both a State and Federal level. There are a range of policy matters which could significantly improve the outcome of vulnerable customers which look at broader energy market participants and government bodies. The AER has important insights into consumers, their energy use and financial situations which can help ensure positive outcomes in policy discussions.

¹² For example, differences in concession scheme requirements and operations across jurisdictions, ombudsman, a continuing departure from harmonisation in Victoria.

¹³ <https://deregulation.pmc.gov.au/>