

Rank the Energy Retailer

**Victorian financial counsellors rank
the financial hardship policies and
practices of energy retailers**

Financial and Consumer Rights Council
August 2016

About the Financial and Consumer Rights Council

The Financial and Consumer Rights Council Inc (FCRC) is the peak body for over 190 financial counsellors in Victoria.

It is a non-profit organisation whose purpose is to:

- advocate for vulnerable Victorian consumers who are experiencing financial difficulty
- support the financial counselling sector through its casework, advocacy and law reform
- adopt and maintain best industry practice.

Financial counsellors provide free and independent advice and advocacy for people on low-incomes, in debt, or when financial circumstances change, putting individuals and families in financial hardship. Loss of employment, marriage breakdown, natural disasters and the easy availability of credit are some of the common reasons people seek assistance.

FCRC supports financial counsellors by providing training and professional development and sets the standards for the profession in Victoria. FCRC also provides a voice for Victorians in financial hardship and works across a range of industries, including banking, utilities and telecommunication companies.

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The views in this document do not necessarily reflect the views of Energy Consumers Australia.



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Foreword

When, in 2014, we first surveyed financial counsellors on the hardship practices of energy retailers, concern about energy affordability was at its peak. After years of steep price increases, both electricity and gas disconnections had leapt to an all-time high,¹ as had customer complaints to the ombudsman.² Intense community concern about energy prices and retailer practices was reflected in a stream of near-daily media reports on the energy affordability crisis.

In the two years that have passed since the first Rank the Retailer survey, much has changed. Complaints to the ombudsman have dropped away precipitously,³ and energy prices have stabilised,⁴ taking much of the heat out of the public conversation on energy costs.

Amid these positive developments, however, the Financial and Consumer Rights Council (FCRC) continued to hear from members that financial counsellors' work helping clients in financial hardship to deal with energy retailers remained as critical and as time-consuming as it had been in 2014. Large numbers of customers were still struggling to pay for the energy they needed, amassing debt and facing disconnection.

In this context, we thought it was time to revisit the Rank the Retailer survey, investigating whether and how retailers' hardship practices have evolved, as well as what work remains to be done. What we found is that although overall performance has lifted slightly and some retailers have made significant improvements, in the view of financial counsellors, the energy industry is still too often failing to meet the needs of customers in financial hardship.

Energy retailers are private businesses operating in a competitive market – but as providers of a service that is essential to health, wellbeing and social participation, they have an unavoidable moral and social obligation to customers who are struggling to pay their bills and stay connected. At the same time, government and regulators have a responsibility to put in place the policy and regulatory framework that supports and protects vulnerable customers.

Results from the first Rank the Retailer helped to spur improvements in retailer practices and added to the case for policy and regulatory change. In its 2016 iteration, the survey has highlighted the fact that while progress has been made, energy retailers have yet to really comprehend and find a way of responding to the circumstances and needs of customers whose financial hardship is long-term. We look forward to working with retailers, government and regulators to tackle this remaining challenge.



Peter Gartlan

Executive Officer, Financial and Consumer Rights Council

¹ Essential Services Commission (2014) Energy Retailers Comparative Performance Report – Customer Service 2013–14, p. 26.

² Energy and Water Ombudsman (Victoria) (2014) EWOV Annual Report 2015, p. 9.

³ Energy and Water Ombudsman (Victoria) (2016) ResONLINE – 1 January 2016 to 31 March 2016.

⁴ Essential Services Commission (2016) Energy Retailers Comparative Performance Report – Pricing, p. xviii.

Executive summary

In 2014, our first Rank the Retailer survey drew on the experiences and opinions of financial counsellors to assess the hardship practices of energy retailers in Victoria. The results of that survey were disappointing: we found that no retailer consistently achieved acceptable ratings.

Following this, a number of energy companies invested in, and made changes to their hardship policies and processes. The Liberal government announced an inquiry into energy disconnections in 2014. On the election of the Labor government later that year, the Essential Services Commission (ESC) received new terms of reference from the Minister of Energy and Resources and the Minister for Finance to conduct an inquiry on the best practice financial hardship programs of energy retailers.

This year, we resurveyed financial counsellors to assess what has changed – and what hasn't – in the two years since our first survey. Although we made some adjustments to the original survey instrument, it covered the same components of retailer hardship practices: communication, process, attitude and client outcomes. Again, we focused heavily on the 'big three' tier one retailers, AGL Energy, Origin Energy and EnergyAustralia, which together provide electricity and gas to most Victorian households.

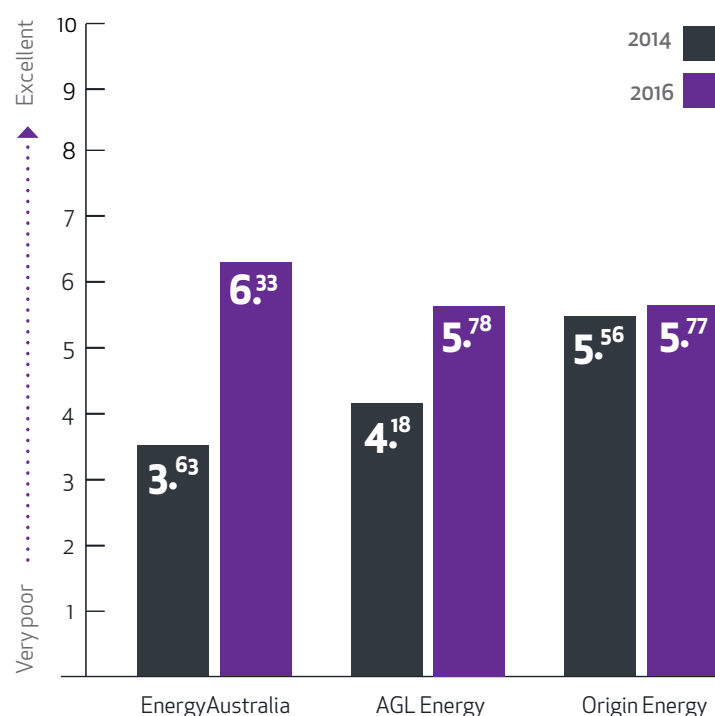


Figure 1. Overall rating of energy retailer financial hardship practices, 2014 and 2016

The big three

Since 2014, when Origin Energy was ranked as the industry leader with an overall score of 5.56 out of 10, the performance of the 'big three' retailers has equalised and slightly lifted. EnergyAustralia, the poorest tier one performer in 2014, has raised its overall score from a poor 3.63 to an acceptable 6.33, making it the current industry leader – if only by a small margin.

The differences between the tier one retailers are slight, however, with little variation in financial counsellors' ratings on most measures. Across the board for tier one retailers, we found relatively good performance on retailers' communication with and attitudes toward financial counsellors. However, because this was not matched by a strong understanding of financial hardship, good communication with customers or opportunities for effective self-advocacy, fair client outcomes often depended heavily on the involvement of a financial counsellor.

Second and third tier retailers

In 2016, second and third tier retailers continued to lag significantly behind the big three. Despite some improvement by Simply Energy and Lumo Energy, even the best-performing second tier retailer, Simply Energy, achieved an overall score of only 4.08.

Second tier retailers performed poorly across the entire abbreviated set of measures, with unaffordable payment plans, inflexibility and lack of responsiveness matters of particular concern. Whereas tier one retailers tended to attract polarised comments that suggested patches of both good and poor practice, financial counsellors had very little positive to say about any tier two retailer on any measure.

Third tier retailers Momentum Energy and Alinta Energy achieved overall scores on par with their second tier counterparts, while the remaining retailers performed more poorly still.

Conclusions

Although overall performance has improved slightly since 2014, the survey revealed serious and ongoing issues with energy retailers' hardship practices. Among these issues was:

- a poor understanding of the nature of long-term financial hardship, reflected in processes and practices that fail to meaningfully assist the most vulnerable
- among first tier retailers, inconsistent practices and processes leading to highly variable client outcomes
- negative attitudes towards and communication with clients, which discourages self-advocacy and necessitates intervention from financial counsellors
- unrealistic, unaffordable payment plans that set clients up to fail.

Next steps

Based on the survey findings, FCRC proposes the following next steps:

First tier retailers

While first tier retailers perform relatively well in some areas, the crucial next step is acknowledging long-term financial hardship and adapting policies and processes to respond effectively. Retailers should be more willing to offer payment plans of longer duration, as well as payment matching incentives and, in situations of severe hardship, partial and full debt waivers.

While attitudes towards and communication with financial counsellors is good, customers are not given the same opportunity to communicate their needs and access assistance independently. Tier one retailers need to provide more ready access to hardship teams and be willing to negotiate directly with customers.

First tier retailers attracted both criticism and praise on nearly every measure, highlighting the importance of staff training and clear policies and procedures to support consistent practice.

Second and third tier retailers

Second and third tier retailers continue to perform very poorly across the board, suggesting that these retailers need to commit to major re-thinking and re-design of their approaches to working with customers experiencing payment difficulty and financial hardship.

State Government response to energy hardship

Survey responses highlighted ongoing difficulties with Utility Relief Grant Scheme (URGS) application processes. At the same time, the value of this assistance relative to energy costs is gradually eroding. We have called on the Victorian Government to review URGS with a view to increasing the cap and streamlining the application process.

We have also suggested that the ESC closely monitor implementation of the new hardship framework to ensure that the most vulnerable consumers do not fall into a cycle of self-disconnection.

1. Background

1.1 Why rank the energy retailers – again?

On the back of similar surveys in the banking sector, in 2014 FCRC investigated financial hardship practices in the energy retail industry through the Rank the Retailer survey. As the peak body for financial counsellors in Victoria, FCRC had long been hearing financial counsellors' accounts of their dealings with energy retailers.

With Rank the Retailer, we were able to capture these experiences and opinions more systematically. The result was a snapshot of the financial hardship practices and performance of Victoria's biggest energy retailers. The release of Rank the Retailer generated much discussion and, we think, helped spur some retailers to make improvements to their hardship practices.

In 2016, we wanted to revisit Rank the Retailer, assessing what – if any – change had occurred since the first survey two years ago.

1.2 Methodology

This report is based on the results of a survey of financial counsellors in Victoria. The survey instrument, reproduced at Appendix 1, had the same basic form as the 2014 survey, although some adjustments were made. The survey contained a combination of quantitative ranking and multiple-choice questions, complemented with optional comment sections to capture qualitative remarks. Respondents were prompted to base their responses on their general casework experience over the preceding 12 months, rather than on specific incidences.

Data collection and analysis

Data was collected from FCRC members through an online survey, delivered via the SurveyMonkey platform during May and June 2016. Quantitative survey data was analysed in Microsoft Excel to produce weighted averages and percentages for each answer choice. Qualitative data was subject to thematic analysis, and many of the comments from financial counsellors are reproduced in this report.

1.3 Reach and respondent profile

At the time of the survey, FCRC had 188 financial counsellors employed throughout Victoria. 132 of these responded to the survey, representing a total response rate of 70%.

The large majority of respondents were experienced financial counsellors. Three-quarters had worked for more than three years as a financial counsellor, including almost three in ten respondents (29%) with at least 12 years' experience in the role. Financial counsellors from metropolitan areas made up 57% of respondents, while the remaining 43% were from rural and regional Victoria.

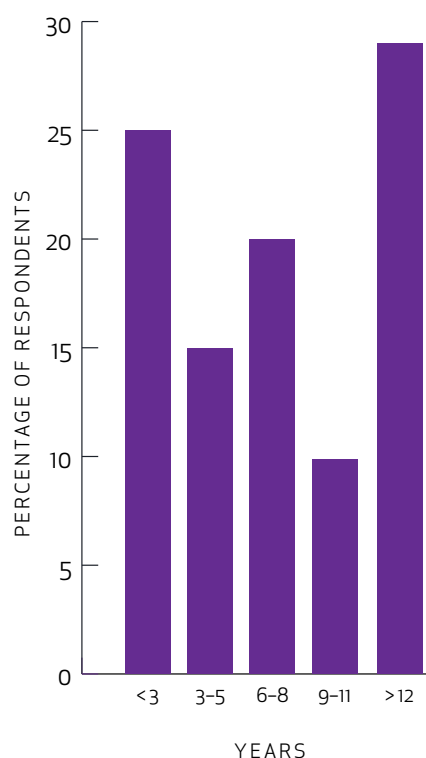


Figure 2. Years of experience as a financial counsellor

2. First tier retailer results

'Energy Australia have been the easiest to deal with by far.'

The first tier or 'big three' retailers – Origin Energy, AGL Energy and EnergyAustralia – together service more than 60% of Victoria's residential electricity customers, as well as more than 70% of its gas customers.⁵ Most financial counsellors have dealt on many occasions with each of these retailers; we therefore asked a comprehensive battery of questions about their communication, attitudes and process, client outcomes and overall performance.

2.1 Overall performance

We asked respondents to provide an overall rating for each of the first tier retailers' hardship practices. Respondents scored each retailer on a scale from one ('very poor') to 10 ('excellent'), basing their scores on their answers to previous questions about retailer practices and client outcomes.

Figure 3 shows overall scores, revealing that the three tier one retailers were considered approximately equal in their hardship practices. With a score of 6.33, EnergyAustralia received the highest average score. One in three respondents gave EnergyAustralia a rating of eight or above, and interestingly, it was the only retailer to receive any scores of 'excellent' (10). Even so, overall EnergyAustralia rated only slightly higher than AGL Energy and Origin Energy, which received scores of 5.78 and 5.77 respectively.

We also asked respondents to identify the best and lowest performing retailer. The results, in Figure 4, accord with the overall scores. EnergyAustralia is the clear leader, with close to half (45%) of respondents identifying it as the best performer, substantially ahead of Origin Energy, chosen by 34%, and AGL Energy, selected by just 21% of respondents.

Interestingly, however, nominations for the lowest performer were almost equally divided among the three retailers, perhaps highlighting variability in financial counsellors' experiences of each retailer. Indeed, some respondents remarked that they were unable to choose a best or worst performer because of this inconsistency.



Figure 3. Overall rating of first tier energy retailer hardship practices

Retailer	Best performer	Lowest performer
EnergyAustralia	45%	32%
AGL Energy	21%	35%
Origin Energy	34%	32%

Figure 4. Best and lowest tier one performer

⁵Essential Services Commission (2016) Energy Retailers Comparative Performance Report – Customer Service, p. vi.

'Calls to hardship departments generally get through faster than they used to.'

'AGL and Origin just never get back to you, you have to chase them.'

'EnergyAustralia has proactively worked with our service to review its hardship service.'

'No problems accessing the teams.'

2.1.1. Change in performance

Since our first survey in 2014, the performance of the 'big three' has equalised. EnergyAustralia, which, with a score of 3.63, was rated lowest in 2014, has markedly improved its score. Similarly, AGL Energy has improved on its 2014 score of 4.18, while Origin Energy's rating has increased marginally from its original 5.56 score.

We also asked financial counsellors to rate each retailer on the extent of overall change in their hardship practices over the preceding 12 months. Results reinforce the comparison between 2014 and 2016 overall ratings: responses indicated a slight improvement for retailers, with the most significant change by EnergyAustralia, followed by AGL Energy.

2.2 Communication

Effective hardship practices are underpinned by good communication, without which retailers cannot come to an understanding of client circumstances or negotiate appropriate solutions.

Respondents were asked to rate the first tier retailers' communication in terms of the accessibility of hardship teams and how they communicated with financial counsellors and with customers themselves. Responses to each question used a five-point scale from 'very poor' to 'very good' and included a 'not sure' option.

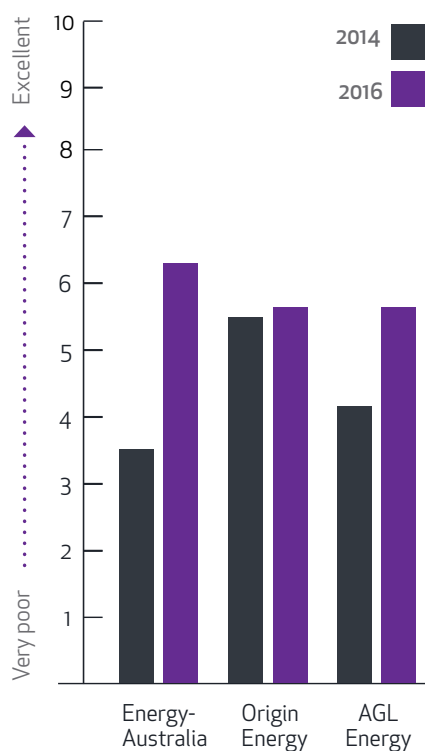


Figure 5. Overall rating of first tier retailer hardship practices, 2014 and 2016

2.2.1. Accessibility of hardship teams

Hardship teams are the gateway for access to more substantial support than what is available to customers through customer service or collections teams.⁶ The accessibility of hardship teams is therefore a crucial determinant the support a customer receives.

We asked respondents how accessible each retailer's hardship team was to them as a financial counsellor acting on behalf of clients. The performance of all first tier retailers was rated as 'acceptable', with virtually no difference between the big three. Origin Energy and EnergyAustralia both received average weighted scores of 3.49, only marginally ahead of AGL's 3.42. Promisingly, each retailer received a 'good' or 'very good' score from at least four in ten respondents, greatly outnumbering 'poor' or 'very poor' responses, which totalled 16% for Origin Energy and EnergyAustralia and 15% for AGL Energy. Nevertheless, the spread of responses suggests that some financial counsellors are still having difficulty accessing hardship teams.

Comments on the accessibility of hardship teams also painted a mixed picture. Some respondents highlighted improvements to call waiting times, while another complained of lengthy wait times. Responsiveness was another issue, with Origin Energy and AGL Energy in particular attracting criticism for failing to respond to contact. Another respondent commented that EnergyAustralia's processes for internal referral often created unnecessary delays.

Some respondents made positive comments about accessibility, noting improvements by EnergyAustralia and highlighting Origin Energy's dedicated line for financial counsellors. However, for many respondents, accessibility was simply not the core issue of concern – their comments instead focused on hardship teams' competence, understanding, training or attitudes.

⁶For a summary of the types of support offered within and outside of hardship programs, see: Essential Services Commission (2016) Supporting Customers, Avoiding Labels – Energy Hardship Inquiry Final Report, p. 21.

'The hardship teams are accessible, just not very giving or compassionate.'

'The issue is not so much getting to the hardship team. The problem is unaffordable hardship arrangements based on consumption.'

'I find that I am the one who is chasing down the retailers for answers.'

'Most issues are resolved in one or two persistent contacts.'

'Some Origin workers are excellent but I have had some who are rude and lack understanding of hardship.'

'I recently hung up on a very aggressive person.'

'EnergyAustralia are good at responding and happy to respond by email, which is convenient and quick.'

'Serious questions about their lack of use of interpreters and the way they treat people who are not able to communicate or understand properly.'

'Issue with computer-generated responses that are not in line with hardship agreements scaring customers.'

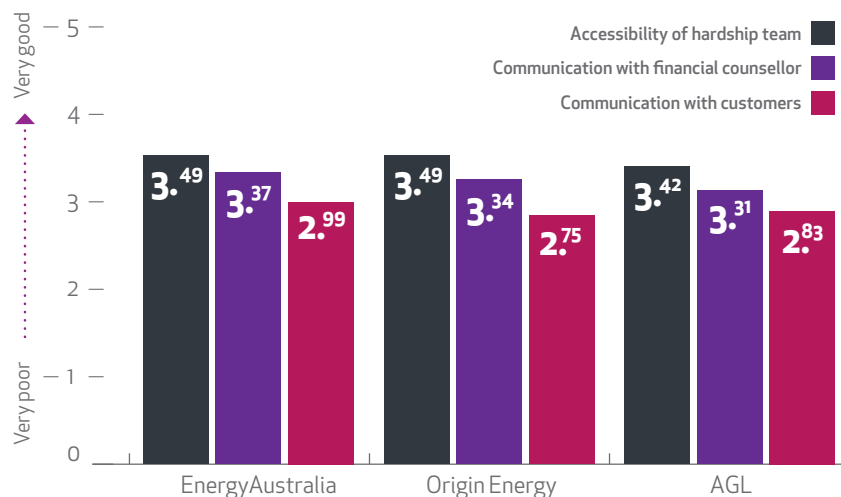


Figure 6. Communication and accessibility of first tier retailers

2.2.2. Communication with financial counsellors

Financial counsellors were asked to rate each tier one retailer on how well they communicated with financial counsellors, taking into consideration matters such as their responsiveness and confirmation of agreements.

Again, financial counsellors rated the big three's performance as merely acceptable, with virtually no difference between each retailer's weighted average score. Energy Australia again scored most highly at 3.37, marginally ahead of Origin and AGL on 3.34 and 3.31 respectively.

In comments, respondents focused on the retailers' responsiveness, their manner and the accuracy and consistency of the information they provided. Some respondents complained that they had to be particularly proactive to get information and to resolve issues, although comments also indicated that this persistence can pay off. Some financial counsellors described encounters with rude or aggressive staff, while another described being given different information at each contact.

There were some positive comments about EnergyAustralia's communication, although this was countered by another financial counsellor's negative assessment.

2.2.3. Communication with customers

Financial counsellors were also asked to rate retailers' communication directly with clients. Whereas financial counsellors rated retailers' communication with them as acceptable, each tier one retailer fell short of an 'acceptable' score for the way it communicated with customers. Again, while EnergyAustralia received a slightly higher score (2.99) than either AGL (2.83) or Origin (2.75), respondents saw little difference in retailer performance.

Several comments on this question concerned retailers' failure to accommodate the special communication needs of some clients. Long call waiting times and limited willingness to offer callbacks were highlighted as barriers to communication with customers. Respondents also raised concerns about computerised communication and retailers' failure to use interpreters or check for understanding.

2.3 Attitude and process

We asked financial counsellors a number of questions about first tier retailers' understanding, attitudes and processes to do with customer financial hardship.

2.3.1. Attitude towards financial counsellors

Respondents rated the tier one energy retailers' hardship staff on their attitude towards financial counsellors (Figure 7). Results were relatively positive, with each retailer approaching a 'good' rating. Once again, EnergyAustralia scored more highly than either Origin Energy or AGL Energy, although the difference was very slight.

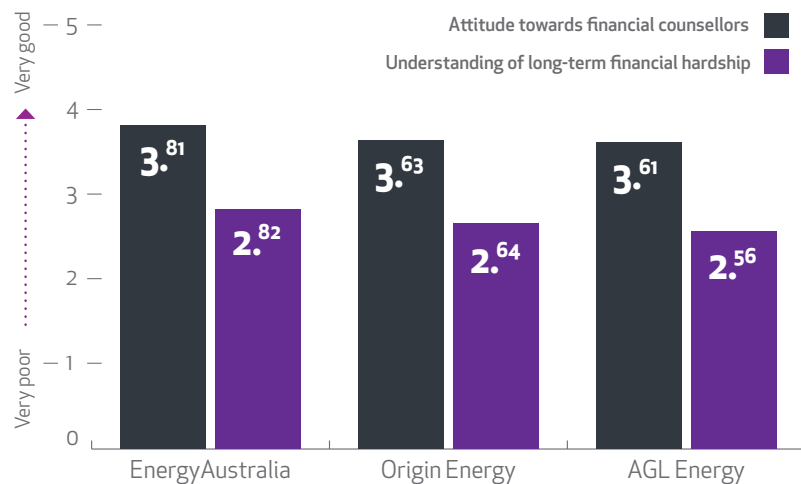


Figure 7. First tier retailers' attitudes towards financial counsellors and understanding of hardship

'The larger companies have improved in their knowledge of how financial counsellors operate and are willing to work towards acceptable outcomes for clients.'

'I emailed AGL for a compassionate waiver of \$500 as the client had been homeless and a victim of family violence, and they emailed me back a one-liner saying my client doesn't fit their waiver criteria. What a joke. Didn't ring me to explain or want to discuss it further.'

In comments, respondents noted some improvement in tier one retailers' attitudes towards financial counsellors. Other comments, however, described a lack of understanding of what financial counsellors do and the issues affecting clients, which could manifest in dismissive treatment of financial counsellors' requests for assistance. Inconsistency was again an issue, with one respondent suggesting that longer-standing hardship staff tended to provide better service.

In response to this question, some respondents drew attention to a disparity in how financial counsellors and clients themselves are treated, as highlighted by the difference in retailers' scores for communication with financial counsellors and with clients. To get around this, one respondent described encouraging respectful client treatment by speaking with retailers on speakerphone with the customer present.

2.3.2. Understanding of financial hardship

We asked respondents to rate the big three retailers on their understanding of long-term financial hardship – that is, the situation of clients who are unlikely to get back on top of their finances in the foreseeable future. No retailer rated well on this measure, with none reaching an 'acceptable' average score (Figure 7).

'I would prefer not to have to become involved, as the retailer should treat every discussion with my client as if they were speaking to me.'

'They just don't get how people are disadvantaged because of financial hardship.'

'This is an experience that none of the providers appear to have lived, and therefore [that they] do not seem to identify with.'

'[Clients] are not struggling to pay their power bills because they are not using energy efficiency techniques – their reality is that they may have \$60 per fortnight left (after paying rent) to pay for food, fuel, electricity, gas, water etc. They don't need an energy audit; they need more money!'

'If the energy retailers understood the long-term financial hardship impact on customers, they [would] consider at least partial waiver of outstanding debts.'

'They all consider that three months is long-term, which is frustrating for the client when [their] issues will definitely take longer to overcome.'

'Both Origin and Energy Australia offer reduced payment arrangements for three months but then often expect higher than affordable/manageable payments to be made, often [causing] more financial hardship for clients.'

'EnergyAustralia is willing to work with the client and understands that some clients [...] will experience long-term financial hardship and offers solutions to the client such as payment matching [and] reduction in debt.'

Overwhelmingly, financial counsellors' comments described poor understanding of the nature of hardship, which some attributed to a lack of relevant life experience and insufficient training. This lack of understanding was seen as the root cause of poor treatment of customers, including a lack of compassion, inappropriate advice and the denial of assistance.

Respondents' comments drew attention to the circumstances of customers experiencing severe and long-term hardship with large accrued debts that they were unlikely to ever be able to repay. Often, respondents noted, energy efficiency advice or assistance is not an effective response, either because customers are unable to reduce their usage, or because the underlying problem is lack of income rather than over-consumption. In these cases, financial counsellors felt that more substantial assistance – such as matched payments, partial or full debt waivers, and payment plans below usage – were necessary, but rarely offered.

Respondents also highlighted the tension between retailers' short-term focus and the long-term nature of many clients' hardship. Many retailers, financial counsellors reported, want matters resolved within three to six months, a timeframe that is simply not realistic for many clients. Retailers' short-term focus means that clients often have to re-apply for assistance – a process that is stressful for clients and burdensome for financial counsellors. There were also complaints about clients being placed on short-term payment plans that are initially affordable, but which quickly 'ramp up' as the retailer attempts to recover arrears.

More positively, however, two respondents singled out EnergyAustralia for its understanding and willingness to offering realistic assistance to customers experiencing long-term hardship.

2.3.3. Responding to individual circumstances

In the 2016 survey, we added a new question asking financial counsellors about the extent to which retailers respond to clients' individual circumstances and needs, such as language barriers, unemployment, mental and physical health issues and situations of domestic violence (Figure 8).

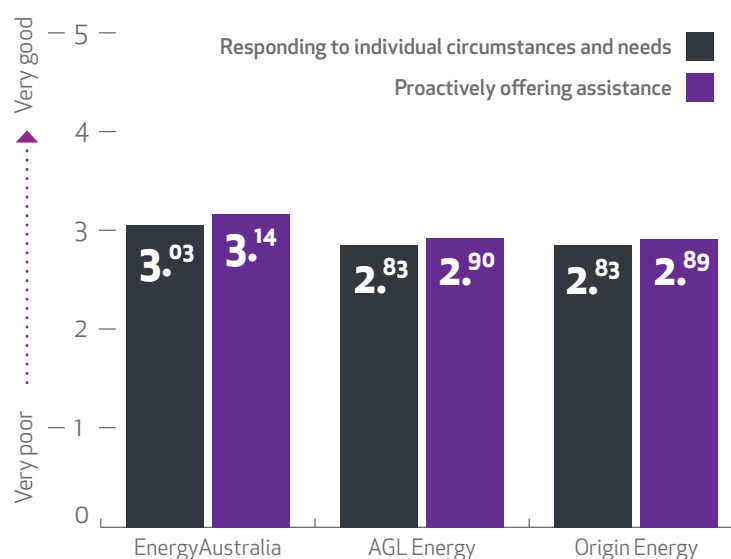


Figure 8. First tier retailers proactive assistance and response to individual needs

'I find it depends on the person you are speaking to on the phone.'

'The hardship team staff are good; however, the other departments within each company I would score as 'poor.'

'They treat all matters of hardship the same way.'

'[Retailers] put clients in the same basket and don't treat the individual cases and circumstances.'

'I have found Origin to be accepting of client's individual circumstances based on my assessment as a financial counsellor without undue questioning and explanation.'

'Difficulties getting them to understand these issues and the impact they have, especially with people who need heating and cooling for medical reasons.'

'AGL went above and beyond to assist a client exiting domestic violence. They even waived part of her bill.'

'The response [EnergyAustralia] have displayed with regard to family violence and the associated sensitivities is outstanding.'

'Unbelieving of domestic violence situation.'

'No flexibility around bills or changing account names in situations of family violence.'

'[The client] needs the financial counsellor to tell the story, and then the response is much better.'

Tier one retailers did quite poorly on this measure: only EnergyAustralia achieved an 'acceptable' score. Notably, financial counsellors' opinions were divided. While each retailer was given a 'poor' or 'very poor' score by around one-third of respondents, each also received 'good' or 'very good' ratings from at least two in ten respondents. This result is likely to be another reflection of variability and inconsistency in retailer practices.

In comments, some financial counsellors said that retailers typically fail to take individual circumstances and needs into account, applying a standardised approach to all customers in hardship. One respondent commented that even with firm evidence of extreme hardship – such as homelessness, domestic violence and an inability to pay at all – there was sometimes no leverage to waive smaller debts. On the other hand, some respondents suggested that the first tier retailers had improved their understanding of individual circumstances, or commented positively on specific retailers.

The biggest issue facing many clients is unemployment; one financial counsellor noted that it was also an issue all retailers were able to grasp. On health matters, comments were less positive, with financial counsellors reporting a lack of understanding and intrusive documentation requests.

On retailers' response to customers experiencing domestic violence, comments were again mixed. AGL Energy and EnergyAustralia each received some strong praise for their dealings with clients who had experienced domestic violence. One respondent suggested that all three tier one retailers had improved their approach, but objected to their requests for detailed supporting documentation. Concerningly, other respondents described inflexible, disbelieving or disrespectful responses to clients in domestic violence situations.

Echoing earlier comments about communication with and attitudes towards clients, a number of respondents noted that retailers' response to individual needs and circumstances improved only with a financial counsellor's involvement. This intervention by a financial counsellor was seen as leading to a more detailed consideration of the issues and in turn, better client outcomes.

2.3.4. Proactive assistance and early intervention

Financial counsellors were asked to rate the retailers on their early identification of hardship and proactive assistance to clients (Figure 8). The tier one retailers again scored poorly on this measure, with only EnergyAustralia reaching an 'acceptable' performance standard (Figure 8).

Respondents' comments highlighted the problem of retailers allowing large debts to accumulate without intervention, only to demand unrealistic repayment arrangements once the client's power was disconnected. Respondents reported that clients seemed to have to specifically ask to speak to the hardship team in order to be put through. As a result, they said, most clients were left to deal with frontline and collections staff and were unable to access meaningful assistance.

2.3.5. Customer self-advocacy

In this report, 'self-advocacy' refers to customers negotiating directly with an energy retailer. We asked respondents whether customers experiencing hardship were given the opportunity to self-advocate, without the involvement of a financial counsellor.

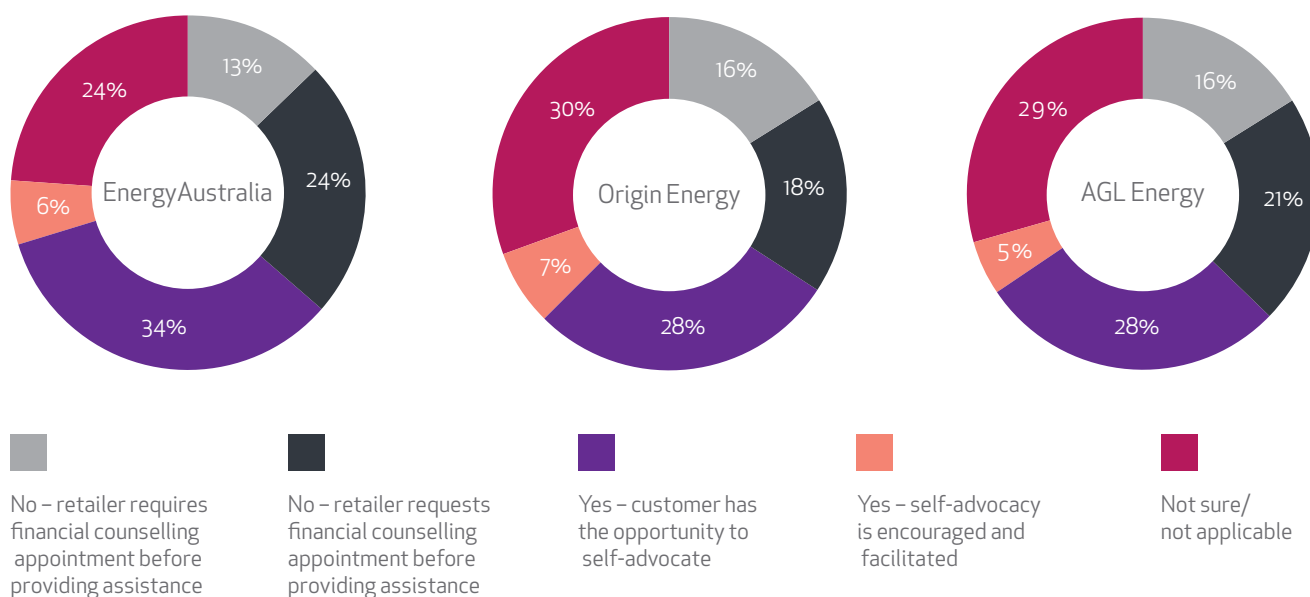


Figure 9. Customer opportunity for self-advocacy with tier one retailers

'This is a lottery depending [on whether] the customer gives all information or the [retailer] asks the right questions. If a financial counsellor is with the customer the outcome is always better, as the team asks more detailed questions.'

'I am still gobsmacked at retailers who allow clients whose only income is Centrelink to ignore bills that escalate over \$1,000, only to disconnect and demand outrageous repayment arrangements.'

'[I] often see bills in the \$1,000 to \$3,000 range, with retailers then wanting unrealistic repayment plans.'

'Clients say that when they call direct the service is not the same, and they are not put through to the hardship team, rather they are being pushed into unaffordable payment plans.'

'Clients I see are rarely able to get on to the hardship team to begin with, being handled by collections and the normal departments despite their need [...] rarely do my clients know about URGS when I see them.'

Figure 9 shows that there was very little difference in the performance of the big three on this measure.

For each retailer, among those financial counsellors who had a view, there was a roughly equal split between positive and negative responses – yet again pointing to inconsistency and variability in retailer practices. Indeed, in comments, some respondents indicated that the opportunity for and outcomes of self-advocacy often hinge on the particular staff member and customer involved.

Some respondents said that clients were usually only able to self-advocate to collections teams, with access to hardship assistance contingent on an appointment with a financial counsellor. Two respondents singled out EnergyAustralia for insisting on a financial counsellor consultation before admission into its hardship program. Another respondent noted that Origin Energy will often require a financial counsellor appointment for clients who have missed a payment.

Several respondents suggested that while retailers will negotiate directly with customers, outcomes are often poor, with unaffordable payment plans a particular problem. Financial counsellors reported that once they become involved, however, the company often quickly accepts a more realistic instalment amount and offers other assistance, such as a Utility Relief Grant Scheme (URGS) application.

2.3.6. Financial counsellor casework

Inadequate opportunities for customer self-advocacy and the lack of early intervention or proactive assistance means that financial counsellors are often required to resolve matters that might otherwise be managed between retailers and customers. As a result, energy issues continue to demand a substantial proportion of financial counsellors' time.

We asked respondents what proportion of their casework with clients involved an energy issue.

'I feel that all these retailers encourage self-advocacy but it is not always successful. While some clients have capacity to call, [they are] not always able to elaborate in regard to their issues [...] who in the company deals with the call has a bearing on the understanding and success of the self-advocacy.'

'EnergyAustralia still often require clients to see a financial counsellor before they will assist – very frustrating for clients who want to self-advocate.'

'If a client misses a payment or would like to apply for an URG, Origin will make it mandatory that the client sees a financial counsellor to be put back onto the hardship program or to apply for URGs.'

'Staff do not ask enough questions of the client and usually bind them into unaffordable payment plans.'

'Sadly some clients attempt to solve their own problems but are not listened to and [are] often told they have to pay an amount that is way above what they can afford, and this is very distressing.'

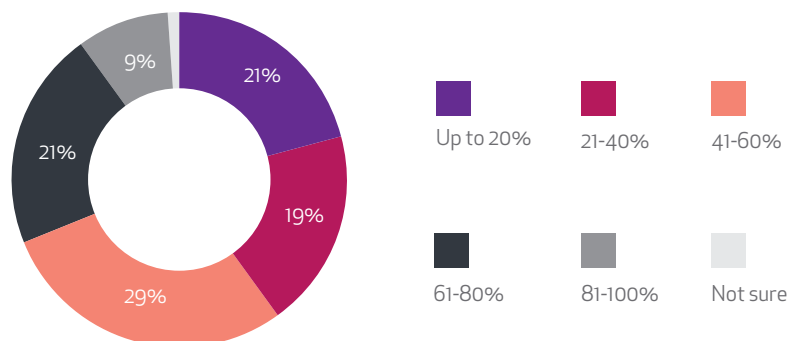


Figure 10. Percentage of casework involving an energy issue

The most common answer, given by almost one-third (29%) of respondents, was that energy-related matters took up roughly half of their casework time. A small but significant minority (9%) of respondents reported that energy issues were involved in between 81% and 100% of their casework.

We also asked respondents to indicate whether their energy-related casework had increased, decreased or remained steady over the past 12 months.

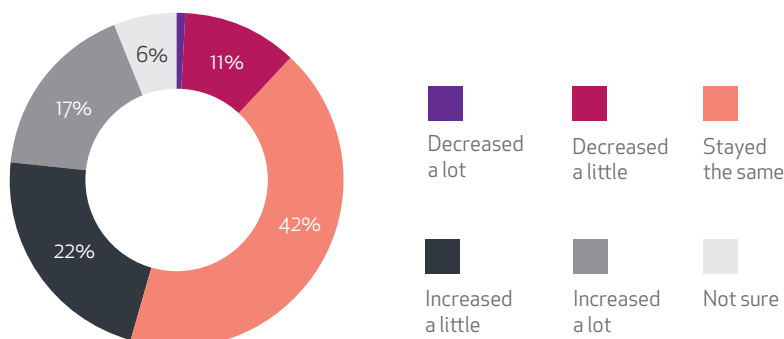


Figure 11. Change in amount of energy-related casework

Overall, responses suggest that the average amount of time financial counsellors are spending on energy-related matters may have increased slightly over the past year – an interesting result given the downward trend in EWOV cases over the same period.

2.4 Client outcomes

As well as capturing information about processes and attitudes, the survey sought financial counsellors' views on the client outcomes achieved via energy retailers' hardship processes and practices.

2.4.1. Payment plan affordability

We asked financial counsellors whether tier one retailers offered clients payment plans that were affordable (Figure 12).

'Most of the time payment arrangements are unrealistic.'

'They are still asking customers to commit to unrealistic payments.'

'Sometimes over-the-top – capacity to pay goes out the window.'

'Oftentimes clients are forced to forgo paying other expenses to pay unrealistic energy arrangements at the threat of disconnection.'

'Many clients [are] still agreeing to payment arrangements they cannot afford [...] They often do this in fear of being cut off, but then simply cannot afford to keep the payment arrangements going.'

'The famous saying is that customers will fall behind more if they choose to pay a lesser amount.'

'Sometimes a payment plan which has been suggested by clients has been declined, even if this is all they can physically pay for a time.'

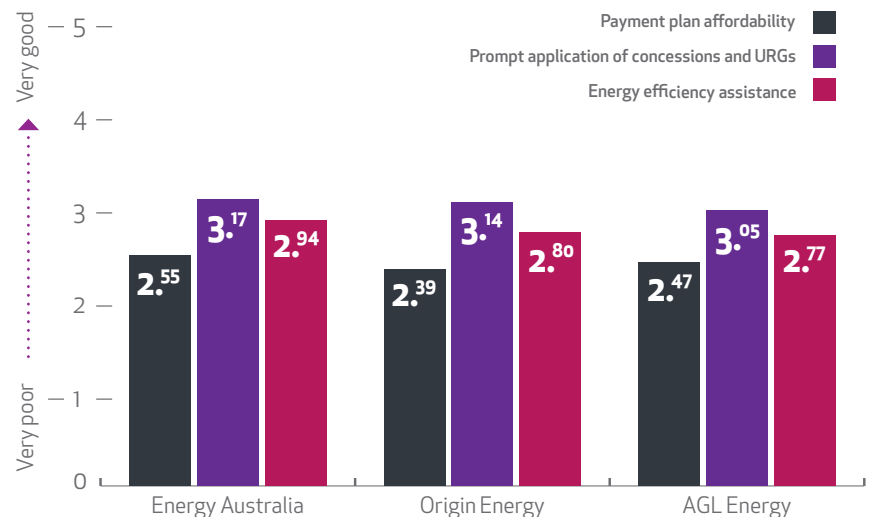


Figure 12. Payment plan affordability and application of concessions and grants by first tier retailers

Results were poor across the board, with none of the big three achieving an 'acceptable' average score. The distribution of responses was also remarkably similar for each retailer: payment plan affordability was rated as 'poor' or 'very poor' by around half of respondents, while roughly one-quarter gave an 'acceptable' rating and only 10–15% scored payment plan affordability as 'good' or 'very good' (the remaining respondents were unsure).

In comments on this and other questions, many financial counsellors said that payment plans are often unaffordable and unrealistic – sometimes drastically so. Affordability issues are particularly acute for customers reliant on income support payments. In turn, respondents reported, unaffordable payment plans add to hardship, with some clients choosing to forgo paying other important expenses.

Many respondents again touched on the difficulties clients face when self-advocating, attempting to negotiate a payment plan directly. A number of comments described clients agreeing to unaffordable payment plans because they felt they had no other choice and were afraid of having their energy disconnected. Some respondents felt that the 'threat of disconnection' was used to pressure clients into agreeing to unaffordable amounts, as were warnings of falling further behind. Financial counsellors reported that when some clients attempt to suggest affordable instalment amounts, retailers reject these offers.

2.4.2. Concessions and Utility Relief Grants

Concessions can substantially improve energy affordability for people on low incomes. While concessions are provided by the Victorian government, they are applied by retailers, meaning that retailer processes play a part in ensuring that eligible customers receive the concessions that are available to them. Retailers also help to administer the Victorian government's URGS, which provides one-off energy bill assistance to customers in 'temporary' financial crisis.

Respondents were asked to rate the tier one retailers on their prompt application of concessions and URGs (Figure 12). The big three performed slightly better on the application of concessions and URGs, with each receiving an average 'acceptable' score. Again, performance and the distribution of responses was very similar across all three retailers.

Although performance was seen as acceptable overall, several financial counsellors commented that the tier one retailers rarely tell clients that URGS is available – even when client is facing imminent disconnection or explicitly states that they are in hardship and cannot afford to pay. It is not until a financial counsellor becomes involved or the customer asks directly for an URG that this assistance is offered. On the other hand, one respondent complained of customers who self-advocate being advised to seek an URG for small bills – an approach which can disadvantage the customer by decreasing the total amount of URG assistance they receive.

Even when clients have been offered an URG, the process can be difficult or time-consuming. One financial counsellor suggested that retailers make processing of URGS applications unduly difficult, while a number of respondents commented on retailer failure to send out URGS application forms promptly – or at all. One financial counsellor also remarked on a lack of follow-up, which meant financial counsellors and their clients are left unsure of whether an application has been successful.

The tier one retailers' application of concessions appears to have improved since our last survey in 2014, when many financial counsellors complained of problems with unapplied and lapsed concessions. This year, respondents described some problems with the concessions not being applied, but this appeared to be the exception rather than the rule. One respondent reported difficulty having retailers apply concessions for refugee clients with ImmiCards, despite their eligibility for this assistance.

2.4.3. Energy efficiency assistance

Respondents were asked to rate the effectiveness of hardship teams' energy efficiency assistance (Figure 12). Overall, respondents had a dim view of the effectiveness of the assistance provided by tier one retailers, with no retailer achieving an 'acceptable' rating. There was very little difference in performance, with EnergyAustralia's average score only slightly ahead of Origin Energy and AGL Energy.

Where in-home energy audits were offered, they were generally well-received. A number of financial counsellors drew attention the unavailability of such audits in regional and rural areas.

On the other hand, several respondents described retailers providing unhelpful energy efficiency advice. For example, clients were sometimes advised to make changes that were not within their power – such as repairing poor-quality rental housing or replacing expensive appliances. Behaviour change strategies could also be difficult for clients to implement, especially where this required cooperation from

'Retailers continue to be reluctant to advise clients of the existence and availability of the grants.'

'URGS is often not offered unless asked for.'

'I have numerous occasions where a client is facing disconnection [and] the URG has not been offered.'

'There are a lot of problems with sending out URG forms. Sometimes they aren't sent at all.'

'Too slow sending out URGS!!!'

'A quick email or phone call confirming allocation of these would be appreciated – often don't hear anything until I call and ask.'

'Origin usually offer my clients a free energy audit, and provide other options to help the client reduce their consumption.'

'No auditors for Gippsland region.'

'Not much access regionally to energy audits etc.'

'Some advice is well beyond the scope of the client to change.'

'Often energy efficiency information provided is incorrect, or they focus on the less important things – priority should be heating and cooling appliances.'

'Very quick to refer to debt collection agencies.'

'The debt collection companies – Panthera, ACM, Baycorp – have unacceptable practices [and] harass clients they know are on Centrelink benefits and are judgement-proof, and it reflects badly on the power companies which debt collectors they use.'

'Once debt goes to collection it is difficult to make arrangements through the retailer that are affordable.'

'Hard to say. The client can present in such fear that [it's] hard to know whether they had been offered help.'

'Usually [the disconnection notice] is in letter form and clients do not often read the options as they are very stressed. [Retailers] will send a text message that is a warning, but I wouldn't consider that support.'

family members. Other respondents commented that clients were sometimes given incorrect energy efficiency advice.

2.4.4. Debt collection

Rather than managing debt through payment plans or other measures, retailers sometimes sell it to third-party collections agencies. Respondents were asked to rate the 'big three' retailers on their debt collection practices.

None achieved an 'acceptable' rating and there was no significant performance difference. With an average score of 2.52, EnergyAustralia was only very slightly ahead of AGL Energy and Origin Energy, with scores of 2.43 and 2.38 respectively. Very few respondents scored any of the retailers highly on their debt collection practices.

In comments, financial counsellors complained that retailers often sell debts quickly, even where they are aware of customer vulnerability. Respondents were critical of the aggressive practices of third-party collection agencies, whose persistent calls could affect clients' wellbeing and mental health. Once debts are on-sold, respondents reported, negotiating affordable repayments and reasonable outcomes became more difficult.

2.4.5. Disconnection

Under Victoria's *Energy Retail Code*, energy retailers are required to contact and offer assistance to customers before disconnecting their supply. We asked respondents how frequently this was done.

Close to half of respondents didn't feel able to answer this question. Among the remainder, opinion was divided, but only a small proportion of respondents indicated that any tier one retailer 'always' or 'often' contacts customers to offer support prior to disconnection.

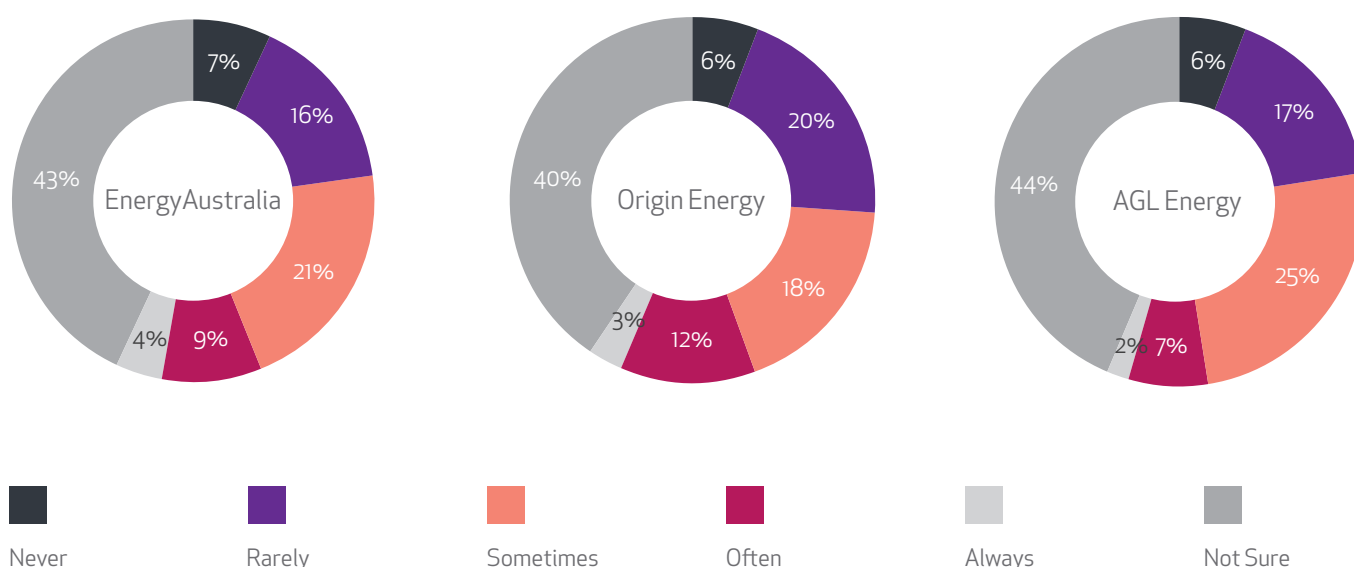


Figure 13. Frequency of pre-disconnection contact and support by first tier retailers

'Often the retailer will demand [that the] client attend financial counselling or they will disconnect. This can be an issue if there is a waitlist.'

'The support is often inadequate or inappropriate. There should be more use of targeted incentive plans [and] debt waivers, either partial or in full.'

'I have not seen any clients that have been disconnected in a long time.'

'Only after strong advocacy by us to ensure clients are treated fairly.'

'I believe that as a financial counsellor I am the one who has to make contact with the retailer to make sure that the clients has all concessions and that the plan is appropriate to the client's needs.'

Many respondents indicated that while retailers may be meeting regulatory requirements by issuing disconnection notices and warnings, communication to and support for clients was nevertheless inadequate. For example, a retailer might insist that the customer attend financial counselling or offer an unaffordable payment plan.

More positively, some respondents commented that few of their recent clients had been disconnected.

2.4.6. Fair, reasonable and appropriate outcomes

After responding to the above questions on the range of client outcome issues, respondents were asked how often, on balance, retailers' financial hardship arrangements resulted in fair, reasonable and appropriate outcomes.

Unsurprisingly, responses indicate that retailers' inconsistent hardship practices produce variable outcomes for clients. For all three tier one retailers, the largest proportion of respondents – close to half – reported that hardship arrangements 'sometimes' produced reasonable outcomes. The next most common response was 'often', selected by around one-quarter of respondents. Worryingly, a substantial minority reported that outcomes were 'rarely' or 'never' fair, reasonable and appropriate.

In comments, respondents again emphasised that the involvement of a financial counsellor or other advocate was a crucial determinant of client outcomes. Without a financial counsellor intervening to advocate strongly for fair customer treatment, respondents suggested, outcomes were typically poorer – although clients who were comfortable self-advocating could also get good outcomes.

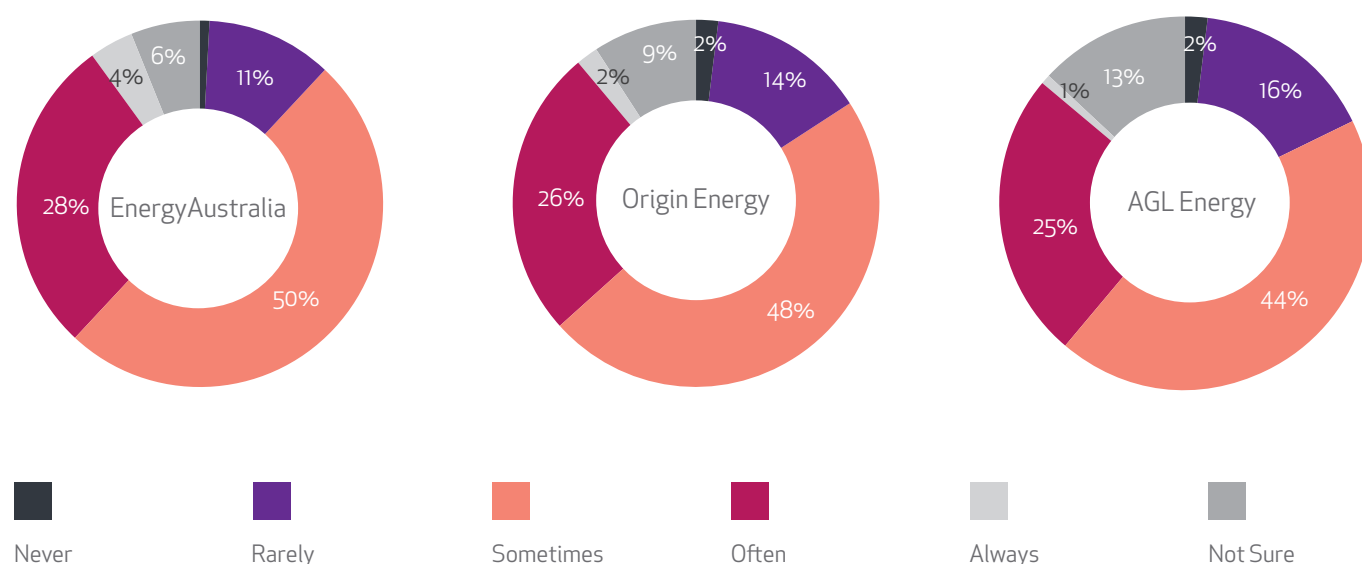


Figure 14. Frequency of fair, reasonable and appropriate client outcomes with first tier retailers

'If the client is confident in negotiating or they have a support person, they will get a reasonable outcome.'

'In the past year I have not needed to raise an EWOV complaint.'

'Finding less need to escalate to EWOV.'

'I try to work it out first. I know that EWOV is always up my sleeve.'

'Retailers will be more open to arrangements if I say I will take the case to EWOV.'

'Unfortunately, the retailers can be hard-line and not respond well to client needs.'

2.4.7. Escalation to the Energy and Water Ombudsman (Victoria)

When a customer (or a financial counsellor acting on their behalf) can't resolve an issue directly with their energy retailer, the dispute can be escalated to the Energy and Water Ombudsman (Victoria) (EWOV), an industry-based external dispute resolution scheme.

Respondents were asked how often they escalate a hardship issue to EWOV because they are unable to negotiate appropriate arrangements. Responses indicated that most financial counsellors find that they are usually able to come to an agreement directly rather than taking the matter to EWOV. There was no substantial difference in escalation frequency among the tier one retailers.

Although one respondent commented that they were tired of having to take cases to EWOV, financial counsellors more commonly indicated that they were usually able to resolve issues directly, and that the need to involve EWOV was decreasing. Even so, respondents indicated that they were glad to have EWOV as a last resort – and as leverage in negotiations.

Some respondents reported, however, that even with EWOV involvement it was sometimes difficult to reach a suitable outcome. Another noted that some clients present part-way through an EWOV complaint, or after they have already unsuccessfully pursued that avenue.

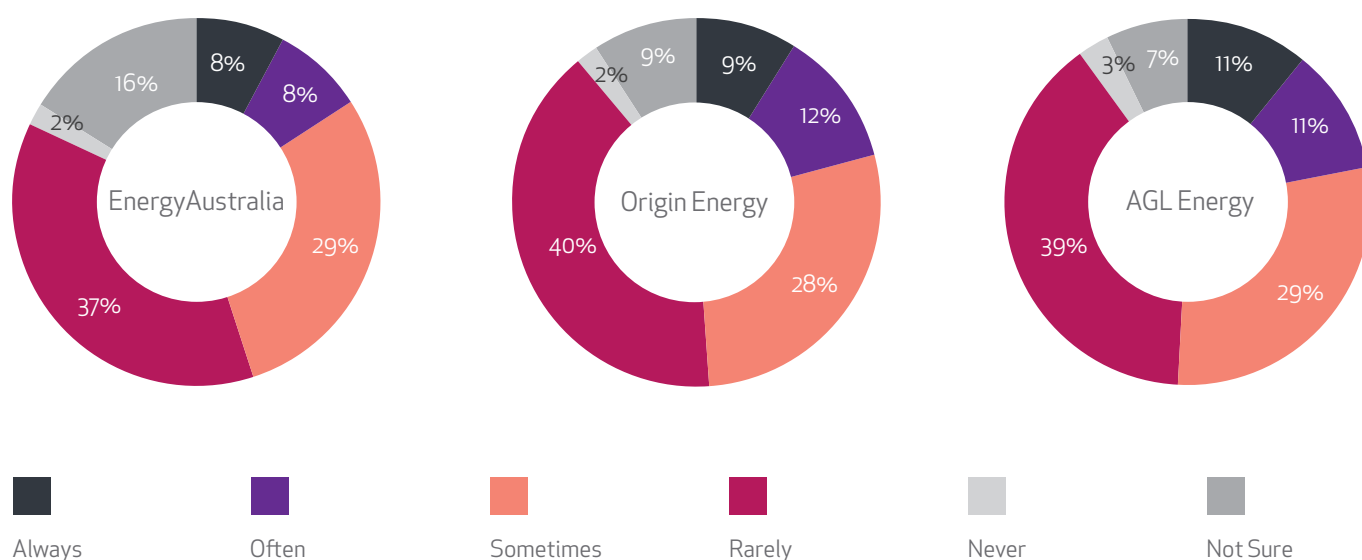


Figure 15. Frequency of escalation to EWOV with first tier retailers

3. Second tier retailer results

The 2016 Rank the Retailer survey also sought respondents' views on the hardship practices of Victoria's second tier retailers. Because second tier retailers have smaller market share than the 'big three', most financial counsellors will have had less experience dealing with them. For this reason – and in order to contain survey length and complexity – we asked respondents to rate the second tier retailers on fewer measures. These nevertheless give us a snapshot of second tier retailers' hardship practices.

The recent acquisition of Lumo Energy by Red Energy parent company, Snowy Hydro, saw that retailer's market share increase to 16%, arguably bringing it into the ranks of the tier one retailers. However, because Red Energy and Lumo Energy were still trading separately during the period referred to in the survey, we continued to include them among second tier retailers.



'Hard to rate them. My intuition is that I would never go with a second tier utility.'

'The second-tier retailers' service and hardship policies are just terrible. They have absolutely no comprehension whatsoever at all of what financial hardship is.'

'The second- and third-tier retailers need to improve their hardship departments drastically.'

'Still bad.'

'All three retailers' hardship practices over the last 12 months have remained unchanged – just terrible, no improvement at all.'



Figure 16. Overall rating of second tier energy retailer hardship practices

3.1 Overall performance

Just as for tier one retailers, we asked respondents to score each second tier retailer's overall hardship performance, using a scale from one (very poor) to 10 (excellent).

Respondents gave a negative overall assessment of the second tier retailers' hardship practices – as a group, the tier two retailers scored around two points lower than their tier one counterparts. Just as the tier one retailers' scores converged at around 6, with very little difference in performance, respondents reported no significant variation among the second tier group.

In comments, respondents were often unequivocal in their condemnation of tier two retailers' hardship practices, with very few positive remarks about any tier two retailer on any measure.

3.1.1. Change in performance

According to respondents, second tier retailers' hardship practices have not changed substantially since 2014. Simply Energy and Lumo Energy improved their overall scores slightly, from a baseline of 3.53 and 3.73 respectively. The biggest change was for Red Energy, whose performance lifted from 3.11 to 3.99, bringing it into line with the still-poor performance of the other second tier retailers.

We also asked respondents whether they thought the second tier retailers' hardship practices had improved or worsened over the previous twelve months. Most commonly, respondents said they were unsure or that they had observed no change. For each retailer, around one in ten respondents thought performance had deteriorated, while between 11% (Lumo Energy) and 17% (Simply Energy) detected some improvement – usually small.

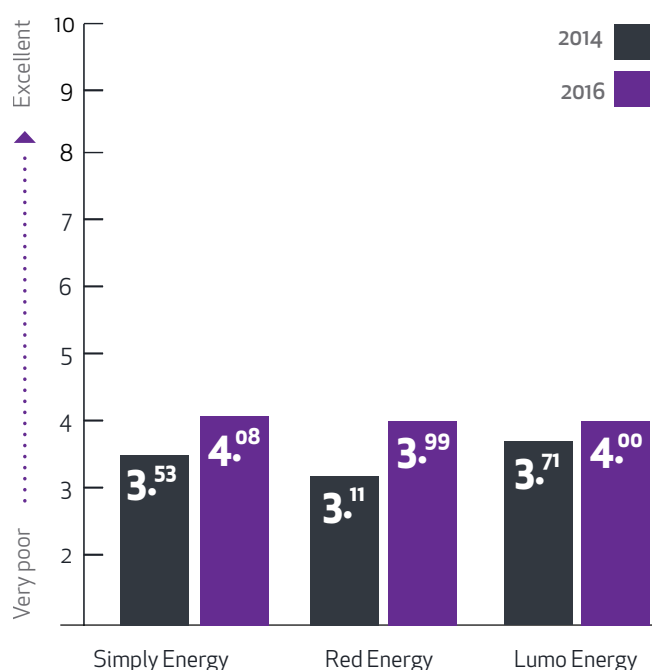


Figure 17. Overall rating of second tier retailer hardship practices, 2014 and 2016

'Often call centre staff who are not trained well and who are extremely rude.'

'[In] my experience none of these retailers return calls or provides a response. The financial counsellor continually follows up if requiring an outcome.'

'Lumo staff are terrible: they don't listen to clients or even financial counsellors for that matter, and rarely ever answer the phone. You have to email them, and they don't respond to you.'

'[Lumo Energy staff] dictate, don't listen, and are often rude.'

'Simply Energy doesn't accept the financial counsellor's word that the client is in hardship.'

'Simply Energy have the automated phone call asking if you are responsible for the property at such-and-such address [and] please call them on 1800 number. Since when is a financial counsellor responsible for utilities at a residence? [...] I have made complaints before and they still do it.'

3.2 Communication

3.2.1. Communication with financial counsellors

Respondents were asked to rate the quality of the second tier retailers' communication with financial counsellors.

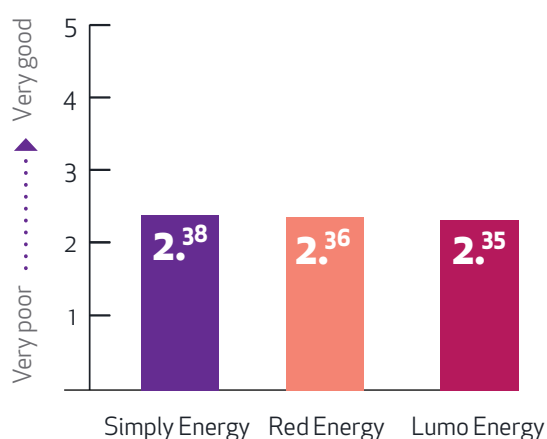


Figure 18. Second tier retailers' communication with financial counsellors

None of the tier two retailers exceeded a 'poor' standard of performance on this measure. The distribution of scores was very similar across the board, with each of the second tier retailers receiving a 'poor' or 'very poor' rating from around half of the respondents.

Responsiveness was a particular concern, with a number of financial counsellors commenting on a failure to answer or return calls or reply to correspondence. Other respondents singled out Lumo Energy staff for having a rude manner and failing to listen to clients and financial counsellors alike.

One respondent highlighted Simply Energy's lack of trust of financial counsellors and their professional assessment of client circumstances. Simply Energy also drew criticism from a number of respondents for its use of automated voice messages that fail to distinguish between financial counsellors and customers themselves.

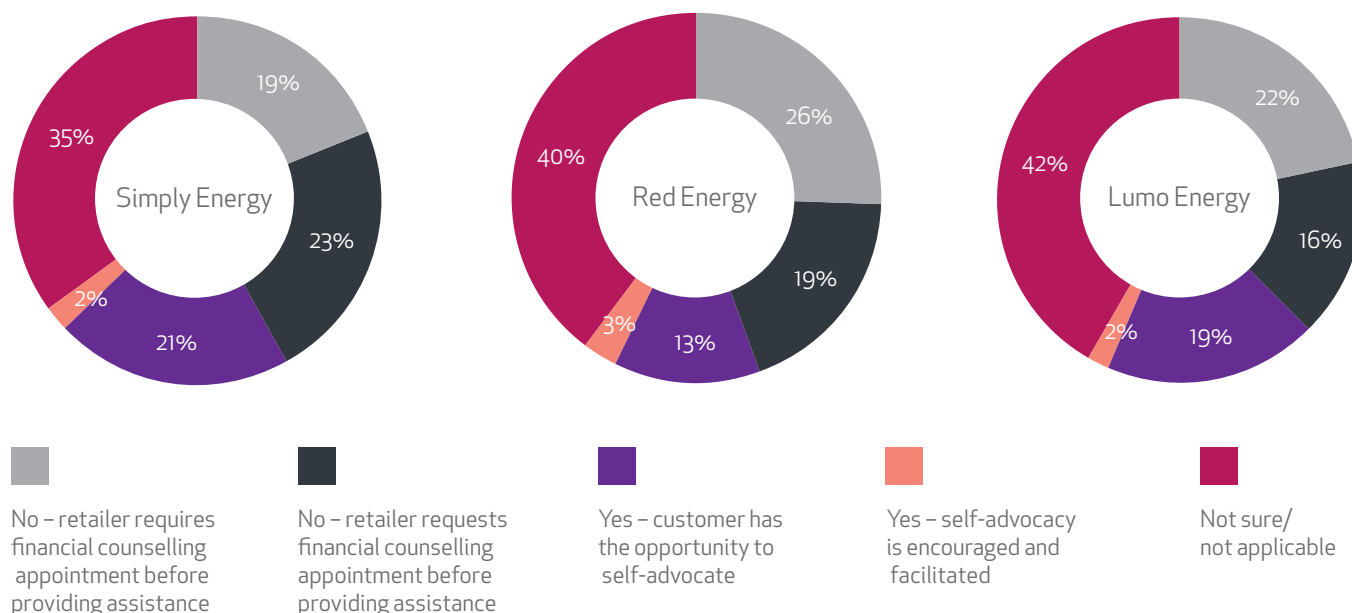


Figure 19. Customer opportunity for self-advocacy with second tier retailers

3.3 Attitude and process

'Simply Energy most of the time will not accept an arrangement until the customer has spoken with or seen a financial counsellor.'

'[The] client wasn't emotionally up to advocating herself.'

'Clients can self-advocate but end up being bullied into making unsustainable and unaffordable payment plans by hardship team staff – so they are being set up to fail, so to speak.'

'Payment plans are forced upon them.'

'The constant texts from the utilities unravel my clients, who have significant mental health issues.'

'Simply Energy on-sell debts to Panthera Finance, who harass clients for payment.'

3.3.1. Customer self-advocacy

Respondents were asked whether the tier two retailers allow or facilitate customer self-advocacy. Again, the tier two retailers performed very poorly on this measure, as shown in Figure 19.

Financial counsellors noted in comments that not all clients had the capacity to negotiate directly with retailers on their own behalf. Even among those who did, respondents reported self-advocacy typically resulted in the client feeling pressured or forced to accept an unaffordable payment plan. Once such plans failed, a financial counsellor would be engaged to assist with further negotiations.

3.4 Client outcomes

3.4.1. Debt collection

We asked respondents to rate the second tier retailers on their debt collection practices. Again, scores were consistently poor with the performance of tier two retailers rated as worse than that of the 'big three'. There was no significant difference between the scores of Simply Energy (2.00), Lumo Energy (2.03) or Red Energy (2.04), with none of the three even close to achieving an 'acceptable' average rating. In comments, respondents criticised tier two retailers for aggressive internal collections processes, and for being quick to sell debts to 'heavy-handed' debt collectors.

'They only gave her notification they were going to cut supply, they didn't offer support.'

'That support is insisting they see a financial counsellor.'

'Plans are finite and stop after three months. No flexibility in plans or arrangements. Rigid rules and if someone doesn't fit in the box they are out of luck.'

'In a number of cases I have requested URGs for clients and have been told they are not able to have URG until a payment arrangement is in place and they do a financial assessment over the phone.'

'Only because I insist that they have no choice.'

'Lumo have always been a problem to the point that after talking to them, I automatically dial the Ombudsman to get a satisfactory result.'

3.4.2. Disconnection

The second-tier retailers were again assessed negatively on the frequency with which they contact customers to offer support prior to disconnection (Figure 20). As with tier one retailers, the common criticism was that while tier two retailers may contact customers before disconnecting supply, they do not provide meaningful support. Where support was offered, respondents reported it was limited to referral to a financial counsellor.

3.4.3. Fair, reasonable and appropriate outcomes

Unsurprisingly then, financial counsellors reported that the second tier retailers' hardship practices rarely produced fair, reasonable and appropriate outcomes for clients (Figure 21). On this measure, tier two retailers again performed significantly worse than their first tier counterparts.

Unaffordable and short-term payment plans came in for particular criticism from financial counsellors, who also noted that second tier retailers' processes were especially rigid and inflexible. A number of respondents described clients' difficulties accessing URGs via second tier retailers, even when this was specifically requested and a financial counsellor was involved – although one respondent reported success in accessing an URG.

As was the case for tier one retailers, respondents said that the likelihood of a reasonable and appropriate outcome improved with the intervention of a financial counsellor, although even this often required unusual persistence or automatic escalation to EWOV.

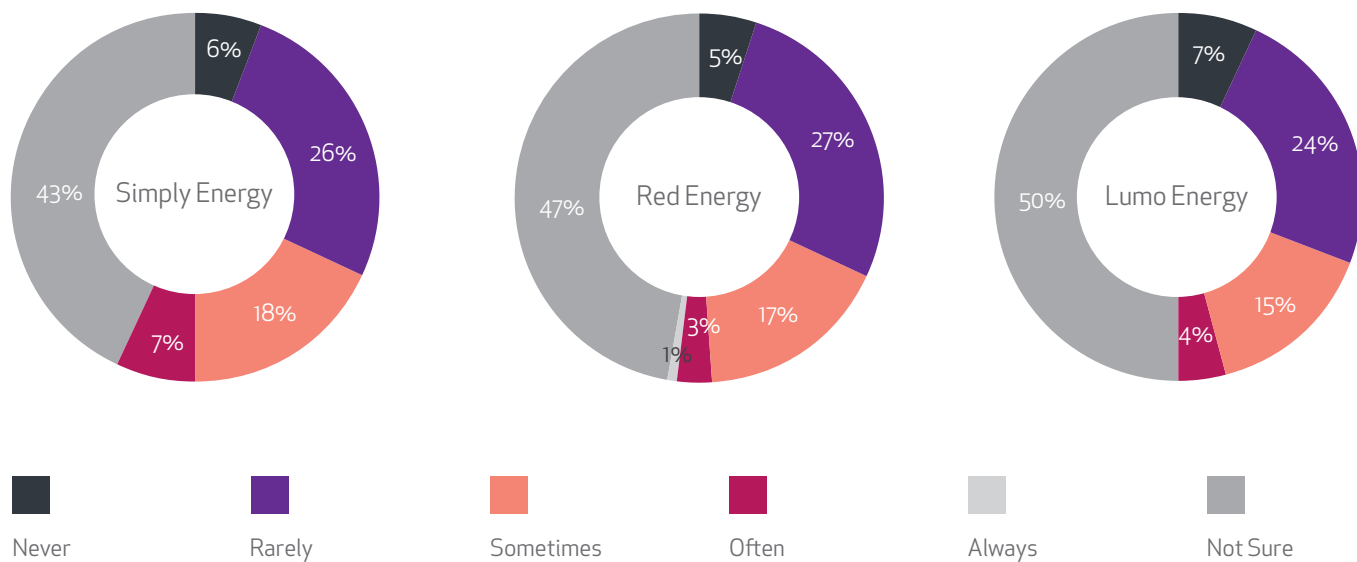


Figure 20. Frequency of pre-disconnection contact and support by second tier retailers

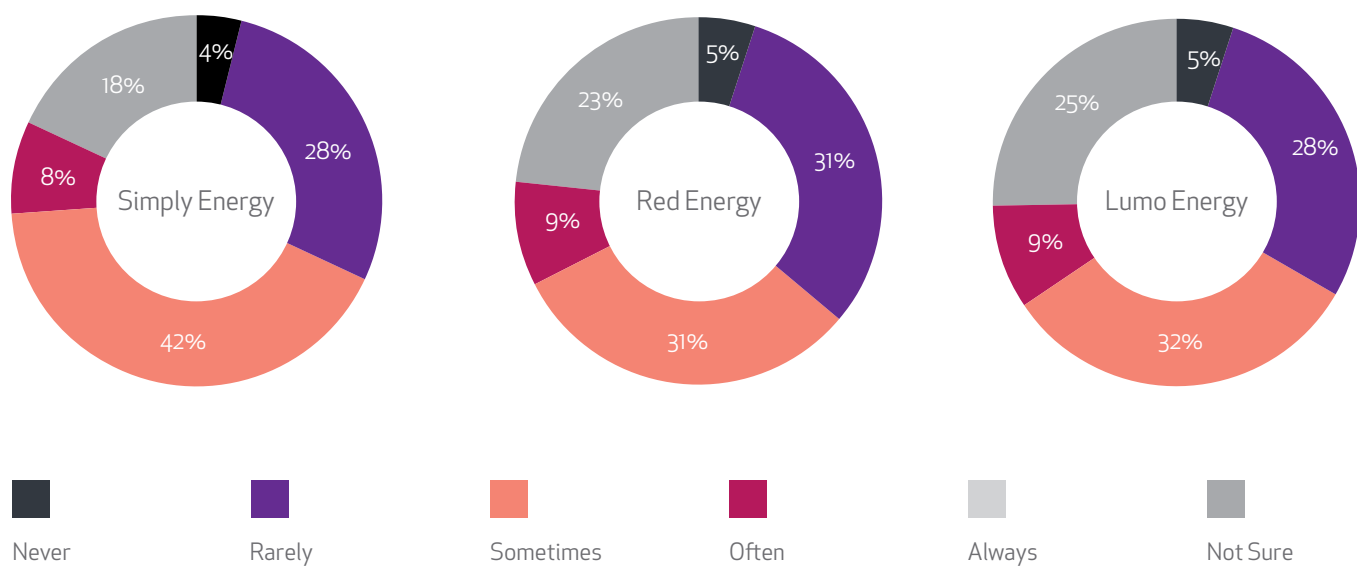


Figure 21. Frequency of fair, reasonable and appropriate client outcomes with second tier retailers

4. Third tier retailer results

Collectively, third tier retailers serve only a small proportion of the market. In an optional question, we asked respondents to provide an overall performance rating for those larger tier three retailers with which they had interacted recently.

'This time last year [Momentum] had multiple problems: didn't know the law, bad attitude, etc., and in the second half of last year they totally turned things around and are now doing really well.'

'Click Energy is an online service which is very confusing and difficult to negotiate with.'

'Powershop wasn't an easy experience.'

'Dodo do not respond.'

The performance of Momentum Energy and Alinta Energy was rated approximately on par with that of the second tier retailers. Respondents' assessment was that both Momentum Energy and Alinta Energy had improved their hardship practices since 2014; but even so, their performance was rated as poor. In comments respondents gave mixed reports on Momentum Energy, with one respondent describing it as 'shocking to deal with' while another said there had been major recent improvements to its practices.

Scores for the remaining tier three retailers – Powershop, Click Energy, Powerdirect and Dodo Power & Gas – were even worse, ranging from 2.47 (Dodo) to 3.13 (Powershop). Comments highlighted the third tier retailers' difficult, confusing processes and their failure to respond to communications.

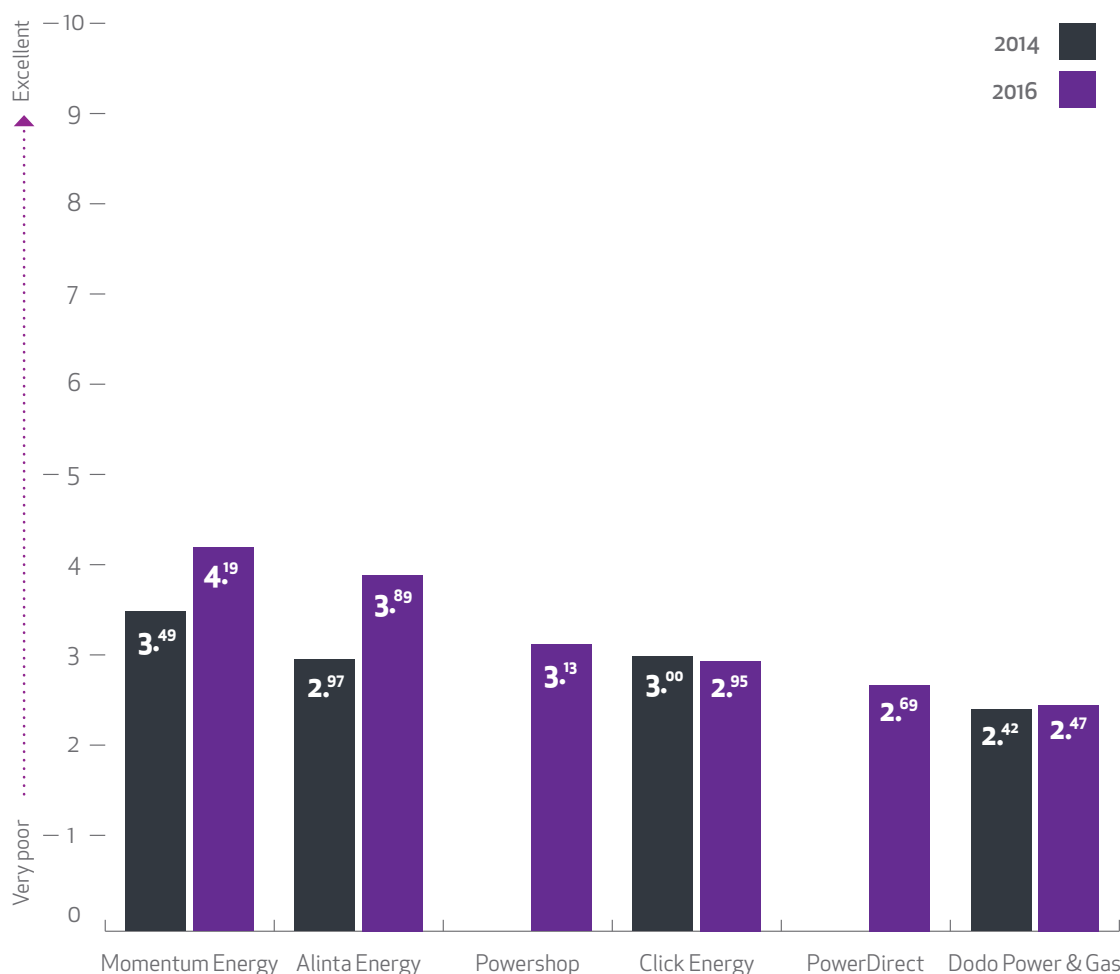


Figure 22. Overall rating of third tier retailer hardship practices, 2014 and 2016

5. Conclusions and next steps

When we conducted the first Rank the Retailer survey in 2014, EnergyAustralia stood out as the worst performer among the big three energy retailers. Since then, the company's efforts to improve its hardship practices have borne fruit: today, EnergyAustralia slightly outperforms Origin Energy and AGL Energy on most measures. With AGL Energy also making modest improvements in some areas, the performance of the tier one retailers has equalised.

Across the board, respondents reported improvements in first tier retailers' attitudes towards and communication with financial counsellors. Upon this foundation, financial counsellors are often able to negotiate acceptable client outcomes. The flip side however, is that a lack of understanding of financial hardship and poor communication with clients means customers rarely have the same level of success in direct negotiations. As a result, energy issues continue to consume a disproportionate and unnecessarily large share of financial counsellors' casework time.

As in the first iteration of this survey, no retailer consistently reached an acceptable benchmark across all measures. A recurring complaint from respondents was that energy retailers do not understand or respond flexibly and appropriately to long-term financial hardship. Too often, customers are being placed on unaffordable payment plans, granted assistance only for a very short period, or forced to regularly re-establish their eligibility for participation in hardship programs.

Second and third tier retailers continue to fall even further short of good practice. Although Red Energy lifted its performance into line with counterparts Lumo Energy and Simply Energy, all three were assessed negatively and attracted sometimes scathing criticism from financial counsellors. The performance of most tier three retailers was rated yet more poorly again.

5.1 Next steps

While some retailers have made welcome improvements in some areas, there is still much work to be done. Crucially, tier one retailers need to acknowledge the reality of long-term financial hardship and adapt their policies and processes to respond appropriately. This means providing payment plans of longer duration and making greater use of incentives such as payment matching. The practice of offering arrangements that begin at affordable levels only to quickly increase must be re-thought. And where extreme customer circumstances mean that debt is unlikely to ever be repaid, retailers should be more willing to consider full or partial waivers.

Financial counsellors' divergent scoring and sharply contrasting comments suggest major variability in practice not so much between as within retailers. Here, our finding accords with the ESC's recent conclusion that while pockets of good practice exist, no energy retailer has a hardship program that exemplifies best practice.⁷ This inconsistency underscores the critical importance of both staff training and clear policies and procedures.

⁷ Essential Services Commission, (2016) Supporting Customers, Avoiding Labels – Energy Hardship Inquiry Final Report p. 10.

Staff training is also necessary to ensure that customers benefit from the same respectful treatment that financial counsellors are typically accorded. Alongside this, change should be made to hardship policies and procedures to ensure that customers are able to independently access hardship teams and negotiate arrangements that meet their needs.

For tier two and three retailers, a more complete redesign of hardship programs is in order. As a starting point, however, improved responsiveness and efforts to facilitate access to government-provided URGs are two obvious and basic areas for improvement.

5.2 Policy and regulation

Even in a deregulated market, energy retailers – as providers of an essential service – have a special and unavoidable obligation to vulnerable customers. At the same time, we acknowledge that underlying affordability issues also necessitate an effective regulatory framework, appropriate income support payments and social policy response.

Concessions and grants are a central component of the current social policy response to energy unaffordability. Victorian Government URGs, while providing much-needed assistance to many consumers in financial hardship, have not increased in value for some years. For many customers, these grants are no longer sufficient to see them through temporary financial crisis. The URGs application process is unnecessarily cumbersome, consuming too much of financial counsellors' time. FCRC would like to see the Victorian Government review URGs with a view to increasing its value and streamlining its processes.

With the ESC's review of energy retailer's hardship practices now complete, Victoria will soon see major changes to the energy retail customer protection framework on payment difficulty and hardship. Among the coming changes are new requirements on retailers to provide customers who have missed payments with mandated minimum support. As hardship assistance will no longer be contingent upon detailed financial assessments, we may see energy retailers placing reduced demand on financial counsellors.

Less positively, just as retailers have yet to grapple with the issue of sustained hardship, FCRC is concerned that the new framework reinforces a short-term understanding of and approach to payment difficulty. Under the new framework, the highest level of assistance includes a period of up to three months during which the customer can pay under cost while working to reduce their consumption to an affordable level. After this, customers who have been unable to bring consumption into line with what they can afford move onto a system of prepayment.

Financial counsellors' experience, as outlined in this report, suggests that three months is simply not long enough for people in serious financial hardship to turn their circumstances around. We call on retailers and the ESC to closely monitor implementation of the new framework and ensure that it does not allow vulnerable customers to fall into a cycle of repeated self-disconnection.

6. Appendix 1 – Survey instrument



1. ABOUT THIS SURVEY

This survey measures how well energy retailers assist customers who are in financial hardship. It is based on the casework of you, Victorian financial counsellors, over the last 12 months. FCRC will publish a report on the results and work with industry to improve hardship practices.

The survey takes about 20-30 minutes to complete. It is anonymous.

SOME TIPS FOR THE SURVEY

- 1. Read the heading on each page. The survey breaks the energy retailers into three tiers, based on market share.**
- 2. Consider your casework as a whole when answering questions, rather than any single case. We want to gauge performance in the majority of cases.**
- 3. Providing comments is really appreciated. It will contribute significantly to the quality of the final report. Name the retailer in comments where possible.**

The results of the survey will be invaluable in enabling FCRC and others to continue to advocate for and promote improvements across the sector. We thank you for your participation.

For assistance contact Lisa Farrance at FCRC on (03) 9663 2000 or lfarrance@fcrc.org.au

2. ABOUT YOU

* 1. How many years have you worked in financial counselling?

- ☐ Less than 3 years
- ☐ 3-5 years
- ☐ 6-8 years
- ☐ 9-11 years
- ☐ 12 years or more

* 2. Do you mostly work in a metropolitan or regional/rural area?

- ☐ Metropolitan
- ☐ Regional/Rural

3. ENERGY RETAILER CASEWORK

Please select the statement that most closely describes your experience over the LAST 12 MONTHS.

* 3. The percentage of my casework that involves an energy issue is:

- ☐ Up to 20%
- ☐ 21-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%
- ☐ Not sure

* 4. Over the past 12 months, my casework in relation to energy retailers has:

- ☐ Decreased a lot
- ☐ Decreased a little
- ☐ Stayed the same
- ☐ Increased a little
- ☐ Increased a lot
- ☐ Not sure / Not applicable

5. Please rank the hardship practices of the energy retail sector as a whole, in comparison to other industries:

	A lot better	A little better	Similar	A little worse	A lot worse	Not sure
Water	☐	☐	☐	☐	☐	☐
Telecommunications	☐	☐	☐	☐	☐	☐
Banking	☐	☐	☐	☐	☐	☐
Debt Collection Agencies	☐	☐	☐	☐	☐	☐

4. THE 'BIG THREE' RETAILERS: COMMUNICATION

The questions in this section relate to the 'big three' energy retailers: Origin Energy, AGL and EnergyAustralia. All the questions (unless otherwise stated) are for the last 12 month-period.

* 6. Rate the accessibility to you, as a financial counsellor, of each retailer's hardship team:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 7. Rate each retailer on the quality of their communication with you (reliability of returned calls, timely responses to requests, confirmation of agreements, etc.):

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 8. Rate each retailer on the quality of their communication with their customers (reliability of returned calls, timely responses to requests, confirmation of agreements, etc.):

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

5. PROCESS AND ATTITUDE

- * 9. What is the attitude of the hardship staff towards you as a financial counsellor? Rate each retailer in terms of their willingness to accept your authority and the level of trust between you and members of the hardship team.

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

10. Rate the hardship team on proactively offering customers assistance with: flexible payment options, energy efficiency advice, early identification and assistance with debt, etc.

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 11. Rate each retailer on their understanding of the impact of long-term financial hardship on clients (long-term hardship applies to clients who are unlikely to get back on top of their financial situation in the foreseeable future):

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

12. Rate each retailer on the extent to which they respond to customers' individual circumstances and needs, including: language difficulties, domestic violence, unemployment, mental or physical health issues. Please provide examples or details in the comments below:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 13. Over the last 12 months, have customers with the capacity to self-advocate been given the opportunity to negotiate arrangements directly with the hardship team?

	No - retailer REQUIRES financial counselling appointment before providing assistance	No - retailer requests financial counselling appointment before providing assistance	Yes - customer has the opportunity to self-advocate	Yes - self-advocacy is encouraged and facilitated	Not sure / Not applicable
Origin	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐

Comments:

6. CLIENT OUTCOMES

* 14. Rate the payment plans offered to the customer, at the point that they presented to you:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 15. Rate each of the retailers on their prompt application of both normal concessions and the Utility Relief Grant:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 16. Rate the effectiveness of the hardship team in providing assistance with energy efficiency options:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 17. Rate the retailer on their debt collection practices:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 18. Does the retailer contact customers and offer support before disconnection?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 19. On balance, do the final hardship arrangements offered by the retailers result in fair, reasonable and appropriate outcomes for clients?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

* 20. How frequently do you escalate client issues to EWOV because appropriate hardship arrangements are unable to be negotiated?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

7. OVERALL RATING

* 21. In light of your previous answers, rank each of the retailers out of 10 in terms of the quality of their financial hardship practices over the last 12 months (1 indicating very poor practice and 10 indicating excellent practice).

	1-Very Poor	2	3	4	5	6	7	8	9	10- Excellent	Not Sure
Origin	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Comments:

* 22. Which of the retailers do you think is the BEST performer in terms of their customer financial hardship practices, and why?

- ☐ Origin
- ☐ AGL
- ☐ EnergyAustralia

Comments:

* 23. Which retailer do you think is the LOWEST performer in terms of their customer financial hardship practices, and why?

- ☐ Origin
- ☐ AGL
- ☐ EnergyAustralia

Comments:

24. Rate each retailer on the extent of overall change in their hardship practices over the last 12 months:

	Big Decline	Small Decline	No Change	Small Improvement	Big Improvement	Not Sure
Origin	☐	☐	☐	☐	☐	☐
AGL	☐	☐	☐	☐	☐	☐
EnergyAustralia	☐	☐	☐	☐	☐	☐

Comments:

8. 'SECOND TIER' RETAILERS

The questions in this section relate to the 'second tier' energy retailers: Lumo Energy, Red Energy and Simply Energy.

- * 25. Rate each retailer on the quality of their communication with you (reliability of returned calls, timely responses to requests, confirmation of agreements, etc.):

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Lumo Energy	☐	☐	☐	☐	☐	☐
Red Energy	☐	☐	☐	☐	☐	☐
Simply Energy	☐	☐	☐	☐	☐	☐

Comments:

- * 26. Over the last 12 months, have customers with the capacity to self-advocate been given the opportunity to negotiate arrangements directly with the hardship team?

	No - retailer REQUIRES financial counselling appointment before providing assistance	No - retailer requests financial counselling appointment before providing assistance	Yes - customer has the opportunity to self-advocate	Yes - self-advocacy is encouraged and facilitated	Not sure / Not applicable
Lumo Energy	☐	☐	☐	☐	☐
Red Energy	☐	☐	☐	☐	☐
Simply Energy	☐	☐	☐	☐	☐

Comments:

* 27. Rate the retailer on their debt collection practices.

	Very poor	Poor	Acceptable	Good	Very good	Not Sure
Lumo Energy	☐	☐	☐	☐	☐	☐
Red Energy	☐	☐	☐	☐	☐	☐
Simply Energy	☐	☐	☐	☐	☐	☐

Comments:

* 28. Does the retailer contact customers and offer support before disconnection?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Lumo Energy	☐	☐	☐	☐	☐	☐
Red Energy	☐	☐	☐	☐	☐	☐
Simply Energy	☐	☐	☐	☐	☐	☐

Comments:

* 29. On balance, do the final hardship arrangements offered by the retailers result in fair, reasonable and appropriate outcomes for clients?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Lumo Energy	☐	☐	☐	☐	☐	☐
Red Energy	☐	☐	☐	☐	☐	☐
Simply Energy	☐	☐	☐	☐	☐	☐

Comments:

* 30. Rank each of the 'second tier' energy retailers overall in terms of their hardship practices over the last 12 months.

	1-Very Poor	2	3	4	5	6	7	8	9	10- Excellent	Not Sure
Alinta Energy	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
M2 (Dodo)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Click Energy	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Momentum Energy	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
PowerDirect	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Powershop	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Comments:

* 31. Rate each of the following retailers on the extent of overall change in their hardship practices over the last 12 months:

	Big Decline	Small Decline	No Change	Small Improvement	Big Improvement	Not Sure
Lumo Energy	☐	☐	☐	☐	☐	☐
Red Energy	☐	☐	☐	☐	☐	☐
Simply Energy	☐	☐	☐	☐	☐	☐

Comments:

9. 'THIRD TIER' RETAILERS

32. Optional question (only provide a rating where you have had some interaction with a retailer).

Rank each of the 'third tier' energy retailers overall in terms of their hardship practices over the last 12 months.

	1-Very Poor	2	3	4	5	6	7	8	9	10- Excellent	Not Sure
Alinta Energy	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
M2 (Dodo)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Click Energy	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Momentum Energy	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
PowerDirect	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Powershop	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Comments:

10. FINAL COMMENTS

33. Do you have any additional comments about the energy retail sector in Victoria?

