



ACT Electricity Consumer Advocates Training Project 2004

Report - SESSION 4, 25 October 2004.
"What happens when you can't pay the bills?"

OVERVIEW

The fourth workshop was attended by:

Lyn Griggs – PhD student at Canberra University - electricity pricing
Peter Sutherland – Essential Services Consumer Council
Karen Nicholson – ACTCOSS
Sue Ellerman – ACT Shelter
Craig Richardson – ActewAGL
Christa Gottselig-Hall – YWCA-FEATT

Country Energy were asked to participate but were unable to make the date. A Power point presentation of that companies hardship policies was forwarded to ACTCOSS. Unfortunately it did not make it in time for the session, but has been added to the resources.(Copy sent as attachment to report)

Due to the small number of people attending, the formality of the session was relaxed and a wide ranging discussion took place on consumer protections.

The session wound up at 1pm.

ANALYSIS

The session was an excellent opportunity for the ESCC and ActewAGL to discuss with, and hear from, each other as well as consumer representatives.

It has become fairly obvious over the past four months that consumer advocacy on energy issues can be a side issue for many organizations. ACTCOSS remains of the view that the right to energy is one that is absolute. While much time and effort is put into discussing people who will not pay their utilities bills, research in South Australia and Victoria point to an under-

usage of energy by people in low income households¹. ActewAGL has echoed a sentiment now more often found in utility providers that it is better to keep consumers connected than to allow disconnections. Country Energy has also made similar claims in its material provided to ACTCOSS.

ActewAGL is also one of the interest groups in the WEST scheme, which was initiated by the Essential Services Consumer Council of the ACT (ESCC). The scheme works with volunteer clients of the ESCC to help make low cost, low tech refurbishments to their accommodation to help cut down on energy loss and to increase comfort levels. We understand that other utilities retailers and Government agencies are carrying out similar programs interstate.

What seems to be lacking in the mix is a level of public disclosure. In the case of ActewAGL, consumers need to contact the utility to obtain details of any assistance that may be available to them. This is not an option that empowers the consumer with knowledge of their rights and ACTCOSS makes the point quite often that any rebate or concession needs to be well publicized and promoted.

Similarly, it is important that concessions and rebates be flexible. The case of refugees was raised, where individuals and/or families are often eligible for a concession or rebate, but the facility cannot take up that discount because of the leasing arrangements for the accommodation. It is also not appropriate to cite the names of the people at the refuge to utilities retailers. The result is that legitimate concession holders pay higher prices for their energy use than would be the case in other circumstances.

The forum reinforced for ACTCOSS that there is a need to continue to focus on people on low incomes or who suffer social or financial disadvantage in any consumer advocacy activities within the NEM. There are many agencies that have the interests of "average" retail consumers at heart, such as the fair trading offices in each state and territory, as well as various consumer organisations. Business consumers have their varying lobbying organisations who also have capacity to take up utilities issues.

What is missing is funded, effective advocacy for groups with low or fixed incomes who suffer discrimination and disadvantage in meeting their energy needs. Such advocacy needs to be local, personalised and well-resourced. It needs to "plug in" to a national system that provides advocacy at the national level.

¹ Powering Poverty, Western Region Energy Action Group, South Australia. July 2004. and "Bleak House: The implications of the contest between private utilities and landlords for the non-discretionary income of vulnerable households.", Barry Duggan and Andrea Sharam, Institute for Social Research and the Reach Out for Kids Foundation, October 2004

Summary of Discussion.

ActewAGL outlined its consumer policies.

- ❖ The company has moved away from hand written applications – most connections arranged over the phone.
- ❖ Services such as Supported Accommodation Assistance Program (SAAP) etc not accessing concessions
- ❖ For all customer calls there is a person at the end of the line who can discuss
 - Pension status
 - Concession status
 - Options for paying bills
- ❖ For financially challenged consumers, they can phone and
 - Make short term payment arrangements
 - Can make these arrangements twice a year
 - Phone staff work under delegated authority to make arrangements
 - Don't issue nasty notices
- ❖ If a longer term solution is needed, consumers are transferred to the Credit Section to discuss their requirements. Solutions can include:
 - Freezing of interest
 - No late payment fee
 - Suggestion that the consumer joins a direct debit/Centrepay style scheme (this attracts a small discount)
- ❖ If problem is severe, then "Staying Connected" policy brought into play. This includes an analysis of long term usage data.
- ❖ ActewAGL has an incentive payment program that can reward regular payments of debt – eg can waive part of the amount owed.
- ❖ If these measures are not acceptable, consumer referred to ESCC.

ESCC comment.

- ❖ Reasonable proportion of new cases for ESCC couldn't manage the amount ActewAGL asked for – company looks for recovery of debt within a year.
- ❖ Many people who get into utilities debt haven't spoken to ActewAGLs credit section, but have stopped at call centre inquiry.
- ❖ ActewAGL has a customer council that includes the Salvation Army, Smith Family and other welfare groups (ACTCOSS comment: this does not operate in ACT, only NSW and Vic) Will be holding a community forum in Queanbeyan on December 8.
- ❖ ESCC found that the distribution/ disconnection teams do not tell people about the ESCC – in one case there had been three

disconnection/reconnection cycles before one consumer was advised of the ESCC. ActewAGL advised that the disconnection service is carried out by the distributors, not with retail. Card left at premises to ask that the consumer make contact immediately with ActewAGL retail.

- ❖ ActewAGL expressed an interest in the Emergency Relief Handbook as a resource for its call centre and credit staff.
- ❖ ACT toying with idea of one stop shops – family centre will be opened at Gungahlin – should offer some better information and holistic approach
- ❖ New privacy laws are making it more difficult for some people to get assistance – problem with third party advocates or agents (friends/neighbours/services)
- ❖ At present there are waiting lists for access to some community services – need for triage?
- ❖ Front desk staff need to have longest corporate memory and training
- ❖ There is a difficulty when staff don't know how many community organisations there are, where people access services (eg mental health services) – might have the information needed to assist.
- ❖ The establishment of a Government Shopfront and Canberra Connect seen as good idea
- ❖ Centrelink model of recruiting older front desk workers seen as good practice
- ❖ Brochures as an information tool? Simplicity needed: many people have problems understanding forms and brochures – need to take steps to remedy this
- ❖ Consumers and staff need better information
- ❖ Community services need to be better advised and resourced
- ❖ Telstra vouchers raised as one form of CSOs. These only apply to landlines, not mobiles (despite trend for low income households to move to mobiles) Same principle as EPA vouchers in NSW – not clear where this attacks the problems associated with utility cost and debt for low income/disadvantaged households
- ❖ Variability of distribution to clients was also raised – regional shortages a problem. End cost vouchers In NSW do not attack systemic problems, and do not provide incentives for customers to pay.
- ❖ Vouchers do have an advantage in attracting into community services – limited advantage.
- ❖ Concessions for women fleeing violence – there are privacy issues for women in refuges giving out personal details . To get the concessions the housing provider could provide a statutory declaration on the number of residents who are eligible for rebate

(assessed on eligibility for income support) May put constraints on services. Not for profit housing providers may provide separate metering for residential users.

- ❖ ActewAGL – reimbursed for concessions – need audit trail.
- ❖ Department decides concessions.
- ❖ Rebates are applied to the supply charge – water supply charge recently dropped and ACTCOSS is lobbying for reducing supply charges to zero under Full Retail Contestability (FRC). Rebate is applied by the retailer
- ❖ Only contestable customers see prices passed through – larger corporate consumers get more detailed billing
- ❖ Energy Australia doorknocking in southern suburbs, offering 8% discount for bundling its products.
- ❖ There is an issue in this approach for retailers – it is possible for customers who haven't paid their utilities bills to their current supplier for a year to accept a bundling package.
- ❖ Need to improve billing processes: if there is a higher than normal bill, need to make sure that there is no problems causing this spike.
- ❖ ESCC chair organised bundling package for friend – he was impressed with the utility representative's compliance with regulations regarding information and cool off periods.
- ❖ Some concerns came up with doorknocking process – company had to come up with validation process – went back to the consumer at later date to check that they understood the contract.

Improving housing energy efficiency;

- ❖ WEST 1 (Water and Energy Savings Trial) – qualitative analysis showed that the minor changes to insulation, wall and floor coverings increased house comfort levels. Quantitative analysis will take another year or so.
- ❖ \$4million has been allocated to provide some energy efficiency in public housing over the next four years.
- ❖ Between WEST 1 and WEST 2 the methodology improved: WEST 1 had five drop outs from 20 participants, WEST 2 has had one or two drop outs from 50 households.
- ❖ Key element of the program has been the personal contact and attendance at the house, and non offensive, respectful treatment of participants.
- ❖ About 1/3 of participants comment on increased comfort levels – warmer in winter, cooler in summer.
- ❖ Bankruptcy notices – a few people declare personal bankruptcy every day – approx 500 per year.

- ❖ Disconnection forms have been standardised: retailers get a disconnection within a day or two. The distributor has to notify the retailer if the disconnection takes more than 24 hours.
- ❖ ActewAGL's disconnection process:
 - Bill
 - Reminder
 - Disconnection notice
 - Phone call or field contact
 - Disconnection
- ❖ ActewAGL commented that there is no separate register of retailer of last resort – would need this for arguments for CSOs.
- ❖ ActewAGL also commented that it is now losing its first customers to rival retailers – if these consumers are disconnected, they come back to ActewAGL, which is the first tier retailer for the ACT.
- ❖ There was a detailed debate over what happens on disconnection – at present each retailer is under obligation under the Utilities Act to provide connections (Section 80) (Section 82 of the Act names ActewAGL as fallback supplier during the transition stage)
- ❖ Contracts under section 80 have to be standard contracts, including bonds, higher charges: ESCC has the right to determine complaints under this section.
- ❖ 16 retailers Australia wide (13 have registered in ACT)
- ❖ Human touch seems to be best way of dealing with problems.
- ❖ The issue of Indigenous consumers was raised: households facing overcrowding, stolen generation issues. ActewAGL expressed interest in Indigenous cultural awareness training.
- ❖ Research; ActewAGL has done some research on customer attitudes to paying more for better services – commercial in confidence. Not available.
- ❖ ESCC expressed its view that:
 - Information on annualised consumption
 - Based on fortnightly usageIs the most helpful and should be provided in bills. This information is available as it is often accessed by call centre staff in dealing with consumer queries.

The ESCC undertook to write to ActewAGL to raise this issue with the utility.
- ❖ The ESCC also raised the issue of hot water delays in new and old unit dwellings. Often several litres of water has passed before the heated water becomes available – waste of water and excessive use of electricity/gas. Refurbishment of some units is going ahead in Civic area, but no change to water heating.
- ❖ ActewAGL is actively promoting instantaneous water heaters to overcome this problem.



The National Electricity market and consumer advocacy.

ACTCOSS is providing the following seminar as part of the Electricity Consumer Advocates Training Project, which aims to inform representatives of key community based stakeholders on National Electricity Market (NEM) issues.

What happens when you can't pay the bills?

**Monday October 25, 2004-10-14
10am-2pm (lunch included)**

CIT Boardroom

Constitution Avenue

REID

Topics to be covered include:

- The ACT Consumer Protection Code – the Independent Competition and Regulatory Commission
- What's really happening with low income households? – fuel poverty research from interstate.
- Retailers, customer codes and hardship policies – the Essential Services Consumer Council, ActewAGL, Country Energy.

Canberra has high summer temperatures, extremely cold winters, the highest temperature differentials (the difference between the daily minimum and maximum) in all seasons and a lot of housing stock that was designed for a different climate. Energy bills are a major cost to low income households.

What happens when such households can't afford to pay their energy bills?

Come and hear and discuss the situation in Canberra and how the change to a National Electricity Market might change this in the future. Bring along your experience working in the sector to help ACTCOSS in its work on fuel poverty issues.



The National Electricity market and consumer advocacy.

To register for this seminar please complete this form and return to karen@actcoss.org.au or 6247 7175 (fax) by C.O.B Wednesday, October 20, 2004. For further details please contact Karen on 6202 22.

Your Name: _____

Organisation: _____

Program/Project: _____

Phone No: _____

Email: _____

Specific meal or access requirements (please specify): _____

Terms and Conditions

Bookings are essential. Please register early. If you are unable to attend, please let us know. As places are limited priority will be given to community sector organisations to attend. A maximum of 2 registrations will be accepted from any single organisation.