

Submission on the draft Consumer Vulnerability Strategy

Uniting welcomes the opportunity to comment on the draft Consumer Vulnerability Strategy by the Australian Energy Regulator (AER). Our submission provides views and insights based on Uniting's practice experience and consumer feedback.

About Uniting

Uniting Vic.Tas (Uniting) is the community services organisation of the Uniting Church in Victoria and Tasmania. We have worked alongside local communities in both states since 1881.

We deliver a broad range of services in the areas of crisis and homelessness, child, youth and families, alcohol and other drugs, mental health, disability, early learning, employment, and aged and carer services. We work across the full spectrum of community services, intervening early to help people avoid crisis, as well as supporting those who live life at the margins.

Our programs & expertise

Vulnerability is at the heart of what we do.

Uniting's *Financial Counselling*, *Emergency Relief*, *Settlement Services* and *Energy Advisor* teams regularly see the direct impacts of energy poverty on individuals and households.

Our frontline teams frequently serve as circuit breakers, advocating on behalf of consumers to keep them connected to essential services, manage impossible debts, access concessions they are entitled to, or link them with support services that make a critical difference to their health and wellbeing.

Insights from these services fuel the work that Uniting does with our partners in the corporate sector, driving better outcomes for vulnerable consumers.

For more than 20 years now, the *Enterprise Partnerships* team has sought to build the capacity of businesses in the banking, insurance, debt collection, real estate, water and energy sectors to better understand the antecedents of vulnerability in the Australian community. Improved understanding and insight enable businesses to build effective early identification strategies and appropriate intervention responses into their practices.

Responses to questions

Consultation question 1: Language

Uniting has over 20 years' experience partnering with businesses in Australia and overseas to build better practices for consumers experiencing vulnerability. This experience informs our contention that any definition of vulnerability serves merely as the starting point in a long journey towards better understanding how individual, community and structural circumstances impacts people, their ability to adapt and their inherent resilience.

While a broad or nuanced definition of vulnerability may serve as a starting point, it is unlikely to adequately capture the full breadth of changing circumstances that people experience during their lifespan.

Participants in consumer focus groups facilitated by Uniting *Enterprise Partnerships* report conflicting perspectives and opinions when consulted on how best to talk about vulnerability. While this can be seen as contradictory, we interpret the differing views as reflective of the diversity in people's individual experiences, biases and preferences.

Regardless of whether the definition adopted refers to 'hardship', 'vulnerability', 'an experience of payment difficulty', 'interruption or disruption to income', or more broadly 'changing personal circumstances', the nominated term or definition will resonate with some participants while others will object to being labelled. Some will not see their personal circumstances reflected in the definition, despite multiple indicators pointing to severe financial distress, or chronic physical or mental health conditions, that limit the individual's ability to manage their personal affairs.

While a definition is a useful starting point, preoccupation with its content takes focus away from the principles and objective of using the metrics, the importance of business smarts and respectful conversational skills to work out a person's current circumstances and what has impacted them and work collaboratively to put in place appropriate support measures.

Our participants continue to tell us that while language is important, an intent to listen, respond respectfully and put in place an arrangement that is realistic to their present circumstances, carries far more weight.

Consultation question 2-9: Overarching Strategy & Proposed Actions

In addressing this series of questions, we provide feedback on the actions outlined in table 1 of the Consultation Paper. Rather than address all the actions put forward, we have focused on actions that we identify as most relevant to Uniting's expertise and experience.

Objective 1:

Toolkit of Vulnerability Indicators

Uniting believes that a toolkit of indicators could be useful for energy retailers who are yet to take any steps towards understanding consumer vulnerability. The AER could look to the approach taken by the Australian Banking Association (ABA) in identifying the broad range of life events that are typically associated with vulnerable or changing circumstances.

While Uniting sees value in this approach, it should only be seen as a stepping stone for any business or organisation in building its awareness and understanding of vulnerability. In our experience, without sufficient investment and maturation of outlook, a shortlist of life events can become a reductive or prescriptive process whereby customers are expected to neatly fit the criteria in order to receive assistance or support.

It takes considerable time, effort and persistence to develop an organisation-wide understanding that people's "experiences of vulnerability are diverse, transient or permanent, and multi-faceted."¹

Advocating for Family Violence Protections

Uniting strongly encourages the AER to support the introduction of measures that provide better protections and certainty for customers impacted by Domestic and Family Violence (DFV).

¹ CPRC: Exploring regulatory approaches to consumer vulnerability – A report for the Australian Energy Regulator, 2020.

Much work has already been done in other sectors, including banking, insurance, water and debt collection industries, to improve customer safety, prevent and repair financial harm, and to link customers with practical community support. These established pathways could readily be adopted by the energy industry.

It is critical that any business or sector that embarks on this journey engages with community sector organisations that have experience in DFV, as any mistake can have catastrophic consequences for individuals and families.

In its role of market steward, the AER can be pivotal in leading this initiative in the National Energy Customer Framework (NECF) jurisdictions.

Protections for Vulnerable Older Australians

We also encourage the AER to consider the growing body of evidence on the extent and harm that older Australians are exposed to through the actions of abusive family members and/or carers.

Financial abuse can expose elderly people to energy poverty and neglect that is harmful to their health and wellbeing. Including awareness of elder abuse should be considered a necessary and important part of any training provided to energy retailers to improve outcomes for account holders impacted by family violence.

Objective 2:

Better Protections for Customers of Embedded Networks

Uniting is broadly supportive of any steps or initiatives that provides for the equivalent consumer protections and support for customers of embedded networks that grid-connected consumers are entitled to.

From our outreach work in the community, we know there is considerable room for improvement to ensure embedded network customers receive accurate billing, access to metering, assistance to claim concessions, independent assistance with conflict resolution with their service provider and assistance (both practical and financial) to avoid disconnection.

These consumers should also be confident of receiving responsive, informed and responsible customer service from their provider at a higher standard than currently offered.

Better Protections for Customers of Embedded Networks

In considering updates to any customer-facing channels, we encourage the AER to factor in human-centered design and principles of inclusivity and accessibility. Involving consumers with lived experience (of financial interruption, mental illness, physical disability etc) in developing and testing releases will ensure real-world applicability and improved outcomes for the vulnerable consumers the strategy is aimed at.

Objective 3:

Consideration of a Payment Difficulty Framework for the NECF

In considering the suitability of a Payment Difficulty Framework (PDF) in the NECF, the AER should carefully consider the objectives of the PDF and whether its introduction in Victoria has resulted in positive changes in the behaviour of energy retailers in respect to identifying financial difficulty, or other vulnerabilities, and improving access to assistance measures.

Evidence from our programs indicates that despite the introduction of the PDF, retailers are still struggling with long-standing issues of identifying indicators of financial distress and listening to disclosures of customers experiencing changes in their circumstances.

Our energy-related assistance programs have continued to observe inconsistency in the way the framework is interpreted and applied, even within the same retailer's operations. Uniting's Energy Advisors continue to advocate on behalf of customers who have been arbitrarily denied access to hardship assistance or programs, where concessions have not been applied, or conditions such as seeing a financial counsellor are imposed, in order to remain connected. Practitioners note that consumers who have a community sector advocate achieve better outcomes compared to consumers who do not.

A continuing focus on investigation, enforcement and compliance by the AER of the existing measures that are designed to support consumers experiencing vulnerability, might better serve the needs of vulnerable consumers than creating a new assistance framework.

Disconnection as a Last Resort

Uniting is broadly supportive of initiatives that are designed to promote better engagement with customers to ensure that disconnection only occurs when it is requested by the customer or after all other avenues have been exhausted.

As an organisation with a deep understanding of consumer vulnerability and the ways that attitudes within organisations shape consumer behaviour, we note that this understanding is not common amongst energy retailers. Representatives from retailers frequently frame conversations about lack of engagement as being entirely the fault of the customer. There is rarely any reflection on or acknowledgement of the service provider's approach and role in facilitating conversations or consideration that the attitudes and approach taken by the retailer's agent has a direct bearing on the confidence and willingness of consumers to engage.

Our practitioners note that consumers who have previously been belittled, blamed, threatened, disrespected, had their request for assistance ignored, been denied legislated entitlements or treated as a failure struggle to simply move past the experience and try again with an optimistic mindset. While it may not be the intent of the retailer to put barriers in place, these experiences disempower and discourage consumers from continuing to engage with energy retailers.

Uniting recommends that the AER continue to work directly with community sector organisations who work with vulnerable consumers to understand best engagement and support strategies. We also encourage the AER to look deeply at customer journeys (particularly where their earlier experiences has led to an ombudsman complaint or necessitated the intervention of a community sector organisation as an advocate) to better understand the limitations of existing systems, frameworks and practices, so they can be improved to deliver better and more consistent outcomes.

Consultation question 8: Collaboration

It is Uniting's view that the AER could foster industry collaboration through forums that focus on issues such as responding to family violence, economic abuse and elder abuse.

AER could also provide access to insights from consumers experiencing vulnerability, via conversations with advocates and workers, and via of focus groups with impacted consumers.

Consultation question 9: Measuring success

A range of metrics is useful for identifying trends but only provides part of the picture.

We encourage the AER to consider a wide range of outcomes that vulnerable consumers are likely to report in their interactions with energy retailers. Stress, anxiety, threats and fear as well as respect and dignity are important markers in assessing the value of conversations that involve vulnerable circumstances such as financial disruption, mental health, relationships and family violence.

As part of tracking success with implementing a vulnerability strategy, the AER might consider value propositions that reflect achievements and progress.

A marker of success would be when a victim-survivor of family violence speaks publicly about the steps their energy retailer took to help them maintain their electricity account and prevent attempts by an ex-partner to provide the address of an undisclosed property.

Another marker of success would be when a person with impaired vision who is a customer of an embedded network is confident their concession will be correctly and automatically deducted from their account rather than requiring assistance from a community sector organisation help them complete the paper-based application form.

Consultation question 13: Engagement before Disconnection

We encourage the AER to consider behaviours and practices within retailer operations that focus on early identification, effective listening and respectful communication principles, to support consumers prevent accumulation of debt in the first place.

Any 'Knock Before Disconnection' type initiative is resource-intensive and demands consideration of the risks to the agents attending in the field. Energy distributors or retailers adopting this approach would benefit from collaboration with community sector organisations to ensure that staff are properly trained, prepared and equipped to handle difficult and challenging conversations from a trauma and vulnerability informed point of view.

A collaborative alliance with community sector organisations would also provide these personnel with access to established pathways to programs that support mental health, financial assistance and family violence prevention.

Consultation question 17: Embedding Understanding

We encourage the AER to continue to develop and extend its understanding of vulnerability to be well equipped as a market steward to lead thinking in the sector and embed better practices in the retail energy market.

Businesses in the banking, insurance and debt collection sectors continue to invest in developing and refining practices that identify vulnerable and changing circumstances of their customers. They are better equipped to lead meaningful conversations and work alongside customers to put in place arrangements that are realistic and sustainable, attendant to and tailored to the individual circumstances of the consumer.

Having closely examined their own practices, systems and attitudes, many of these businesses are now taking a leading role in changing conversations around broader issues such as Domestic and Family Violence and Elder Abuse that exist within and outside their reach as a business.

Uniting is concerned that the energy retail sector has been slower to adopt similar reforms. Some practitioners note that, within the same period, the energy sector has become further insular and reverted to outdated debt collection and credit management practices.

Six years after the Royal Commission into Family Violence released its final recommendations, the energy sector is only just beginning to consider how it deals with the multitude of challenging behaviours that family violence brings to retailer's doors.

We take heart from the approach and intent outlined by the AER in its Vulnerability Strategy. We are confident that the actions proposed will ensure the Regulator is well placed to lead the sector through multiple channels: collaboration with sector participants, and through its compliance, enforcement and review actions.

Consultation question 18:

We encourage the AER to include qualitative insights from consumers as part of any assessment of the impact of its Vulnerability Strategy. It is good practice to factor in the direct experiences of consumers who are dealing with vulnerable circumstances to gauge the effectiveness of the strategy's intent and construct. The use of focus groups and consumer interviews would be invaluable in informing any assessment of this Strategy.

Conclusion

Uniting appreciates the opportunity to be involved in this consultative process to improve the experiences of vulnerable consumers in the energy retail market within the AER's jurisdiction. We are confident that the proposed actions outlined in the Consumer Vulnerability Strategy will provide momentum for the regulator to lead substantial change in the sector.