

QUARTERLY EWOV

Affordability Report



July–September 2017
Released December



ENERGY AND WATER
OMBUDSMAN
Victoria Listen Assist Resolve

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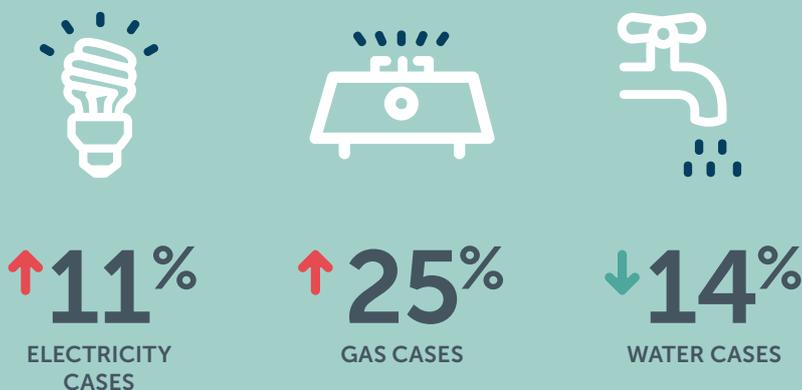
Affordability

The big picture

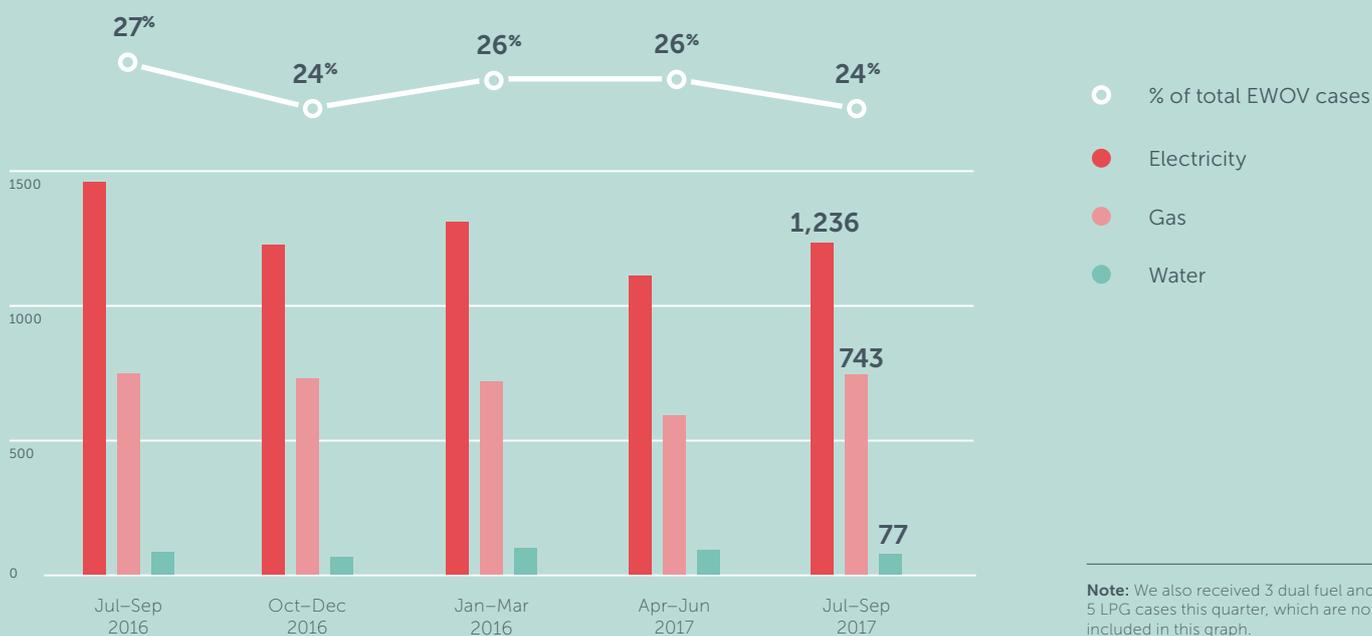
CREDIT CASES OVERALL



CREDIT CASES COMPARED TO LAST QUARTER



ELECTRICITY, GAS AND WATER CREDIT CASES BY QUARTER

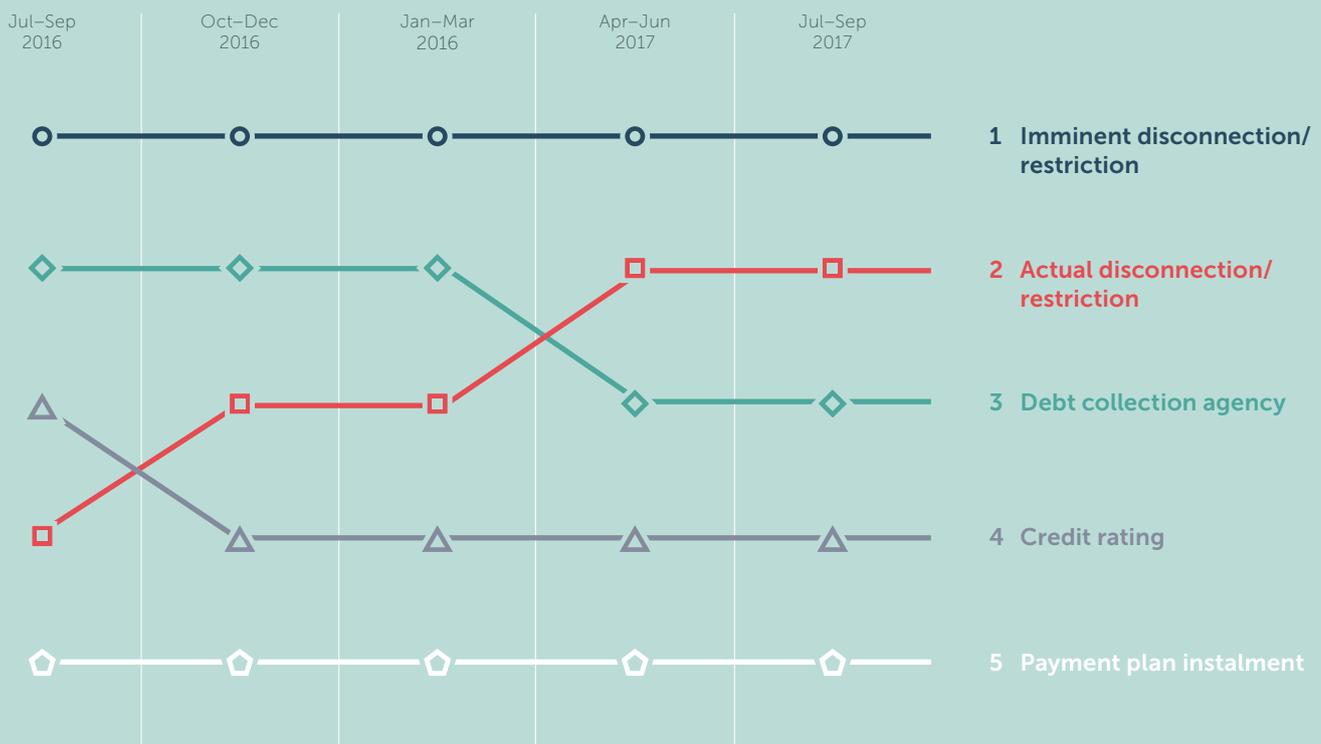


CREDIT CASES BY QUARTER



CREDIT SUB-ISSUES RANKED

The credit case categories of Disconnection/Restriction, Collection and Payment Difficulties all have sub-issues. The below illustrates the movement of the top five. For a full list of credit sub-issues, see page 18 of this report.



Spotlight on Customers in public housing

Our case and survey data reveals important differences between public housing tenants and other EWOV customers – and shows why our service is so important for this vulnerable group.

Public housing tenants have more need for EWOV's assistance

Over the past five years, the proportion of EWOV cases from public housing tenants has increased. In raw numbers, public housing tenant cases followed the same trend as EWOV cases as a whole, peaking in 2013–14 before dropping away dramatically. But public housing tenant cases didn't fall quite as quickly or as far as our total residential customer caseload. As a result, the percentage of cases from public housing

tenants has increased slowly but steadily over the past five years, reaching 4% in 2016–17.

Given that public housing accounts for only around 3% of Victorian households,² public housing tenants seem to be overrepresented among EWOV customers, and particularly in need of our assistance.

Public housing quick facts¹



IN VICTORIA:

AROUND
165,000
PEOPLE LIVE IN VICTORIA'S
64,000 PUBLIC HOUSING
PROPERTIES

4%
OF TENANTS HAVE
REPORTED EXPERIENCING
FAMILY VIOLENCE

3%
OF TENANTS SPEAK A FIRST
LANGUAGE OTHER THAN
ENGLISH



AUSTRALIA -WIDE:

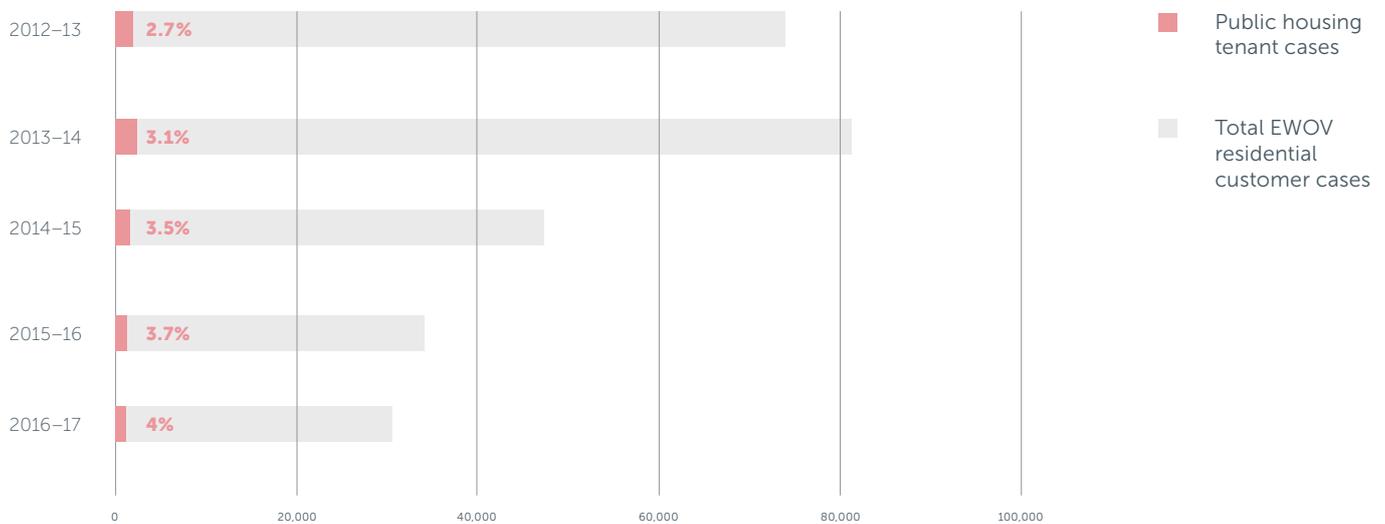
1 in 5
TENANTS HAS USED
MENTAL HEALTH SERVICES

3 in 5
HOUSEHOLDS INCLUDE
AT LEAST ONE MEMBER
WITH A DISABILITY

4 in 5
TENANTS ARE NOT IN
THE LABOUR FORCE

¹ All of these figures are drawn from: Victorian Ombudsman (October 2017) *Investigation into the management of maintenance claims against public housing tenants*.
² Derived from the figure of 64,196 public housing properties (Victorian Ombudsman (October 2017) *Investigation into the management of maintenance claims against public housing tenants*) and the 2016 ABS Census figure of 2,112,699 occupied dwellings in Victoria (ABS (2017) *2016 Census QuickStats, Victoria*)

Public housing tenant cases as a percentage of total EWOV residential customer cases, five years to 2016–17



Credit issues are more important – and more serious – for this group

Only people on low incomes are eligible for public housing in Victoria, and many public housing tenants are also vulnerable in other ways. It's unsurprising, then, that public housing tenants are much more likely to come to EWOV with affordability problems than other customers. Around half of all public housing tenant cases are primarily about a credit issue (52% in 2016–17), whereas credit accounts for just one-quarter (26%) of cases from customers as a whole.

Credit cases aren't just more common for public housing tenants – they're also more serious. Disconnection or restriction is the most common issue: in 2016–17 it accounted for most (65%) credit cases from public housing tenants, compared to just 41% of credit cases from customers as a whole. And when it comes to disconnections and restrictions that have already gone ahead, public housing tenants accounted for more than one in six of the cases we investigated.

Public housing tenants make up:



1 in 25

EWOV RESIDENTIAL CUSTOMER CASES



1 in 13

EWOV CREDIT CASES



1 in 10

EWOV DISCONNECTION/RESTRICTION CASES



1 in 6

EWOV ACTUAL DISCONNECTION/RESTRICTION CASES

Once they know about EWOV, public housing tenants say that it's easy to contact us and make a complaint.

EWOV is accessible for public housing tenants

Given the seriousness of these issues, public housing tenants need easy access to EWOV. Accessibility is one of our core values: it's important that our service is free, easy-to-use and readily available.

We work hard to promote EWOV to vulnerable customers via community networks, and this strategy seems to be paying off. Case data show that compared to other residential customers, public housing tenants are more likely to be referred to us by a community organisation, financial counselor, government department or word-of-mouth. **Our public housing tenant customers also have stronger prior awareness of EWOV than residential customers as a whole, often because they've had contact with us before.**

Once they know about EWOV, public housing tenants say that it's easy to contact us and make a complaint. In our 2016–17 Customer Satisfaction Surveys, **9 out of 10 public housing tenant customers said that finding our contact details was easy or extremely easy – the same as customers as a whole.** And when it came to making a complaint, public housing tenants were even more likely (96%) than customers as a whole (91%) to rate the experience as easy or extremely easy.

While it doesn't seem to impede access to EWOV, our case and survey data does reveal a clear digital divide. People living in public housing are much less likely to find out about us via the internet, visit our website, or lodge their complaint online via email or our web complaint form. Positively, however, those public housing tenants who **do** use our website generally find that it meets their needs, with 88% rating it as good or excellent.

And they get value from our service

While public housing tenants don't seem to have trouble accessing EWOV, they are somewhat more likely than other customers to fall out of contact with us before we can resolve their complaint – an issue we've been working to address. Given the seriousness of the issues, it's not surprising that at complaint closure, public housing tenants tend to still owe slightly more to their retailer than other customers.

Even so, public housing tenants are consistently more positive than customers as a whole about how we handled their complaint. **In 2016–17, 88% of public housing tenant customers said that they'd recommend EWOV to a family member or friend, compared to 82% of customers as a whole.**

Payment difficulties

438

PAYMENT DIFFICULTIES
CASES JULY-SEPTEMBER 2017



Overall payment difficulties cases

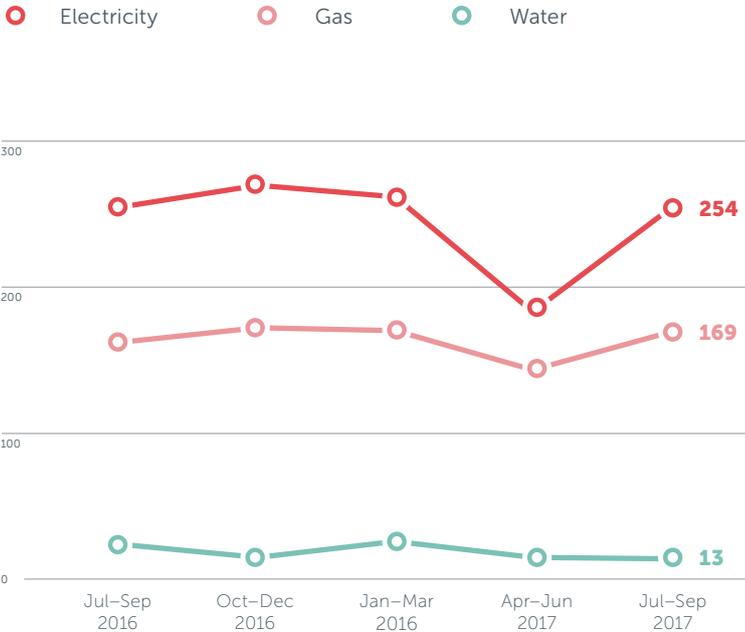
↑ 28%

COMPARED TO
LAST QUARTER

↓ 2%

COMPARED TO THIS
TIME LAST YEAR

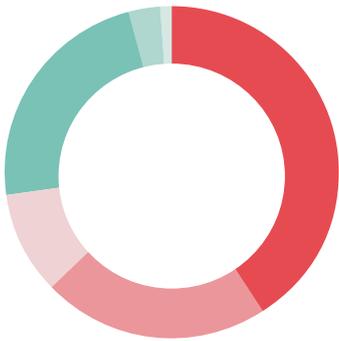
Electricity, gas and water payment difficulties cases by quarter



Note: We also received 2 dual fuel cases this quarter, which are not included in this graph.

What were the cases about?

Sub-issues in payment difficulties cases



- Payment plan instalment **41%**
- Account holder arrears **22%**
- Direct debit **10%**
- Smoothpay **23%**
- Payment plan extension **3%**
- Non-account holder arrears **1%**

Sub-issues compared to last quarter

↑ **22%**
PAYMENT PLAN
INSTALMENT

↑ **30%**
ACCOUNT
HOLDER ARREARS

↑ **25%**
DIRECT DEBIT

↑ **42%**
SMOOTHPAY

What were the outcomes?



**INVESTIGATIONS
CLOSED JULY-
SEPTEMBER 2017**

Outcome	No.	%
Payment plan	52	63%
Referral to hardship program	45	55%
Customer Service Gesture	14	17%
Debt waiver (full)	8	10%
Billing adjustment	7	9%
Debt waiver (partial)	4	5%
Payment extension	2	2%
Fee waiver	0	0%

Case study

A customer objects to a payment plan increase, but insists she's not in financial hardship.

The issue

Ms K had been paying her gas bills via a \$50 per fortnight payment plan. However, her retailer ended the payment plan and later contacted her, seeking a \$1,600 lump sum.

When Ms K raised the issue, the customer service representative agreed to reinstate Ms K's \$50 per fortnight payment plan. However, they later emailed Ms K saying that this was a mistake, and that it required instalments of \$129 per fortnight. The representative offered hardship assistance, which Ms K rejected, saying she wasn't in financial hardship.

She also wanted to make sure that it didn't record her as a customer experiencing financial hardship.

Ms K contacted EWOV, dissatisfied that the retailer hadn't discussed the new instalment amount with her, and wanting the original payment plan reinstated. She also wanted to make sure that it didn't record her as a customer experiencing financial hardship – something that she mistakenly thought might affect her credit rating.

We raised an Assisted Referral, and the retailer contacted Ms K to explain the reason for the increased instalment amount. Ms K was still dissatisfied, and recontacted EWOV asking for an explanation of why she hadn't been notified **before** the increase.

The Investigation

We discussed the case with the retailer, which said that after a payment plan review, it usually writes to the customer explaining that an increase is needed. However, it hadn't sent this letter to Ms K. In recognition of its error, the retailer offered a credit of \$573.26.

It confirmed that no lump sum payment was needed and suggested that the \$129 instalments would cover both Ms K's arrears and her fortnightly usage of \$95. It also offered advice on choosing a cheaper plan, and offered to backdate any concessions Ms K was eligible for.

Ms K rejected this offer, arguing that she wasn't responsible for the arrears because she hadn't been told about the increased instalment. She also wanted to keep paying \$50 instalments. We explained that this wouldn't cover ongoing usage, so Ms K's debt would continue to increase. We also noted that Ms K had continued to use gas and receive bills, which she was responsible for paying. With this information, Ms K accepted the retailer's offer.

The outcome

The retailer credited \$573.26 to Ms K's account, reducing her arrears to \$1,000.00. She also owed \$893.37 for the latest billing period. Ms K agreed to make one more payment of \$50 and then begin a new \$129 per fortnight payment plan. The retailer said that if this plan needed to be changed in future, it would notify Ms K in writing.



Case ID:
2017/17932

Disconnection and restriction

Imminent disconnection/restriction cases



528

IMMINENT DISCONNECTION/
RESTRICTION CASES JULY-SEPTEMBER 2017

Overall imminent disconnection/restriction cases

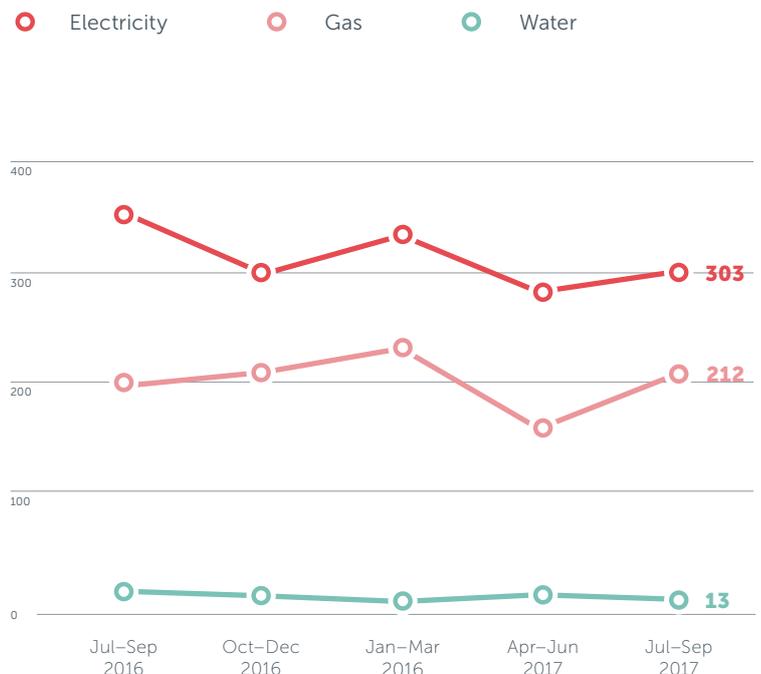
↑ 13%

COMPARED TO
LAST QUARTER

↓ 8%

COMPARED TO THIS
TIME LAST YEAR

Electricity, gas and water imminent disconnection/restriction cases by quarter



Actual disconnection/restriction cases



373

ACTUAL DISCONNECTION/
RESTRICTION CASES JULY-SEPTEMBER 2017

Overall actual disconnection/restriction cases

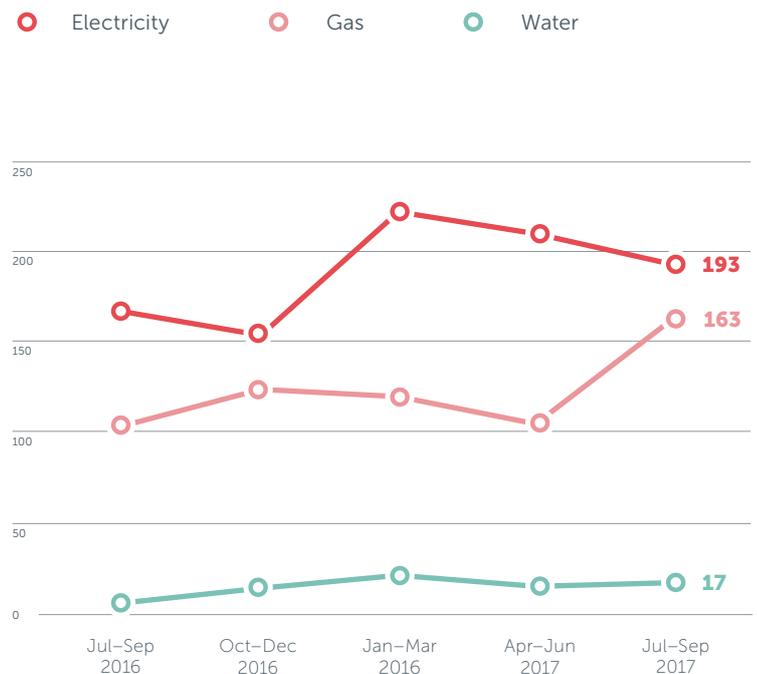
↑ 13%

COMPARED TO
LAST QUARTER

↑ 35%

COMPARED TO THIS
TIME LAST YEAR

Electricity, gas and water actual disconnection/restriction cases by quarter



What were the outcomes?



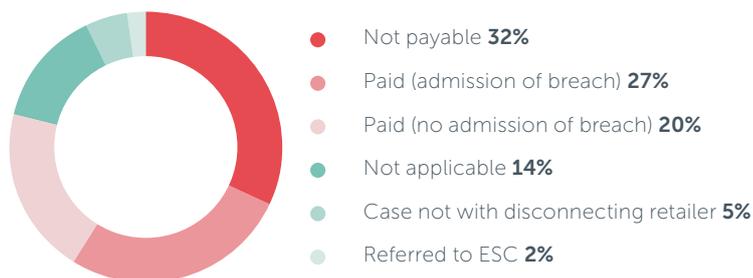
INVESTIGATIONS CLOSED JULY- SEPTEMBER 2017

Outcome	No.	%
Payments and waivers		
Customer Service Gesture	69	20%
Billing adjustment	35	10%
Fee waiver	8	2%
Debt waiver (partial)	6	2%
Debt waiver (full)	7	2%
Guaranteed Service Level payment	7	2%
Payment plans and extensions		
Payment plan for arrears and consumption	70	20%
Payment plan for consumption only	73	21%
Payment plan for arrears only	53	15%
Payment extension	45	13%
Stepped payment plan	14	4%



WDP ASSESSMENTS CLOSED JULY- SEPTEMBER 2017

Wrongful Disconnection Payment assessment outcomes



Disconnection compliance breaches



RETAILER ERROR
22 (24%)



AFFORDABILITY
21 (23%)



**DEEMED
CONTRACT**
19 (21%)



NOTICES
10 (11%)



**COMPLAINT OPEN
WITH RETAILER**
9 (10%)



**MORE THAN ONE
BREACH**
4 (4%)



**BEST
ENDEAVOURS**
3 (3%)



**REASONABLE
ACTION**
2 (2%)

Case Study

A customer in public housing has his electricity disconnected after a long period of non-payment.

The issue

Mr F, who was living in public housing, was reliant on a disability pension and having trouble paying his electricity bills. Mr F didn't have a payment plan in place and hadn't made any payments towards his electricity account for more than 12 months. Over that time, his arrears had grown to around \$900.

After sending Mr F an SMS warning him that his electricity would soon be disconnected, Mr F's retailer carried out the disconnection on 14 August 2017. When Mr F contacted the retailer about reconnecting supply, it advised him to either pay the outstanding amount or contact a financial counsellor.

Mr F called EWOV, asking that the retailer reconnect his electricity and consider what financial hardship assistance it could give him.

The Investigation

We asked Mr F's retailer to reconnect his supply while the Investigation was in process; this reconnection occurred on the same day. In our discussion with the retailer, it confirmed that a Utility Relief Grant of \$500.00 had already been applied, a few months earlier, but offered to refer Mr F to its hardship team for more assistance.

We also began a separate Wrongful Disconnection Payment (WDP) assessment to see whether Mr F's disconnection complied with the rules. Without admitting any breach, the retailer agreed to credit

Mr F \$172.57, equivalent to the payment he would have been eligible for had the disconnection been wrongful.

The outcome

The retailer confirmed that Mr F's account balance was \$975.07. This amount was reduced to \$802.50 once the WDP-equivalent credit was applied. The retailer agreed to an affordable \$20 per fortnight payment plan. It also arranged for its hardship team to contact Mr F to discuss further assistance.



Case ID:
2017/17128

In our discussion with the retailer, it confirmed that a Utility Relief Grant of \$500.00 had already been applied, a few months earlier, but offered to refer Mr F to its hardship team for more assistance.

Collection

725

COLLECTION CASES
JULY-SEPTEMBER 2017



Overall collection cases

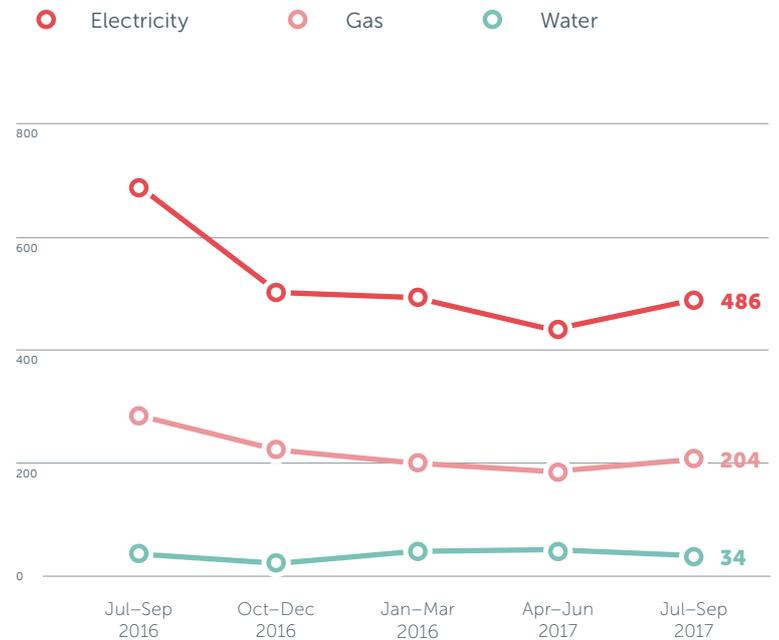
↑ 9%

COMPARED TO
LAST QUARTER

↓ 28%

COMPARED TO THIS
TIME LAST YEAR

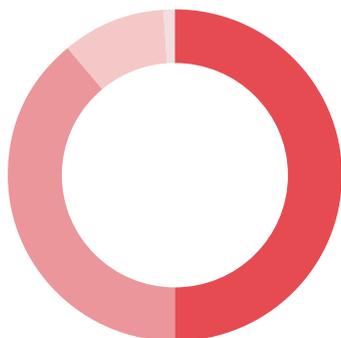
Electricity, gas and water collection cases by quarter



Note: We also received 1 LPG case in this reporting period, which is not included in this graph.

What were the cases about?

Sub-issues in collection cases



- Debt collection agency **365**
- Credit rating **281**
- Retailer debt collection **69**
- Other **10**

Sub-issues compared to last quarter

↑ **12%**
DEBT COLLECTION AGENCY

↑ **3%**
CREDIT RATING

↑ **38%**
RETAILER DEBT COLLECTION

What were the outcomes?



**INVESTIGATIONS
CLOSED JULY-
SEPTEMBER 2017**

Outcomes in collection Investigations

Outcome	No.	%
Removal of default listing	49	40%
Debt waiver (full)	25	20%
Customer Service Gesture	24	20%
Payment extension	14	11%
Payment plan	12	10%
Debt waiver (partial)	8	7%
Referral to hardship program	6	5%

Case Study

A customer who had been in prison asks for a default listing to be removed.

The issue

In July 2017, Mr G received a letter from a debt collector about a \$2,400 electricity account debt. The debt collector also told Mr G that a default had been listed in his credit file. Mr G explained that he hadn't been able to deal with the debt because he had been in prison, and was not receiving his mail. When he contacted the energy retailer to explain his circumstances, its customer service representative had been unprofessional, telling him that he should have avoided the issue by not having been sent to prison.

Mr G said that he was not disputing the debt and was willing to pay it, but wanted the default removed in recognition of the difficult situation and the poor customer service he experienced. We raised an Assisted Referral, but when Mr G didn't receive a response from the retailer and recontacted us, this was escalated.

The Investigation

The retailer said that it would consider removing the default if Mr G could provide evidence of his period of incarceration, which Mr G supplied. Responding to Mr G's concerns about his customer service experience, the retailer also reviewed its contact records. Meanwhile, as the Investigation was underway, the customer made a partial payment of \$1,600 to the debt collector and provided a copy of the receipt for this payment.



Case ID:
2017/15134

When he contacted the energy retailer to explain his circumstances, its customer service representative had been unprofessional, telling him that he should have avoided the issue by not having been sent to prison.

The outcome

The retailer apologised to Mr G for the customer service he had experienced. In recognition of this, it recalled the debt from the debt collector, applying the \$1,600 payment Mr G had made, and waiving the remaining \$800 balance. It also arranged to have the default removed from Mr G's credit file within 10 days.

Interpreting the data in this report

Credit

Each case that EWOV receives is allocated a primary issue that falls in one of nine categories. Affordability issues, such as payment difficulties, debt collection and disconnection/restriction, mostly fall within EWOV's credit category of cases. The category is further broken down into the following issues and sub-issues:

CREDIT

Payment difficulties

- › Payment plan instalment
- › Account holder arrears
- › Direct debit
- › Smoothpay
- › Payment plan extension
- › Non-account holder arrears
- › Lump sum

Disconnection/restriction

- › Imminent disconnection/restriction
- › Actual disconnection/restriction

Collection

- › Credit rating
- › Debt collection agency
- › Retailer debt collection
- › Refundable advance
- › Other

All of the data in this report relates to cases with **credit** as the **primary issue**. When a case involves multiple issues – for example, imminent disconnection and a billing error – we also record a secondary (and sometimes tertiary) issue. This means that the total number of EWOV cases with an affordability dimension is higher than the number given in this report. In particular, cases primarily about billing often have a secondary affordability dimension.

Imminent and actual disconnection and restriction cases are the exception to this pattern. Because of the gravity of this action, it is always identified as the primary issue, meaning that all disconnection and restriction cases are captured in this report.

Cases

'Cases' in this report refers to both **enquiries** and **complaints** that were received during the reporting quarter. An **enquiry** is a customer's request for general information. EWOV may provide this information itself or refer the customer to another agency. A **complaint** is an expression of dissatisfaction regarding a policy, practice or customer service performance of an energy or water company that is part of the EWOV scheme, where a response or resolution is explicitly or implicitly expected.

Complaints are further categorised as either **Unassisted Referrals**, **Assisted Referrals** or **Investigations**. We record an Unassisted Referral where a customer has not yet spoken with their company about their complaint and we refer them back to the company's contact centre. We lodge an **Assisted Referral** where a customer has spoken with someone at their company's contact centre about their complaint, but it remains unresolved and we refer the matter to a higher level complaint resolution officer at the company. And we begin an **Investigation** where:

- › an Assisted Referral has failed as the matter remains unresolved, and the customer recontacts EWOV
- › the matter is complex and unlikely to be resolved as an Assisted Referral
- › or the company asks for the matter to be escalated to an Investigation.

Outcomes

We do not investigate Unassisted or Assisted Referrals, and in most cases, we do not know what the outcomes of these cases were. Therefore, all outcome data in this report refers only to Investigations. Outcome data also refers to cases closed during the reporting quarter, a proportion of which were received in previous quarters.

Most closed Investigations have multiple outcomes. Thus, percentages in outcome tables do not add to 100. Only the most common and relevant outcomes for each case type are reported.

Wrongful Disconnection Payment (WDP) assessments

In actual disconnection cases, EWOV has a role assessing if there has been a compliance breach because the disconnection did not comply with the terms and conditions of customer's contract. A payment to the customer may be required if such a breach is found.

EWOV conducts this assessment for each actual disconnection case. However, the Investigation and assessment are separate and may conclude at different times. WDP figures in this report are for assessments closed during the reporting quarter.

Where we assess the WDP as being payable, we also identify the specific associated compliance breach. Compliance breach figures relate to those WDP assessments with the outcome **paid (admission of breach)**.

Dual fuel

Because we receive very few dual fuel cases, they have been excluded from charts showing electricity, gas and water cases separately. Dual fuel cases are, however, included in overall case numbers.

LPG

This report includes in gas disconnection figures a small number of cases of LPG deliveries stopped.