

EWOV'S

Affordability Report



July–December 2019
Released March 2020



**ENERGY AND WATER
OMBUDSMAN**
Victoria **Listen Assist Resolve**

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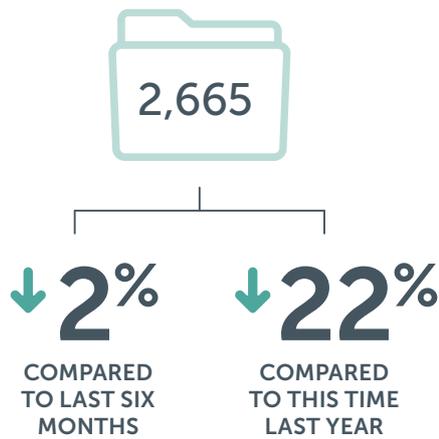
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Affordability

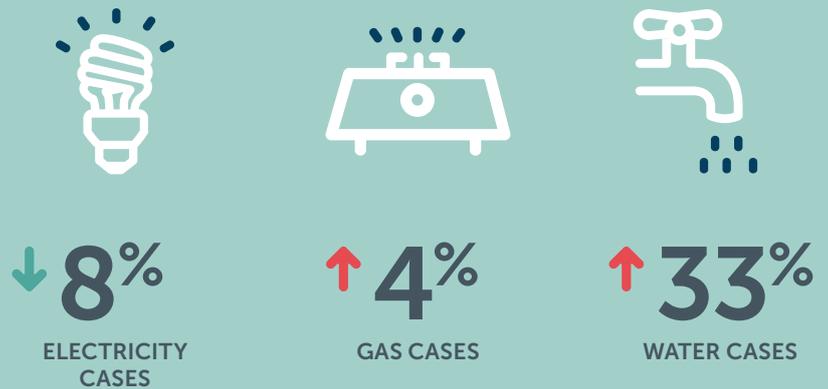
The big picture

JULY-DECEMBER 2019

CREDIT CASES OVERALL



CREDIT CASES COMPARED TO LAST SIX MONTHS



ELECTRICITY, GAS AND WATER CREDIT CASES BY SIX MONTHS



CREDIT CASES AS A PERCENTAGE OF TOTAL EWOV CASES



CREDIT CASES BY SIX MONTHS



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 Utility Relief Grant Scheme (URGS) delays

In this edition of our *Affordability Report*, we look at the URGS delays that occurred in the second half of 2019 and inspect our overall credit cases for any shift in complaint numbers following the introduction of the *Payment Difficulty Framework*.

A systemic URGS delay

We looked into our cases between July and December 2019 and, out of 272 cases that relate to payment difficulties involving an account holder in arrears, 94 of these customers approached us with a concern about a delay accessing URGS. That's 35%.

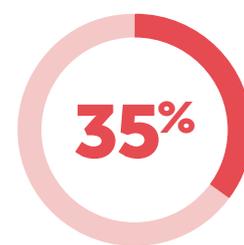
We recently closed a systemic issue about a delay in supply of URGS applications. Our investigation concluded that this issue originated with the Department of Health and Human Services (Victoria) (DHHS). In July 2019, DHHS launched a portal where URGS forms could be downloaded, replacing a previous application process used by energy and water businesses. Unfortunately, there were issues with the portal that resulted in significant delays in URGS applications.

Since this scheme is designed for some of the most financially vulnerable customers in Victoria, any delay in the process could have significant financial and emotional impacts on these customers, as they are forced to wait while they have accounts in arrears.

Capacity to pay

We highlighted a related issue around capacity to pay in our March 2019 *Affordability Report*. We're concerned about the number of energy and water customers whose energy and water consumption is greater than their capacity to pay. In that edition, we reported that our data showed some customers consume energy and water at an average of \$100 per fortnight while their average fortnightly capacity to pay was only \$45. A scenario like this could easily lead to the accumulation of debt by financially vulnerable customers.

The *Payment Difficulty Framework* (PDF), introduced on 1 January 2019, requires retailers to consider the totality of a customer's circumstances and should help customers experiencing payment difficulty with the creation of payment plans, access to grants and concessions, and the provision of practical advice to reduce energy usage. If energy and water companies apply the PDF effectively, we would expect to see credit complaints declining at EWOV.



35% of payment difficulty cases involving an account holder in arrears relate to a delay accessing URGS

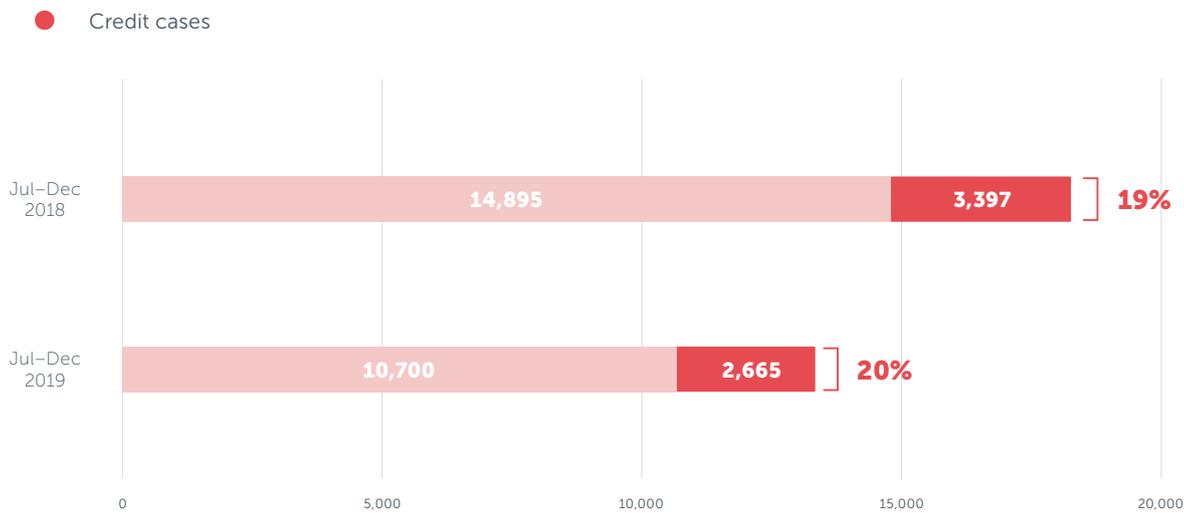
Is the *Payment Difficulty Framework* affecting case numbers?

Overall, credit cases remained steady in the second half of 2019. In the previous edition of our *Affordability Report* in September 2019, we noted a drop in credit cases early in 2019 following the introduction of the PDF on 1 January 2019. We wrote that credit complaints began climbing in May 2019 and we anticipated that the fall in early 2019 may have only been temporary. Unfortunately, this prediction appears, so far, to have been correct.

We received 2,665 credit cases in the July-December 2019 period, compared to 2,730 in the January-June 2019 period. That's a decline of only 2% from the first half to the second half of 2019.

Our case numbers overall are declining. Credit case numbers were down 22% in the July-December 2019 period compared with July-December 2018 – from 3,397 to 2,665. However, as a percentage of all cases, credit cases have remained steady. Of the 13,365 total cases raised between July and December 2019, 20% of these were credit cases. Between July and December 2018, we raised 18,292 cases, with 19% made up of credit cases. This indicates that, despite the introduction of the PDF, credit case numbers overall have largely not been impacted.

As a percentage of all cases, credit cases remained steady



Payment difficulties



640

PAYMENT DIFFICULTIES
CASES JULY-DECEMBER 2019

Overall payment difficulties cases

↓ 2%

COMPARED TO LAST
SIX MONTHS

↓ 17%

COMPARED TO THIS
TIME LAST YEAR

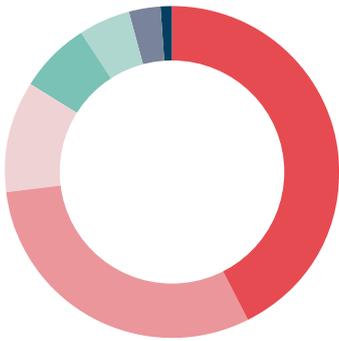
Electricity, gas and water payment difficulties cases by six months



Note: We also received 1 dual fuel and 3 LPG cases between July-December 2019, which are not included in this graph.

What were the cases about? (July-December 2019)

Sub-issues in payment difficulties cases



- Account holder arrears **43%**
- Payment plan instalment **31%**
- Smoothpay **11%**
- Direct debit **7%**
- Payment plan extension **5%**
- Non account holder arrears **3%**
- Payment plan lump sum **1%**

Sub-issues compared to last six months

↓ **1%**
PAYMENT PLAN
INSTALMENT

↑ **28%**
ACCOUNT
HOLDER ARREARS

↓ **61%**
DIRECT DEBIT

↓ **4%**
SMOOTHPAY

What were the outcomes?



**INVESTIGATIONS
CLOSED JULY-
DECEMBER 2019**

Outcome	No.	%
Arrears at closure	82	73%
Customer Service Gesture	62	55%
Hardship program	38	34%
Billing adjustment	11	10%
Debt waiver (full)	7	6%
Guaranteed Service Level payment	1	1%
Fee waiver	1	1%
Default listing removed	1	1%

Case study

A complaint about a long wait for a relief grant application.

The issue

Mr E contacted us because of payment difficulties and a customer service issue with his energy company. He told us that he was on an age pension and was experiencing difficulties paying an account in arrears. He had been in contact with his energy company and staff at the company told him that they would send a Utility Relief Grant Scheme (URGS) application to him. He said he never heard back from the company and, when he contacted it again, he was advised that a form would be posted to him. After again not receiving the form, he told us he had contacted the company again with the same outcome. He said that the company offered an extension on his account.

We raised the issue with Mr E's energy company as an Assisted Referral. Mr E and his energy company agreed as part of this process that his company would send the forms as soon as possible and keep the account on hold but, almost a month later, Mr E contacted us saying that he had still not received the application.

The investigation

We believed Mr E's concerns couldn't be resolved quickly and so we raised an Investigation. We opened the investigation by asking Mr E's energy company a series of questions including about the timeline of events and what practical assistance the company would provide to Mr E. During our investigation, Mr E's energy company

Mr E's energy company confirmed that he had requested an URGS application on separate occasions which were processed but not sent ...

confirmed that he had requested an URGS application on separate occasions which were processed but not sent because of a known delay, which it said it had informed Mr E about. It confirmed Mr E was receiving a winter energy concession but that it had not discussed a payment arrangement with him.

The outcome

Mr E's company apologised for the delay and said that the issue had been escalated internally. It offered a credit of \$435.45 on Mr E's account in order to cover the balance owing. It confirmed that the URGS application had eventually been sent to Mr E.

The company also advised that, as part of its hardship program, it could offer payment plan options for future bills. It advised that he would be better off on another plan as the rates were lower than his current plan. Mr E told us that he was satisfied with the outcome and his case was closed.



Case ID:
2019/13571

Disconnection and restriction

Imminent disconnection/restriction cases



538

IMMINENT DISCONNECTION/
RESTRICTION CASES
JULY-DECEMBER 2019

Overall imminent disconnection/restriction cases

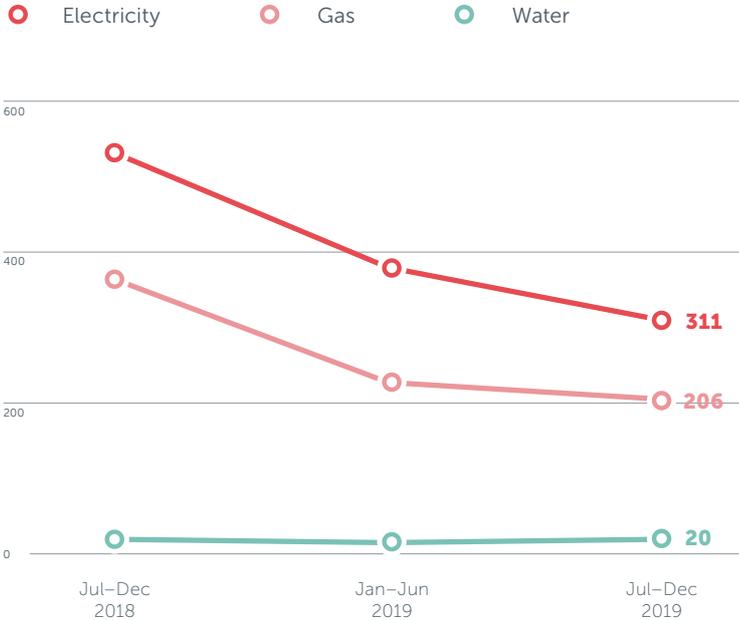
↓ 14%

COMPARED TO LAST SIX MONTHS

↓ 41%

COMPARED TO THIS TIME LAST YEAR

Electricity, gas and water imminent disconnection/restriction cases by six months



Note: We also received 1 LPG case between July-December 2019, which is not included in this graph.

Actual disconnection/restriction cases



364

ACTUAL DISCONNECTION/
RESTRICTION CASES
JULY-DECEMBER 2019

Overall actual
disconnection/restriction
cases

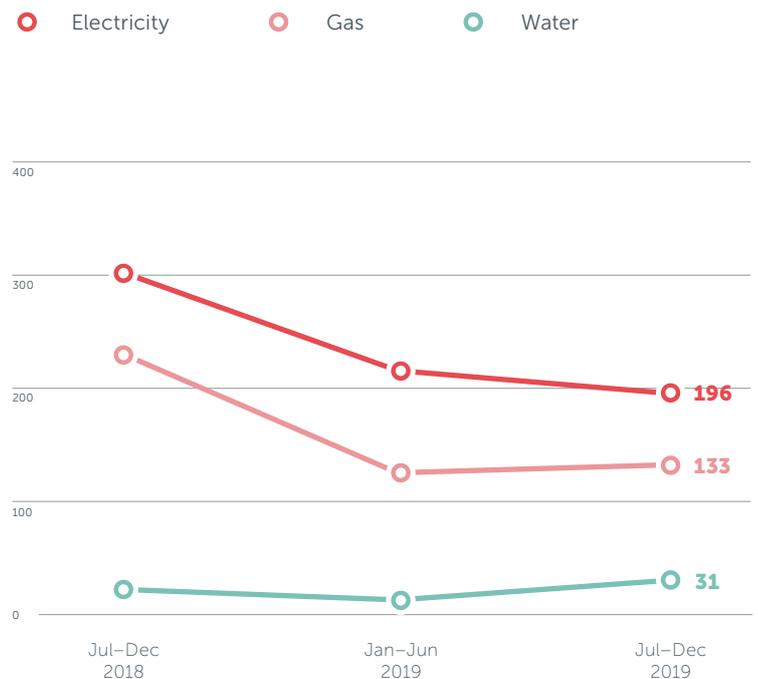
↑ 2%

COMPARED TO LAST
SIX MONTHS

↓ 35%

COMPARED TO THIS
TIME LAST YEAR

Electricity, gas and water actual
disconnection/restriction cases by six months



Note: We also received 4 LPG cases between July-December 2019, which is not included in this graph.

What were the outcomes?



INVESTIGATIONS* CLOSED JULY- DECEMBER 2019

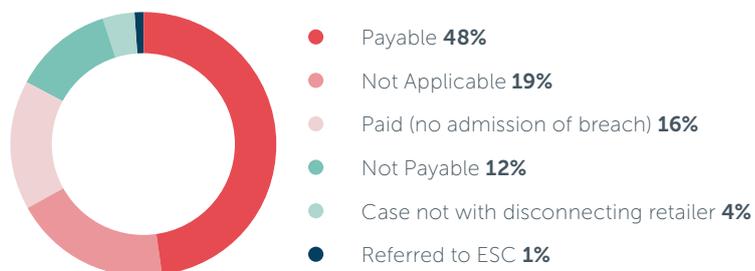
*Includes both imminent and actual disconnection/restriction cases

Outcome	No.	%
Payments and waivers		
Arrears at closure	239	84%
Customer Service Gesture	128	45%
Hardship program	88	31%
Billing adjustment	46	16%
Fee waiver	21	7%
Debt waiver	10	4%
Guaranteed Service Level payment	3	1%
Payment plans and extensions		
Not applicable	93	33%
Tailored payment plan arrears on hold and paying below consumption	83	29%
Standard payment plan - equal payments over specified period	34	12%
Tailored payment plan for arrears over 2 years	31	11%
Closed account – arrears only	18	6%
Other payment plan	13	5%
Standard extension of due date for bill	10	4%
Standard payment plan – pay in advance	2	1%
Standard payment plan - payments of different periods	1	<1%



WDP ASSESSMENTS CLOSED JULY- DECEMBER 2019

Wrongful Disconnection Payment assessment outcomes



Case Study

Water billing process the big issue after supply restricted.

When she went to the property, she said she found a bill from her water company glued to a wall. The amount in arrears was \$1,228.

The issue

Mrs F called us with a complaint about her water company. She told us she had purchased a house and land package with her partner and had never received a water bill for the address. She said the house was under construction and didn't have a letterbox. When she went to the property, she said she found a bill from her water company glued to a wall. The amount in arrears was \$1,228. She told us she contacted the water company and it advised that it had restricted the water supply almost a week before that date due to non-payment. She said it advised her to pay a \$202 de-restriction fee and start an \$80 fortnightly payment plan.

The investigation

We opened an Investigation and requested that Mrs F's company restore her supply that day and waive any de-restriction fee. We have a same day reconnection and de-restriction policy that requires companies to de-restrict a customer when a customer

has lodged a complaint for investigation where it's occurred for reasons other than health and safety or illegal usage. We also directed the company to suspend debt collections on the account while we investigated the complaint. We advised the company that the resolution Mrs F sought was a de-restriction of her water supply and to organise a payment plan based on her capacity to pay. She also requested that it consider reducing her bill by 50%.

The outcome

After a review of its collection process, Mrs F's water company confirmed that it did not send Mrs F a letter or conduct a site visit as required in its hardship-related Guaranteed Service Level (GSL). It agreed to pay a \$300 GSL credit adjustment to Mrs F's account. The water company also told us that the email address on Mrs F's account (supplied by a conveyancing service) was incorrect and, due to this error, the first three bills were sent to the incorrect address and not received by Mrs F. The account balance at that time was \$660.82 and the water company offered to establish a payment plan of \$50 per fortnight. Mrs F agreed to the resolution and we closed the case.



Case ID:
2019/14484

Collection



COLLECTION CASES
JULY-DECEMBER 2019



Overall collection cases

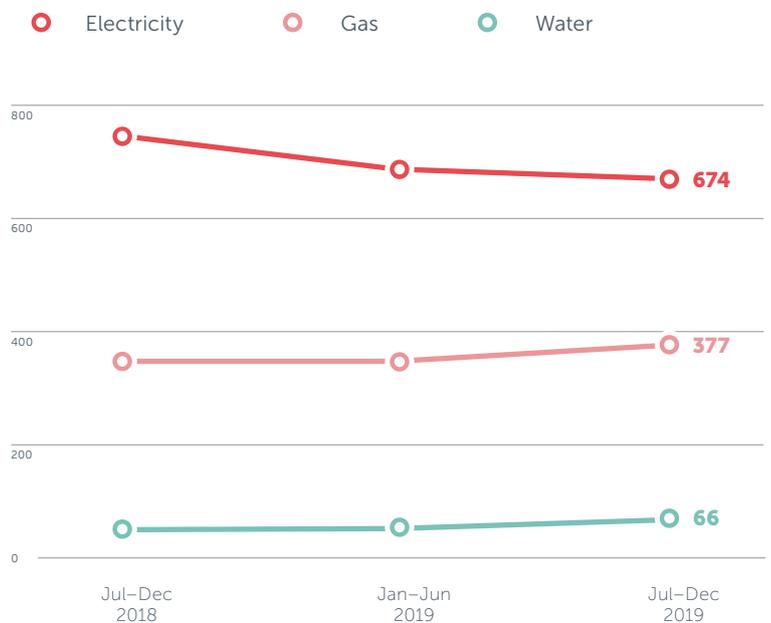
↑ 3%

COMPARED TO LAST
SIX MONTHS

↓ 3%

COMPARED TO THIS
TIME LAST YEAR

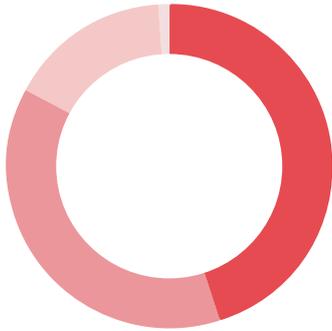
Electricity, gas and water collection cases by six months



Note: We also received 4 dual fuel and 2 LPG cases between July-December 2019, which are not included in this graph.

What were the cases about? (July-December 2019)

Sub-issues in collection cases



- Credit rating **45%**
- Debt collection agency **38%**
- Retailer debt collection **16%**
- Other **1%**

Sub-issues compared to last six months

↓ **12%**
DEBT COLLECTION AGENCY

↑ **16%**
CREDIT RATING

↑ **9%**
RETAILER DEBT COLLECTION

What were the outcomes?



224
INVESTIGATIONS
CLOSED JULY-
DECEMBER 2019

Outcomes in collection Investigations

Outcome	No.	%
Arrears at closure	128	57%
Customer Service Gesture	70	31%
Debt waiver	38	17%
Hardship program	20	9%
Billing adjustment	21	9%
Fee waiver	3	1%
Guaranteed Service Level payment	1	<1%

Case Study

Customer experiencing family violence faces debt collection.

The issue

Mrs B approached us with a complaint about debt collection. She told us that she had a debt of almost \$900 which had accumulated over the last few years because her ex-partner had insisted the account be placed in her name and hadn't been contributing to bills. She told us she had been moving from property to property to escape family abuse and was due to move again soon, and that her energy company had been calling and leaving her messages threatening debt collection if the debt was not paid immediately.

The investigation

Our staff raised the complaint as a discretionary Investigation without an Assisted Referral due to the severe vulnerability circumstances. As part of our case registration procedure, our staff may use their discretion to bypass the standard Assisted Referral stage if there are special circumstances. At the opening of the Investigation, we contacted Mrs B's energy company and directed it to suspend debt collection while we investigated the complaint. The energy company advised that, in the past, it had set up payment arrangements with Mrs B to manage her

account balance and provided assistance with a Utility Relief Grant Scheme application. During our investigation, the company initially offered a customer service gesture and a payment plan. However, as part of the investigation, internal notes at the energy company were discovered that indicated the company was aware of family violence and homelessness back in 2014. The energy company committed to waiving Mrs B's debt, as it admitted it was aware of her vulnerability and did not waive her debt in line with its position on extreme financial difficulty. It admitted the records showed that it was aware of Mrs B's situation and did not use its best endeavours to mitigate further difficulty for its customer.

The outcome

Since the debt had already been sold, the energy company committed to buying back the debt, removing any defaults associated with the debt and ultimately waiving it. The energy company also offered a \$250 customer service gesture to be paid to Mrs B's account in 10 business days. Mrs B told us she was satisfied with the outcome and we closed the Investigation.



Case ID:
2019/17449

As part of the investigation, internal notes at the energy company were discovered that indicated the company was aware of family violence and homelessness back in 2014.

Case Study

Hardship customer seeks clarification about effect of gas leak on high bills.

The issue

Ms M called our 1800 number with a complaint about high bills and a faulty gas meter. She said that, in August 2019, she smelled gas at her property. She contacted her energy distribution company and said that the repairer told her the meter had been faulty for a while. She contacted her energy company who advised her it would put her account on hold while it investigated but, according to Ms M, she received another gas bill on top of the more than \$6,000 of arrears on hold.

gas leak was at the regulator component of the meter and had not affected Ms M's consumption, as the leak occurred before the gas flow to the meter. It advised that its investigation had determined the customer's heater had a fault with the fan and that usage was highest in winter, and that it wasn't willing to make billing adjustments. It offered to apply two missed payment discounts totalling \$601.88 to resolve the matter. It also confirmed that it had followed up by sending out URGS application details via email, SMS and post.



Case ID:
2019/19299

Ms M advised that her energy company said that, according to its discussions with the energy distribution company, it had concluded the leak did not contribute to a high bill

The investigation

We facilitated a high-level contact with Ms M's energy company. During this referral process, Ms M advised that her energy company said that, according to its discussions with the energy distribution company, it had concluded the leak did not contribute to a high bill. It advised that her heater was the cause of the high bill. She was then in arrears of \$8,000 and was paying \$30 per fortnight. She said she had asked her energy company several times for forms to access relief under the Utility Relief Grant Scheme (URGS) but hadn't received them. We opened an Investigation and heard from Ms M's energy company that the

The outcome

Ms M's energy company offered a credit of \$500 in recognition of previous missed opportunities to help her apply for URGS. It advised that with the two credits, her balance in arrears of \$6,980 as of February would reduce to \$5,878. It confirmed that Ms M was on its best available plan and that it would keep her arrears on hold until 17 March 2020 and would contact her to review her existing hardship plan. Ms M accepted the offer put forward by her energy company.

Community outreach: Customer persona

We regularly attend events across Victoria, learning about issues facing energy and water customers. To target the work we do, we developed a map of Victoria informed by 2016 Socio-Economic Indexes for Areas (SEIFA) data, highlighting the areas where Victorians may be doing it tough. We identified that 27% of Victorians live in particular local government areas where many people are dealing with one or more difficulties when it comes to full economic participation, including being Newstart recipients or aged pensioners, being victims of family violence or suffering from mental illness. Through working with these communities, we've uncovered several trends impacting vulnerable consumers in relation to energy and water, and the behaviours they may demonstrate.

We've created the following persona of a customer that we typically see with one of these issues, to help those people working with these customers and the companies servicing them – to better understand what these issues may be, to understand their customers better and to consider how they may respond to these customers' needs.



Customer persona: Ron

Issue: Disengagement with energy and water companies due to limited income/can't afford to keep up with bills.

What's life like for Ron?

- › receives a disability pension
- › lives in an Office of Housing dwelling with no ability to choose the fixed appliances
- › doesn't have access to any more income
- › accesses food from registered food charities to prioritise payment of energy and water bills
- › is aware that he needs to increase his payments but can't afford to.

In what ways/for what reasons might Ron interact with his energy and water companies?

- › Ron may be accessing concessions/medical cooling concession
- › He may be paying regular amounts off his bill without a formal arrangement in place
- › He may have higher than average seasonal bills because of cooling/heating linked to his disability
- › He may have high usage due to increased time at home
- › He may be unable to respond to requests from his energy and water companies to contact them
- › His bills may be going to a third party e.g. State Trustees
- › He may defer to a family member or carer when contacted.

What can companies do to engage Ron?

- › **Train staff to listen** for signs of vulnerability
- › Ensure the **tone of communications** supports the objectives of the **assistance the company can offer him**
- › Ensure all **entitlements apply to Ron's account**
- › **Recognise vulnerability** prior to disconnection or restriction
- › **Proactively initiate Payment Difficulty Framework assistance**, giving Ron more time to pay, setting up an affordable payment plan, providing help with accessing grants and more suitable tariffs, without Ron needing to initiate a conversation.

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 period. 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, although we do remind customers that they can return to us if they remain dissatisfied. Usually, the customer is satisfied and doesn't return to us, so we do not learn of the outcomes of Unassisted and Assisted Referrals. Therefore, all outcome data in this report refers only to Investigations. Outcome data also refers to cases closed during the reporting period, 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 Investigations, EWOV has a role assessing if there has been a compliance breach because the disconnection did not comply with the terms and conditions of the 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 Investigation. 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 period.

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.