# Submission to ESC Hardship Review - 30 April 2015



#### **Capacity to Submit**

Community Information & Support Victoria (CISVic) is the peak body representing local community information and support services representing 60 community-based, not-for-profit agencies, staffed by over 250 paid staff and in excess of 2,500 volunteers.

Our local services assist people experiencing personal and financial difficulties by providing information, referral and support services including Emergency Relief, financial counselling and financial literacy. Our agencies provide free services to an average of 300,000 people every year.

Many of our agencies can provide emergency relief, both financial and practical, by providing food, food vouchers, travel cards, petrol vouchers, assistance with household bills, rent, pharmaceutical supplies and telephone bills.

The CISVic membership service model is placed-based and holistic in working with its communities and clients. The provision of supported services by CISVic member agencies is primarily directed at vulnerable and disadvantaged families and individuals who fall through service gaps. As generalist services providing a range of free, confidential and supported services, we connect vulnerable people and families to vital services and their communities.

#### **Endorsing Ombudsman's perspective**

The Ombudsman's perspective on energy and water hardship in Victoria accurately reflects the experiences of CISVic clients around:

- access;
- interaction with utilities companies and hardship teams; and
- effectiveness of responses to vulnerable people experiencing hardship.

Endorse the five areas recommended by the Ombudsman where companies could improve on:

- provision effective hardship support;
- making sustainable payment plans;
- improving communications and customer engagement;
- providing better customer support before disconnecting and restricting supply; and
- taking more reasonable debt collection action.

### Our submission

Some things we would like to highlight:

- Our agencies assist three cohorts of customers who experience utilities hardship:
  - 1. Those who may experience sudden life changes that stretches their financial resources over the short term, can normally be resolved with a utilities relief grant and no need to be put on payment plan;
  - 2. Those who live on fixed low income with constant financial stress struggling to make ends meet. For those with some level of financial literacy and budgeting skills, they could be effectively assisted by hardship teams through URGs and some kind of payment options; for those who lack social resources and skills, the danger is that they will go through cycles of entry and exiting hardship, and vulnerable to disconnections. This group is always playing catch-up with their finances;
  - 3. The third group are those who have been disconnected, have extremely high levels of debt and require intensive and specialist support to deal with their situation.
- Hardship teams are generally good, and assistance can begin and end there. We have seen
  improvements in some companies' hardship teams and their ability to respond appropriately to
  customers. There is genuine motivation to achieve positive outcomes for customers. They are effective
  in supporting customers experiencing sudden financial crisis or once-off need, or sometimes, customers
  living on fixed low incomes with strong financial literacy skills.

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- We notice a difference between utilities' companies effectiveness in responding to hardship, the larger utilities companies tend to have more effective hardship teams, compared to smaller providers who tend to have centre staff deal with customers in hardship. In some cases, it is a 'hardship to get to hardship' reported by one of our caseworkers.
- We notice inconsistencies within the industry with the level of service and access to hardship teams, with some presenting barriers to access to hardship teams through preconditions such as requirement to see a financial counsellor; or a failure to identify and engage effectively as a result of poor training; or long wait times on the phone or in the system (which could be costly); in some cases, centre staff dealing with customers directly and offering unrealistic payment plans.
- Another systemic issue that sometimes acts as a barrier to early intervention is the delay in getting
  through to the hardship team, long wait times on the phone, and talking to multiple people in the
  organisation. People in hardship have a lot going on, are under a lot of stress and have competing
  needs. Long delays at the first instance mean people might put off dealing with the issue in the early
  stages. Clients often come to our services for support having attempted to deal directly with providers
  and 'failed'.
- Another related issue is poor customer engagement, where stressed and scared clients, with low
  financial literacy and self-advocacy skills become easily frustrated with providers' failure to understand
  their circumstance, or be empathetic in their interactions. Again, these are missed early
  intervention/prevention opportunities. Helping clients with knowing where to go to get help and
  assistance, how to obtain support and the services in their communities could be ways the community
  and energy sectors could identify pathways out of hardship.

#### Best practice and the benchmarking framework

- Whilst Part 3 of the Code provides good guidelines around customer hardship policy, it needs to be more explicit in incorporating best practice approaches into the provisions, particularly cl.71B. Tightening these provisions with a more prescriptive best practice approach will address the inconsistency in standards and practices across the industry; such as inconsistency of standards of service and access, failure at early identification and prevention, poor customer engagement and provision of effective options. We welcome the best practice approach outlined in the ESC Issues Paper, and endorse their incorporation into the benchmarking framework that is being considered.
- Addressing affordability through energy efficiency, financial literacy and offering tailored solutions to customers' situation are the most effective ways of dealing with customer hardship. On these measures, we feel that there is much work to be done by providers as we are continuing to see energy efficiency not adequately promoted or offered as possible pathways out of hardship. Energy efficiency intiatives and programs are often not offered or 'hidden'. It would for example, be helpful to have information packages about available payment options, budgeting, and energy efficiency programs that are tailored for people on fixed low incomes. (eg. Environment Victoria's Future Powered Families; Origin's Power On; Energy Audits; Appliance Replacement).
- Encouraging industry to collaborate and share effective hardship programs with each other, the community sector and customers as part of best practice will also help in early intervention and prevention of customer hardship.
- Encouraging flexibility around customer engagement, rather than one size fits all would address the broader affordability and hardship issues experienced by customers. For example, making it relatively easy for customers on payment plans who are in credit to exit early mean that they could spend money on other competing needs. At the moment, it is so difficult that caseworkers have had to advise clients to go into arrears again before providers will talk to them about their payment plan. Similarly, understanding that everyone's situation is different, and that payment plans should really be affordable and reflect capacity to pay in the first instance would relieve the stress on clients, who may hold back on meals and other essential expenses to pay off their bill.