



Barriers to Accessing Utility Relief Grants

A report by the Consumer Action Law Centre

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1. Introduction

1.1. About Consumer Action

Consumer Action is an independent, not-for-profit, campaign-focused casework and policy organisation. Consumer Action offers free legal advice, pursues consumer litigation and provides financial counselling to vulnerable and disadvantaged consumers across Victoria. Consumer Action is also a nationally-recognised and influential policy and research body, pursuing a law reform agenda across a range of important consumer issues at a governmental level, in the media, and in the community directly.

Increasing electricity prices have had a significant impact on the consumers that contact Consumer Action for assistance—consumers who are experiencing debt issues or have some of the lowest incomes in Victoria.

Electricity and gas disconnections have increased from 19,605 in 2008/09 to 42,503 in 2012/13,¹ while complaints about energy disconnection/water restrictions for account arrears to the Energy and Water Ombudsman of Victoria (EWOV) increased 12 per cent from 2012 to 2013.² Participation in hardship programs has increased by 29 per cent from 2012-13, to 2013-2014³. This data confirms a landscape where individuals are struggling to meet the cost of their essential services.

Electricity and gas prices are also at record high levels, with is having a significant impact for those that live on fixed incomes (i.e. Centrelink benefits or pensions). While electricity and gas prices vary according to location and provider, energy prices in Victoria average between \$2,200 and \$2,600 for an electricity-only household, and between \$2,800 and \$3,400 for households with both gas and electricity.⁴ The Australian Energy Regulator has reported that, in Victoria, for a low-income Victorian with concessions, energy bills are around 7.34 per cent of disposable income. This proportion increases to 8.36 per cent if concessions are not claimed.⁵

Thankfully, the Victorian Government provides a robust range of concessions to help consumers stay connected to essential services and prevent the buildup of unmanageable debt. However, experiences drawn from our financial counselling service, MoneyHelp, indicate that the current application process for some concessions, particularly the Utility Relief Grant (URG), involves significant barriers for consumers. Missing out on government assistance which low-income earners are entitled to is of great concern, as low-income Victorians need as much support as possible to deal with financial stresses. The availability

¹ ESC, *Energy Retailers Comparative Performance Report*, 2013, pg 30, at <http://www.esc.vic.gov.au/getattachment/983c8101-90be-4173-b57e-73ec365f2648/Energy-Retailers-Comparative-Performance-Report-Cu.pdf>

² EWOV, *Annual report*, 2013, p. 24, at http://www.ewov.com.au/__data/assets/pdf_file/0019/9640/1-EWOV-2103-Annual-Report.pdf

³ from \$18879 to \$24356.

⁴ St Vincent de Paul, *Victorian Energy Prices*, January 2014, available: http://www.vinnies.org.au/icms_docs/178265_Victorian_Energy_Prices_January_2014.pdf.

⁵ Australian Energy Regulator, *Annual Performance of the Retail Energy Market 2013-2014*, November 2013, available at: http://www.aer.gov.au/sites/default/files/AER%20Retail%20Performance%20Report%202012-13%20-%20updated%2011.02.2014_0.pdf.

of these grants also benefits energy and water retailers, who are able to better manage consumer debts.

Although URGs can be accessed to assist paying both water and energy debts, this report focuses on energy issues.

1.2. Concessions and rebates for energy

The Victorian Government provides a range of rebates and concessions available to eligible consumers. The Victorian Government increased its investment in concessions by \$33.4 million in the 2014 budget.⁶

Concessions include the annual electricity concession and the winter gas concession. The electricity concession, which was expanded to be annual by the Victorian Government from 2011, provides a 17.5 per cent per annum discount on household electricity bills.⁷ The winter gas concession also provides a 17.5 per cent discount on gas bills between May and October. From 2014, these concessions were restricted so that energy concession holders are required to reapply for their concession once their annual electricity spend hits \$2,763 or their winter gas spend hits \$1,462.⁸

There are also a range of other concessions available to energy and water consumers, as detailed in Table 1 below.

Table 1: Victorian Energy and Water Concessions

	Description	Value
Annual Electricity Concession (AEC)	All year discount on electricity bills	17.5% off electricity bills*
Winter Energy Concession (WEC)	Discount on gas bills during the 6 winter months (1 May – 31 October)	17.5% off gas bills*
Controlled load Electricity Concession	All year discount on off-peak (controlled load) electricity consumption	13% off controlled load off-peak consumption
Service to Property Concession	Applied if the cost of electricity used is less than the supply charge	Reduces the supply charge to the same amount as the cost of electricity over the billing period
Electricity Transfer Fee Waiver	The fee charged by electricity retailers when consumers move homes is waived	The value of the fee
Life Support Concession	Provides a discount on electricity bills where a member of the household uses an eligible life support machine	The discount is equal to the cost of using 1,880kWh per annum
Medical Cooling	Additional discount on electricity summer	17.5% off electricity bills (in

⁶ Victorian Government, 'Media Release—Coalition Government helping ease cost of living pressures for Victorians', 6 May 2014, available at: <http://www.dtf.vic.gov.au/State-Budget/2014-15-State-Budget/Budget-media-releases/Coalition-Government-helping-ease-cost-of-living-pressure-for-Victorians>.

⁷ From 1 July 2012, a threshold for electricity concessions was introduced to take into account the Commonwealth's carbon tax compensation. The purpose of this was to ensure that households are not compensated by two levels of government for the same expense. The Commonwealth compensation was estimated to represent a subsidy of \$171.60 for electricity across the year. So for a concession card holder's annual electricity bill, the State Government concession will not apply to the first \$171.60. It is unclear whether this threshold will be reversed with the proposed removal of the carbon price.

⁸ See, Consumer Action and VCOSS, 'Winners and losers: the impact of energy concessions cap on low income Victorians', available at: <http://consumeraction.org.au/joint-media-release-some-win-some-lose-in-concessions-shakeup/>, for a discussion of the impact of these changes.

Concession	bills (from 1 November to 30 April) where a member of the household has a medical condition that affects the body's ability to regulate temperature	addition to the AEC)
Non-Mains Energy Concession	Discount for households who rely on liquefied petroleum gas (LPG), firewood or oil for heating, cooking or hot water. It also applies to households relying on a generator or those who access non-mains electricity through an embedded network.	Up to \$484 per annum [^]
<p>* On July 2012 a threshold for the electricity and gas concessions was introduced to offset the Federal Government's carbon tax compensation. The AEC is not applied to the first \$171.60 of a household's annual electricity bill and the WEC is not applied to the first \$62.40 of a household's winter gas bill.</p> <p>[^] As of July 2013</p>		

1.3. What is an Utility Relief Grant?

The Utility Relief Grant (**URG**), administered by the Department of Human Services (**DHS**), provides assistance for domestic consumers who are unable to pay their utility bills due to a temporary (within last 12 months) financial crisis, who are at risk of gas or electricity disconnection, restriction of water supply, or non-supply of gas bottles. The amount of the grant is based on the balance owing at the time of the application and is capped at six months worth of usage, up to a maximum of \$500.⁹

1.3.1. Eligibility for the URG

In order to be eligible for an URG, a consumer must demonstrate that unexpected hardship has left them unable to pay utility bills without assistance and that they are at risk disconnection or non-supply. Non-concession holders can access the URG, however the account holder must be registered with their utility company's hardship program.

Applicants must satisfy one of five criteria:

- Energy/water use had increased substantially, resulting in a high energy/water bill;
- Household income has decreased substantially;
- High unexpected expenses on essential items;
- Cost of shelter is more than 30 per cent of the household income; or
- Cost of utility is more than 10 per cent of the household income.¹⁰

1.3.2. Energy Retailer Obligations regarding URGs

Under Victoria's *Energy Retail Code (the Code)*, retailers have the following obligations to consumers regarding URGs.

- If a consumer tells a retailer that they may not be able to pay a bill by the due date, and no agreement is made about an alternative payment arrangement, or the retailer otherwise believes that the consumer is experiencing repeated difficulties in paying

⁹ Department of Human Services, *URG s and Non-mains URG Schemes*, at <http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/hardship/utility-relief-and-non-mains-utility-grant-scheme>,

¹⁰ URG Application form, and Department of Human Services, *URG s and Non-mains URG Schemes*, at <http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/hardship/utility-relief-and-non-mains-utility-grant-scheme>.

bills, or requires payment assistance, then the retailer must provide the consumer with details on concessions including the URG Schemes (**ss11.1**).

- A retailer mustn't require the payment of any amount as a condition of providing the consumer with an application form for a URG (**ss11.5**).
- A retailer must not disconnect a consumer if they have applied for an URG (**ss14**).
- A retailer must reconnect if a consumer applies for an URG. (**s15.1(a)**).¹¹

1.3.3. Application Process

In our experience, the process for accessing an URG is intended to be as follows:

1. The consumer contacts the retailer, to discuss possible assistance in paying electricity and/or gas bills.
2. The retailer informs the consumer of the existence of the URG scheme and advises them of the eligibility criteria. If the consumer meets the criteria he or she requests an application form.
3. The retailer sends out the application form to the consumer by post.
4. The consumer fills in the form with the relevant information.
5. The consumer sends this form to the Department of Human Services (DHS).
6. DHS assesses the application.
7. If DHS approves the application, the amount calculated as due by DHS is forwarded directly to the retailer.
8. The amount is credited to the consumer's account with the retailer.

1.3.4. The Application Form

(See attached a copy of the Application Form at **Appendix A**)

The form requires the consumer to provide information on their:

- type of housing;
- concession card details;
- sources of household income for all household members, including government allowances and employment income for all household members; and
- savings and investments.

In the section of the form headed "Reasons for application", there are various sub-sections designed to demonstrate eligibility for an URG. For example, the form asks whether:

- your energy/water usage has increased substantially, resulting in a high bill;
- your household income has decreased substantially; or
- you have high unexpected expenses on essential items.

For each of these subsections there are various options available. For example, the question relating to income lists various potential reasons income may have declined (marriage breakdown, housemate/family member moved out, death of family member, decrease in hours, loss of employment). For these questions it is not clear whether other reasons are able to be provided to justify the application.

¹¹ *Energy Retail Code (Vic) ss11.1* at <http://www.esc.vic.gov.au/getattachment/06661f37-494a-4f8c-8604-7fdf33a27dd2/Energy-Retail-Code-Version-10.pdf>.

The form also asks whether cost of utility is more than 10% of the household income, yet it is not clear how an applicant is to calculate this.

2. Access Statistics

According to DHS statistics reported by the Essential Services Commission (**ESC**), in 2012/13 the total grant value awarded in relation to electricity was \$6.35 million. This is an increase of \$1.18 million on the previous year.

However, only 59 per cent of the 28,225 applications initiated by the energy retailers (meaning that the retailer sent a form to the consumer) were completed returned to the Department of Human Services. This amounts to a 1 per cent decrease from the previous year.¹² 14,211 of these applications (88 per cent) were approved by DHS.

AGL initiated the most applications in relation to electricity (7480 forms sent to consumers), of which 4455 consumers sent their applications to DHS. Of these, 3370 grants were approved by DHS. At the other end of the spectrum, Alinta initiated 50 applications, and 16 were approved by DHS.¹³ The average grant provided was \$447 (up slightly from \$434 the previous year).¹⁴

3. Case Studies

Consumers face a number of issues when attempting to deal with their utility debts, including missing out on hardship assistance, difficulties with instalment plans and threats or actual disconnection. Consumer Action is currently completing a report looking at hardship assistance provided by energy retailers, and will later publish our investigation of issues around disconnections. We are aware that the below case studies highlight a number of these issues, however due to the focus of this report, we have focused our discussion on the URG application process.

The case studies are all sourced from Consumer Action's MoneyHelp financial counselling service. The case studies are based on instructions provided by consumers to Consumer Action's financial counselors, and follow up discussions with policy staff who collated the report. MoneyHelp provides telephone counselling services to Victorians experiencing financial difficulty, reaching over 10,000 consumers per annum and many more through its information website. The case studies presented here are generally reflective of the issues raised in the many calls relating to energy assistance received by Consumer Action in 2013/2014. The names of all consumers have been changed to protect their identity.

¹² ESC, *Energy Retailers Comparative Performance Report - Consumer Service*, Revised January 2014, pg 22, at <http://www.esc.vic.gov.au/getattachment/983c8101-90be-4173-b57e-73ec365f2648/Energy-Retailers-Comparative-Performance-Report-Cu.pdf>

¹³ *Id.*, table 2.4, p 22

¹⁴ *Id.*, p 22.

3.1. Celeste

Celeste is a single parent, who is studying full time to be a special education primary teacher full time. She is in her mid thirties and has two children under ten. Her income is approximately \$900 per fortnight on the single parent payment. She pays \$240 a fortnight on rent. She resigned from her job so she could concentrate on the final year of her course.

Celeste has been with her energy retailer for five years. Over the past six months, she has accrued a debt of \$1000 on gas and electricity. Celeste said she usually ends up building up a high bill by the end of winter then uses her tax return to pay off the debt. This year it's been harder to pay it off because she hasn't been working.

In February 2014 Celeste received a high bill of \$600 for electricity and gas which concerned her. She telephoned her retailer, and asked a representative whether she could enter a payment plan. She offered to pay \$20 one week, and \$50 the next. The representative she spoke to told her she could apply for their assistance program, and proceeded to ask her a number of questions about her financial situation. Celeste wasn't really sure what the program was. She did not hear anything further from her retailer about it. She called her retailer at the start of April, and they said she was still being processed.

A month later, Celeste received an SMS message which informed her that she would be disconnected if she did not pay her bills. Celeste telephoned her retailer again, who told her that she would have to get in touch with a financial counsellor before they would assist her with a payment plan.

Celeste spoke with MoneyHelp which told her to call the retailer back and ask whether her concessions were being applied, and about the URG. The retailer representative told Celeste that she'd already applied for the URG. Celeste was sure she had not applied and said so, telling the representative that she had only been assessed for the assistance program. Celeste was overwhelmed by the difficulty in getting assistance and was in tears on the phone to the retailer. Celeste asked for an application form for the URG. The representative was confused, and wasn't sure whether the two processes were different types of assistance. The representative brushed aside Celeste's request for an application form and began asking her the same questions that Celeste had been asked when she was previously assessed for the assistance program. The representative told Celeste that someone would get back in touch within the next 30 days and that they would put a hold on her account. Celeste has still not been sent an URG application form. She's still confused about what she has signed up for—she's not sure whether the representative was actually helping her apply for an URG or not.

3.1.1. Issues raised by this case study

1. In an apparent breach of the Energy Retail Code, Celeste was not told about the URG when she telephoned her energy retailer and asked for assistance in managing her debts.
2. When Celeste asked, the staff member wasn't informed about URGs and couldn't assist Celeste with information and guidance.
3. The retailer has not sent Celeste the application form and Celeste can't proceed with her application without the retailer's assistance.

3.1.2. What should have happened?

The retailer should have advised Celeste about the URG when she called up asking for a payment plan. She was clearly in financial difficulty. If she had been informed at this point, she would have gained assistance in paying off her debts, and may have avoided the stress of threatened disconnection. When Celeste requested an application form the representative should have been able to inform her about the URG, help her understand the eligibility criteria, and sent her a form.

3.2. Rachel

Rachel is in her mid-twenties and pregnant with her second child. She lives with her partner and her one year old child. Her partner has casual part time work. Rachel's only income is the partnered parenting payment. She recently lost her job. They pay about \$300 in rent per week.

Rachel and her partner have been customers of their energy retailer for electricity and gas for six months. Over that time they built up a debt of \$2800 in electricity and \$1000 in gas. It became hard on their income to meet rent payments and very difficult to pay other bills because of it. Rachel and her partner did not remember receiving any warning before they were disconnected from electricity and gas a few months ago because of the high unpaid bills. Rachel telephoned her retailer and offered to enter a payment plan of \$150 per week so their energy could be reconnected. The representative did not agree to this proposal and insisted on an upfront payment of \$1100. Rachel told the representative that there was no way they could pay that amount. The retailer representative told her that if she couldn't pay, she should go to another company to get reconnected.

Rachel says that the retailer did not mention the URG when her debts started mounting, nor before they disconnected her. Rachel called the retailer while she was disconnected and asked if there was any relief available. The retailer's representative didn't inform her about relief available but told her to get another electricity company to reconnect her.

The family's electricity was disconnected for two weeks. Their gas was disconnected for part of this time as well. Rachel was heating water in a kettle to bathe her one year old child, and cooking food on a barbeque.

Rachel telephoned MoneyHelp for advice. MoneyHelp told Rachel that she could contact the Energy & Water Ombudsman Victoria (EWOV) for assistance. Once Rachel did this, EWOV contacted the retailer and Rachel's electricity was reconnected the same day. The retailer also deducted \$600 from her outstanding bills and agreed to allow her to enter into a payment plan to pay \$150 per week.

About a month ago, after she had been reconnected, a representative from her retailer called Rachel and told her about the URG. He explained what it was, and told her he would send her out the forms she needed to apply. Rachel has not yet received those forms.

Rachel is still trying to pay the \$150 per week, however, she says it is very hard on their income and sometimes isn't able to make the whole payment.

3.2.1. Issues raised by this case study

1. The retailer did not tell Rachel about the URG when they failed to agree on a payment plan, which is a breach of their obligation under the Code.
2. There appears to be inconsistent knowledge about the URG within the retailer, as even when Rachel asked them about possible relief, no-one was able to tell her about the URG.

3.2.2. What should have happened?

The retailer should have informed Rachel about the URG when they did not agree on a payment plan, pursuant to the Code.¹⁵ The retailer certainly should have told her about it before they disconnected her from her electricity and gas—the purpose of the URG is to support consumers at risk of disconnection.¹⁶ If the retailer had acted in accordance with its obligations Rachel and her family would have been better able to manage their debts and to remain connected to their energy supply. The retailer has now informed Rachel about the URG, however, they should have sent the forms out promptly so that Rachel could gain this financial assistance sooner.

3.3. Nancy

Nancy has lived in the same property for 12 years, and has been with her retailer the whole time. She hasn't been able to work for nearly two years due to chronic illness (she has been in and out of hospital nearly 30 times and has a carer). Her only income is a disability support pension of \$335 per fortnight, and her husband works part time. Together they pay approximately \$260 rent per week.

Over the past two years, due to their low income, debts of nearly \$2,000 in gas, and \$2,000 in electricity have accumulated. Nancy knew her debts were increasing as she could see it in her quarterly bills, however, she lost track of it because of her poor health.

Nancy was not informed about or offered to participate in a hardship program, despite accumulating such high bills on such a low income.

Nancy knew that she was going into hospital to have a liver transplant in the near future, and because there was a risk that the operation would not be successful, she wanted to make sure that her affairs were sorted out. She called her retailer to sort out the energy bills, and told them she wanted to go on a payment plan. The retailer said she had to pay \$50 per fortnight. Nancy said she couldn't afford it as she had a water debt as well and she had to pay the hospital back for \$200 worth of medicine. Nancy told the retailer that she was very ill and was going into hospital. She said she could pay \$20 per fortnight, although even this would be a struggle for her. The retailer agreed to this, but stated that it would review the amount after a certain time. The retailer didn't make clear what time period this would be. Nancy wasn't comfortable with this arrangement—she struggles to pay the \$20 per fortnight—but she felt she had to put up with it.

¹⁵ Energy Retail Code (Vic) s11.

¹⁶ Department of Human Services, *URG s and Non-mains URG Schemes*, at <http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/hardship/utility-relief-and-non-mains-utility-grant-scheme>.

Nancy then spoke to MoneyHelp. The financial counsellor told her about URGs, and explained that she might be eligible for a grant because she has had unexpected expenses due to being in and out of hospital, and told her to ask her retailer for an application form. Nancy called her retailer back, and spoke to another customer service representative. They talked to her about the URG and sent her out a form.

Nancy was sent out the form promptly. She was too ill in hospital to fill it out, so her carer completed it and she signed. They sent it off a week ago to the Department of Human Services. They haven't yet had a response.

3.3.1. Issues raised by this case study

1. There were inconsistencies between staff knowledge of URGs—the first consumer service person Nancy spoke to did not seem aware of it, but when she called back and spoke to a different person, they were aware of it.

3.3.2. What should have happened?

Nancy should have been told by her retailer about the URG when she was accumulating such high debts. The representative that she spoke to before going into hospital should have told her about it when she advised that she was on a very low income, and she couldn't afford the amount they were seeking for a payment plan. If the retailer had acted in accordance with their obligations, Nancy would have gained financial assistance to pay off her debts, and would have been able to better manage her other debts including those related to her poor health. The amount of stress she was under, before going into hospital for a serious operation, would have been reduced.

3.4. Antoinette

Antoinette is a single parent with two young daughters who is supporting her family on the Newstart allowance. She hasn't had work since late 2013. The family live in a private rental and out of her small income she pays \$1430 per month on rent.

Antoinette has been a customer of her retailer since late 2013.

Antoinette received her first quarterly bill recently for \$330, and realised she was going to struggle to pay it on time. She called her retailer because she was worried about how she would pay. Her retailer told her that she could enter a payment plan of \$35 a fortnight. Antoinette told them that she simply couldn't afford this on her income, because she had other bills to pay, including her water and phone bills, and paying for her daughters' excursions and school costs. She told them she hadn't worked since September. Antoinette said she could afford \$10 a fortnight. Her retailer said they would call her back and let her know whether that amount was acceptable. Her retailer did not call back and eventually Antoinette called them again. When she did, her retailer didn't seem to consider what Antoinette proposed as an affordable instalment and told her she had to pay \$35 per fortnight. She decided that she had to do what they asked and started to pay.

Antoinette spoke to a number of her retailer's customer service staff, but they never mentioned the URG. She only heard about it when her daughters' school put on a presentation about ways to save money. They had a guest speaker that talked to them about ways to save energy, and told them about the URG.

Antoinette called her retailer about it and spoke to someone in their hardship team to tell them that she wanted the URG, but the representative she spoke with had no idea what she was talking about.

Antoinette then spoke to a financial counsellor at MoneyHelp, who told her that the retailer should know about the grant. Antoinette called her retailer and spoke to a different consumer service operator who was very helpful. They explained the URG process to her and told her that the Department of Human Services would decide whether she was eligible. She received the form within a few days of the phone call.

3.4.1. Issues raised by this case study

1. Antoinette wasn't told about the URG, although she and her retailer did not agree on a payment arrangement (in fact, her retailer just insisted that she pay an amount).
2. There was inconsistent knowledge across the retailer about the URG. Some staff members were aware of it but others were not.

3.4.2. What Should Have Happened.

The retailer should have provided Antoinette with information about the URG and an URG application form when she contacted them. If they had done so, Antoinette may not have agreed to enter into a payment plant that she could not afford and would be better placed to meet she and her family's other financial needs.

4. Interviews with Case Workers

A range of community workers assist consumers in dealing with the problems that arise from inadequacies in the URG administration and application process. We have interviewed a number of these workers, as we believe that their evidence highlights opportunities for improvements in the process.

4.1. Financial counsellor A

A has been working as a financial counselor for 14 years. He works in a centre that specializes in drug and alcohol rehabilitation, and his consumers are a mix of ages and demographics, with the common thread that they suffer from drug and alcohol abuse and/or mental illness.

Most of A's clients don't know about the URG when they come to see him which, he points out, is an issue in and of itself. Retailers should be telling the consumers about the URG. A usually initiates URG applications on his clients' behalf. Many of his clients who have tried to apply unassisted, but have had their application rejected as they didn't understand the criteria.

A also has a lot of clients who come to him with the URG form and ask for assistance in filling it out. He says that "consumers are so overwhelmed by everything in their lives that they look at a form and just glaze over". They might be capable of filling it out, but it's just too overwhelming. They also don't understand that it is possible to get an URG for all three utilities. A says the retailers should also be telling consumers this, but they aren't.

A says that there is a trend that where consumers change address, even while staying with the same retailer, the retailer sometimes closes the existing account and opens another for the new property. The retailer refuses to carry the debt over from the old account and continue to chase the consumer for this - sometimes using a debt collector. Meanwhile, the consumer can't access the URG on the old account in accordance with the guidelines. He says this is particularly confusing because relocation cost is one of the categories of unexpected expenses that is listed on the URG form.

This played out when one of A's clients moved properties and stayed with the same retailer. The retailer opened a new account for the new property and closed the old one. They sent the old account to a debt collector who repeatedly contacted the consumer for payment. The retailer refused to combine the old and new accounts meaning that the consumer couldn't access the URG to pay off the debt.

A says that consumers don't understand they cannot claim the URG on an old account, and sometimes miss out on an opportunity to get it as a result. For instance, some consumers change companies because they have a debt they can't pay. If they knew that they could get an URG by keeping the account open, they might do so.

A also highlights issues with consumer service training in the retailer's call centres. He says "there's high turnover and not much value for the staff. Staff don't understand the grounds for eligibility". He's also concerned about retailers cross-examining the consumer's about their energy usage—he says it isn't their role to assess the consumer for the URG.

4.1.1. Issues raised:

1. Consumers are not aware of the URG.
2. Consumers are coming to A for assistance in filling out the URG application form, as they are daunted and overwhelmed by the task.
3. Consumers do not understand the eligibility criteria.
4. Consumers are not aware that it is possible to apply for an URG for all three utilities.
5. Consumers don't realise that they cannot apply for an URG in relation to an old account.
6. Retailers refuse to combine old and new accounts, so consumers can not access an URG to pay off a debt with the same company.
7. Some retailers' call centre staff are poorly trained and don't have sufficient knowledge about the URG, including the grounds for eligibility.
8. Some retailer staff cross examine consumers about their usage, when this isn't their role.

4.2. Energy Worker

C worked as an Energy Worker, where her role involved visiting the homes of consumers who were struggling with energy bills. Most of the consumers she saw needed to apply for an URG—she rarely saw a consumer that didn't.

C found that many of her consumers said they don't understand the form, and would struggle as they just didn't have the English skills. She also saw a number of consumers from country Victoria who were illiterate.

Many of C's clients also struggled with the numeracy element of the form. They weren't able to calculate their income, nor were they able to work out whether their rent costs were more than 30 per cent of their income. C thinks that some sort of table on the form, showing what 30 per cent of income for different Centrelink payments would look like, would be very helpful for her consumers.

C is concerned about the delays affecting her clients. Many of them consumers have been unable to talk to their retailer because of long waits on the phone. She says that even when you get through, it is extremely difficult to convince consumer service to let you through to the hardship program. Even once you do get through, staff members will not provide workers with a consumer's reference number over the phone - this number is needed to fill in the URG form. This means that the worker can't help the consumer fill out the form on the spot when they are with the consumer. Instead, the retailer staff insists on sending the form out to the consumer with the reference number on it, which results in a two week wait until the form arrives. C says her clients are often unable to fill out the form themselves, which effectively stops them from applying. Also, while the consumer is waiting, the debt is growing. C says that the reference number should be given to workers by the retailers as a policy.

4.2.1. Issues raised:

1. Consumers are struggling to fill out the URG form due to poor literacy and numeracy skills and the complexity of the form.
2. There are considerable delays in accessing the hardship team and the URG application form, which mean that consumers can continue to accrue debt.
3. Retailers refuse to provide workers with the consumer reference number needed to fill out the URG form, which is causing delays.
4. Consumers can't calculate the amounts needed for the form.

4.3. MoneyHelp

Consumer Action's MoneyHelp service provides telephone financial counselling for people experiencing financial difficulty. MoneyHelp receives up to 100 calls per day. A high proportion of these calls relate to utility debts.

The financial counsellors who provide telephone financial counselling say that over the past year, they have had a significant increase in the number of consumers who have been

referred from retailers after explaining that they were in financial hardship. Although these consumers were eligible for URGs, they weren't told anything about them by the retailers.

Where consumers ask for an URG, the financial counsellors say that there is a strong trend that retailers are refusing to provide application forms to consumers unless they speak to a financial counsellor.

The financial counsellors also say that retailers are insisting that the consumer calls them back with the financial counsellor. This is impossible for telephone financial counsellors to do—as an information and advice service, they do not provide individual advocacy on behalf of callers. The providers do not seem to realise that there can be a wait for consumers to get an appointment with a face-to-face financial counsellor, and that requiring a financial counsellor to complete the application form contributes to waiting lists.

The MoneyHelp team says that retailers lack consistency in their approach to URGs. They sometimes tell the consumers about it, and sometimes don't. More broadly, the financial counsellors say that there is an overall inconsistency in the way that retailers deal with hardship. For example, retailers are also failing to look at concession entitlements and the option of payment plans for consumers. The financial counsellors say that they hear call centre turnover is high, meaning that there isn't consistency in training, and that staff are not up to date.

The financial counsellors say that the URG form itself is intimidating as some of the consumers are illiterate. Many consumers also lack the numeracy skills to determine whether they fall into the '30 per cent of income spent on rent/mortgage' category. One financial counsellor suggested that a ready-reckoner on the form, showing people what this looks like in terms of income vs. rent paid, would assist.

4.3.1. Issues raised:

1. The number of people being referred from energy retailers to financial counseling services without being advised about URGs is increasing.
2. Retailers are refusing to mail consumers URG application forms unless they speak to a financial counsellor, and insisting that consumers talk to them with a financial counsellor on the phone.
3. Retailer staff are not consistent in the way that they approach URGs, possibly because of inconsistent training.
4. The URG form is intimidating to consumers, who do not necessarily have strong literacy or numeracy skills.

5. Findings

5.1. Informing consumers about URGs

All four consumers in this report told us that they had not been told about the URG by their energy retailers, even when they called and expressed a need for assistance in paying their bills. This is consistent with the experiences of other callers to Consumer Action.

In case study 2 the consumer proactively asked their retailer about the kinds of financial relief that might be available to assist her, yet the retailer failed to inform her about the URG. In case study 3 and 4 the consumer specifically asked a customer service representative about the URG and the staff members weren't certain about the existence of URGs.

This indicates a lack of understanding by staff as to what the URG is, and what it can be used for. It also indicates a lack of knowledge about obligations that retailers have under the Code to tell consumers about URGs in certain circumstances. Informing consumers about URGs makes practical sense for both consumers and retailers, as it would assist the consumer to pay their debt.

5.2. Referrals to financial counsellors

MoneyHelp financial counsellors state that some consumers are 'blocked' by retailer staff from being given an application form unless they speak with a financial counsellor. There is no requirement that a consumer see a financial counsellor in order to access an URG application form. Again, this may indicate a lack of understanding as to the retailer's responsibilities in relation to URGs to inform consumers about the availability of URGs, where appropriate.

5.3. The application process

DHS statistics show that there is a discrepancy between the number of applications initiated by the retailers, and the number of applications submitted by consumers.

Our discussions with financial counsellors suggest that the application form for URGs can be intimidating and difficult to understand for clients with low literacy and numeracy skills. One financial counsellor said that he often had clients coming to him for assistance with the form. This indicates that the form may be worded and designed in a way that creates confusion for consumers with varied backgrounds and education levels.

This finding is consistent with the findings of ABS's Adult Literacy and Life Skills Survey which details the level of document literacy across Australia.¹⁷ The survey found that only fifty-three percent of Australians aged 15-years to 74-years were assessed to have the document literacy skills needed to meet the complex demands of everyday life and work—meaning that forty-seven percent did not have sufficient skills. The survey also found that only forty-seven percent had strong numeracy literacy skills, which would enable them to complete the relevant calculations on the URG application form.

¹⁷ *Adult Literacy and Life Skills Survey* by the Australian Bureau of Statistics 2006 (cat. no. 4228.0)

6. Recommendations

6.1. Guidance on retailer's role

DHS should release written guidance on the role of energy retailers in administering the URG process. This guidance should specifically clarify a retailer's role in providing information about and access to URGs for appropriate customers.

6.2. Customer service training

Energy retailers should regularly train staff to ensure that they have a comprehensive knowledge about URGs and an understanding of their obligations. Such training has been highlighted a best practice approach by the ESC in its work to promote best practice approaches to financial hardship.¹⁸

6.3. Retailer policies and procedures

Retailers should include in their consumer charters and policy/procedure documents clear statements about the way that the retailer will ensure that information on URGs is provided to consumers. This could be accompanied by information about proactive assistance the retailer provides to help customers with the application process.

6.4. Investigate failure to return forms

DHS should undertake investigation to understand why consumers are failing to forward forms to DHS. Retailers should engage with consumers after they have mailed the application forms to gather information about the barriers for consumers in completing the process.

6.5. Completing the form

Retailers should proactively assist consumers in filling out the URG form where assistance is needed, and not require a consumer to see a financial counsellor unless their situation requires it (i.e. the consumer has multiple debt issues that cannot be resolved by the retailer alone). Referring consumers to financial counselors to complete the URG form creates another layer of unnecessary complexity. Where financial counsellors and other community workers are assisting consumers complete the form, the consumer reference number should be accessible for those workers.

6.6. Form design

The URG application form design should be simplified to clarify what information is required to meet each criterion. A plain language "how-to" guide should be attached to the form explaining how to understand the criteria and providing a "ready reckoner" of calculations for income percentage questions. We note that Yarra Valley Water has begun to provide its own version of this which they send out to consumers with URG forms. We would encourage a redesigned form to be consumer tested to ensure it is easy to complete without assistance.

¹⁸ Essential Services Commission, "Examples of Best Practice Approaches", (29 February 2012) at <http://www.esc.vic.gov.au/getattachment/0e423e2c-6a1d-42b9-8077-08380ad0ed02/Report-Selected-best-practice-approaches-in-financ.pdf>

6.7. Strengthening compliance with the regulatory obligations

The ESC should audit energy retailers' compliance with obligations to inform customers about the URG. Prolonged failure to comply with the relevant obligations should result in penalties.

6.8. Make the URG available where consumers have changed accounts

Where consumers have moved from one property to another or changed accounts, they should be able to access the URG to pay the debt that has accrued on the old account. Previous energy debt inhibits a consumer's ability to pay for their current consumption, and can contribute to greater risk of disconnection.

6.9. Making the application process simpler for consumers

As a long term proposal, DHS could consider assuming greater responsibility for simplifying the administration of URGs and consider developing an online application that would be available to consumers, retailers and financial counsellors. This would ensure that the process for application is much simpler for consumers.

7. Conclusion

Energy prices and rates of disconnections have increased steadily over recent years. Available assistance, such as URGs, should be as accessible as possible to deal with rising energy stress. As the case studies outline, missing out on eligible grants can create great strain on consumers at a time when they need this assistance the most.

This report concludes that energy retailers could assist their customers by making sure that the URG process and eligibility criteria are widely understood within energy retailers, especially in customer service departments. Further, simplifying the process as much as possible can ensure that consumers do not miss out on assistance that they are entitled to.