

# Australian Energy Regulator – Sustainable Payment Plans Framework

Stakeholder workshop – meeting summary

Thursday, 28 January 2016, 11.30am-1pm AEDT

## Key updates to current draft (v0.3, 8 January 2016)

### 1. Commencing conversations with customers and testing what's affordable

#### ***Centrelink, Centrepay & concessions***

Stakeholders commented that while the Framework states that Centrepay should be offered to customers receiving income support, it does not indicate that this customer group is also eligible for energy concessions. They considered the Framework should include that is good practice for retailers to check whether Centrepay/Centrelink customers were receiving eligible concessions.

[We have amended draft Framework to include a reference to retailers checking Centrelink/Centrepay customers' concession status.](#)

#### ***Retailers suggesting customers go to another retailer***

A number of consumer stakeholders commented that, in their experience, they are often advised of some retailers suggesting to existing customers with financial issues that they should switch to another retailer.

Some retailers responded that this can be in the customer's best interests if another retailer has a more suitable offer. Retailers also acknowledged that this should not be done to avoid their responsibility to assist their customers experiencing financial difficulties.

[We note that the principle of \*Empathy and Respect\* includes acting 'in good faith'. Our view is that retailers should act in good faith in all their interactions with their customers, particularly those experiencing financial stress. Retailers must comply with their obligations to assist their customers in hardship and with payment difficulties.](#)

#### ***Customer-nominated repayment amounts***

Financial counselling stakeholders commented that customers nominating what they could afford as a repayment amounts usually led to unsustainable and broken repayment plans as customers typically did not have a clear understanding of their financial commitments and typically overestimated what they could afford. Similarly, we received feedback that customers may respond with 'nothing' to the question 'what can you afford?' particularly if they do not have a clear budget or understanding of their household income and expenses.

The Framework suggests retailers can take additional steps to clarify and check what is affordable for a customer. We consider it is good practice to do this and that it is more likely payment arrangements will be sustainable and successful when this step is undertaken.

Some consumer stakeholders commented that building rapport between a customer and retailer was important and necessary to have a constructive discussion about what customers can afford and their usage patterns. This can also positively influence the way customers engage with their retailers after the initial contact.

### ***Non-English speaking customers***

One consumer stakeholder commented that the Framework should require retailers to use interpreters as non-English speaking customers would find it difficult to discuss their energy usage and what they could afford to pay, particularly if it was not in their own language. Referring these customers to financial counsellors may be less effective, with migrant resource centres more appropriate avenues of referral to get in language assistance.

Retailers responded that they already used interpreter services but some noted there may be opportunities for them to more proactively promote the existence of these services.

We agree that it is good practice for retailers to more actively promote the existence of interpreter services particularly where customers have previously used this service. The principle *'Be flexible and supportive when communicating with customers'* has been updated to include a reference that retailers *'offer and promote translation services to customers from non-English backgrounds'*.

### ***Consistency***

Retailer stakeholders commented that the Framework's principle that retailers should provide a consistent contact person wherever possible—while practical for customers in hardship programs who are typically individually case managed—was not practical for all customers who may make contact through call centres.

There was agreement from retailers and stakeholders that it was good practice for retailers not to require customers to have repeat their situation, history and circumstances with multiple agents. This is particularly the case for customers where English is not their first language.

Stakeholder examples of practices that meet this principle included:

- 'warm transfers' (where a retailer agent introduces the details of a customer's case when transferring to another operator)
- the use of case managers for hardship customers
- making appropriately detailed notes on a customer's account for future reference and context.

We will include the above examples under the *Consistency* principle.

## **2. Increasing repayment amounts & Processes around missed payments**

Stakeholders had no comments on the changes to these elements of the Framework.

## **3. Inactive accounts**

Stakeholders gave a range of feedback on whether the Framework should apply to customers who had a debt with a retailer but were no longer an active customer of that retailer.

There was general support for our current position that the principles of flexibility, empathy and respect should extend to retailers' discussions with inactive customers and that it was good practice for retailers to give inactive account customers with a debt a reasonable opportunity to repay the amount owed, taking into account what a customer can reasonably afford, and apply the principles of flexibility, consistency, empathy and respect when negotiating these repayment plans.

Some consumer stakeholders suggested there was a role for the Framework's principles to cover debt collection agencies' interaction with inactive customers, once a retailer referred a debt to an external agency. This was because retailers often had little control over debt agencies practices in dealing with these customers.

Financial counsellors commented while some debt collection agencies dealt fairly with debtors, a number of agencies did not. Some retailer stakeholders said they would be interested to know which agencies used poor practices. Some retailers discussed approaches to ensure debt agencies dealt with customers fairly, such as through contract KPIs.

This discussion suggested that there may be further work that could be undertaken to look at what may constitute good practice when retailers use debt collection agencies outside of this project.

[The AER will further explore with retailers whether they would use this Framework to guide discussions with inactive account customers.](#)

#### ***Customers with seasonal incomes***

One stakeholder commented that the Framework did not appear to apply to primary producers, whose incomes often varied seasonally and who consequently were late in paying at particular times of year. Financial counsellors noted that this was a situation common to many small business customers.

The AER noted that the Framework was intended to be a principles-based document that could be applied to customers in a range of circumstances, rather than explicitly addressing all specific customer scenarios.

The principle of Empathy and Respect ("Listen to what the customer is telling you about what they can afford to pay") covers customers in these types of situations.

[This discussion raised the question of whether the Framework should apply to small business customers, which the AER will explore further with retailers.](#)

#### **4. Timeframes for option 1 and 2**

These issues were not discussed due to lack of time. We will seek feedback on the revised timeframes during the formal consultation period.

### **Preliminary discussion – Implementing the Framework**

There was limited time to discuss issues of the Framework's implementation at the forum.

While we will be seeking further views on these issues during the formal consultation phase we invite stakeholders to provide feedback in advance of this process to inform the options we put forward for consultation.

## ***Published list of retailers who have agreed to adopt and implement the Framework***

Throughout the project we have emphasised that the Framework would be voluntary for retailers.

During the early phase of the project we asked retailers if they were comfortable with the concept of being included a public list of retailers that had agreed to adopt the Framework, and whether they saw any impediments to publicly signing-up to the Framework. Most indicated they were comfortable and saw no significant issues with this approach.

In this context, we are interested in stakeholders' feedback on:

- whether there are benefits in consumers or their representatives knowing which retailers had adopted the Framework—for example, would it help to know what to expect when dealing with retailers?
- if so, would a public list, for example, hosted on the AER's website be an effective method of recognising retailers who have adopted and implemented the Framework?

As the Framework is a voluntary one, it will be up to individual retailers to sign up to adopting and implementing it as well as to be responsible for monitoring their own operational processes and procedures to ensure these meet the standards articulated in the Framework. This would include, for instance, re-checking whether changes in any policies or procedures affected their ability to meet the Framework and periodic monitoring to ensure that the standards in the Framework were still being met.

The AER will not have a formal monitoring, compliance or enforcement role. In the event that we receive feedback from stakeholders that a retailer is systemically not meeting their commitments under the framework, one approach would be to raise this with the retailer for their investigation and seek confirmation that their processes and practices are consistent with the Framework and that any issues have been addresses. If not, we could remove them from the published list.

[We are interested in stakeholders' views on this approach and other options that could be explored to implement the framework, including any key benefits or drawbacks.](#)

## ***Measuring the impact***

Whilst we do not propose a formal monitoring role, the AER would like to understand whether the Framework has had an impact on retailers' practices and customer outcomes. Data on a range of indicators around hardship programs and payment plans is already available through retailers' existing performance reports, and the AER will review these to see if the introduction of the framework has any demonstrable impact on these measures over time.

A further option would be to seek information from retailers and consumer representatives about the impact of the Framework, once it has been in effect for a period of time. The AER could conduct a survey around six months after the launch of the Framework, seeking views for example on perceptions of what has changed and in what way.

[We are interested in stakeholders' views about whether this approach would provide useful information about the impact of the Framework. What other information could retailers or financial counsellors provide to help assess whether a retailer's adoption of the Framework has improved outcomes for consumers?](#)