



---

## **TELSTRA CORPORATION LIMITED**

**Submission to Australian Energy Regulator's Consultation on**

**Developing the Better Bills Guideline**

**20 September 2021**



## 01 Introduction

We welcome the opportunity to comment on the Australian Energy Regulator's (**AER**) consultation on the development of the Better Bills Guideline (**the Guideline**).

We support the simplification of information to customers which will allow for greater comprehension of their bill while simultaneously allowing for retailers to innovate. As was identified through the Australian Energy Market Commission (**AEMC**) process in 2020 and the more recent research undertaken by the Behavioural Economics Team of the Australian Government (**BETA**) and AER consumer research, bill information can assist different people in different ways.

At Telstra, we recognise that different customers have different needs, and have prioritised a digital first approach which deliver better customer outcomes. This includes the customisation of information on the digital platform that suits the individual customer's needs.

In summary, our below response encourages:

- Simplification of billing solutions for customers to allow for the diversification of energy services as well as a growth of multi-product retailers
- Single-point messages for consumers to allow for action (for example, one message prompting the customer on energy saving opportunities to minimise overwhelming or confusing the customer). In this case, we recommend the 'best offer' approach be prioritised over a 'reference price' comparison.
- Allow for digital solutions which encourage customisation, tailoring and easy to access information depending on what the customer wants.

## 02 Driving digital uptake

### 2.1. Focus on digital

Digital solutions allow for greater innovation and pivoting for changing customer, market and economic needs. This focus on digitisation is reflected in broader economy shifts and government policy, such as the Consumer Data Right (**CDR**)<sup>1</sup> and the Federal Government announcement for a Digital Economy.<sup>2</sup> The Australian Competition and Consumer Commission (ACCC) Digital Platforms Inquiry Final Report also identified the impacts of information overload on a person's ability to make decisions and resulting in disengagement, recommending a range of solutions including layering information and simplifying the message.<sup>3</sup>

The Government is investing in the settings, infrastructure and incentives to grow Australia's digital economy, including ensuring innovation and competition can flourish. Sector-specific regulators should ensure that new requirements are consistent with this overall objective.

Digitisation also ensures businesses can provide competitive solutions for customers while having real-time access to support. For example, the COVID-19 pandemic has highlighted the need for businesses to be agile and adaptable to changing circumstances, including greater expectation from consumers for digital solutions and ways of engaging with businesses. During COVID-19, we scaled our digital messaging channel and incorporated direct messaging through our My Telstra app to allow customers to get the help they need (including on billing matters, such as payment extensions) when it suits them.<sup>4</sup>

<sup>1</sup> <https://www.cdr.gov.au/>

<sup>2</sup> <https://digitaleconomy.pmc.gov.au/>

<sup>3</sup> See [ACCC Digital Platforms Inquiry Report](#), p404

<sup>4</sup> For more information see <https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf-g/0821-TEL-AR-2021-FINAL-Interactive.pdf>



## 2.2. Telstra approach

Pillar one of Telstra's T22 strategy aimed to simplify and digitise our business.<sup>5</sup> We looked at how to remove customer pain points and fast-track the digitisation and automation of customer service channels, including moving more customer interactions online.<sup>6</sup> Our T25 strategy announced on 16 September looks at how we will use technology, AI and analytics to better personalise experience and to predict issues and help resolve them for customers.

We have focused on a digital-first and iterative approach on our app, which includes greater app capabilities and small business solutions.<sup>7</sup> We developed a new look My Account experience for customers, creating cleaner design and simpler navigation to help customers find what they need – when they need it.<sup>8</sup> Our My Telstra App allows customers to view services, pay their bill, troubleshoot tech issues and contact Telstra via messaging and other functions. This includes a range of billing information such as viewing the bill, requesting a payment extension and notification of overdue bill payment.<sup>9</sup> This allows customers to manage bills, query charges and request help which streamlines the process for quick customer resolution.<sup>10,11</sup>

These are all solutions that we will look to extend to our energy customers once we become an authorised energy retailer and as such encourage the AER to take a principles based approach to bill information delivery, rather than prescribing the form, layout and delivery.

## 2.3. Growth of energy services and solutions for customers

The principle of digital innovation also needs to be considered in light of the growth of energy services and solutions for customers. A prescriptive guideline cannot facilitate these growing and advancing needs. For example, the BETA insights report considered the inclusion of 'reference price' messaging for the customer. The reference price does not apply to all tariff and customer types and with the growth of demand response, integrated new energy services and other innovative products, these types of prescriptive requirements are not adaptable.

In late 2020 we undertook customer insights work to understand what customers wanted out of their energy retailers. In particular, we found that customers prefer electronic bills and almost expected it. Most customers receive bills by email today<sup>12</sup> and prefer it. Seven out of eight participants said electronic bills were fine for them. We also found that 85% of the participants were okay with digital payments, with 47% preferring to pay online, and 38% opting for direct debit. This indicates a high proportion of customers leaning towards digital channels for interactions including bills received and bill payments.

## 2.4. Not all customers are digital

We recognise that not all customers want or are able to view, interact and pay digitally. We are dedicated to improving the digital ability of our customers by building digital confidence and increasing digital inclusion. We know people aged over 65 are the least digitally included age group in Australia.

For this reason, much of our work in increasing digital ability is focused on improving the skills of older people. We support Australian seniors through our digital literacy programs, giving older people, particularly those in regional areas, the opportunity to develop the skills and confidence to embrace digital technology. We also know First Nations Peoples are less digitally included than other Australians,

<sup>5</sup> See above link and original announcement <https://exchange.telstra.com.au/telstra2022-our-plan-to-lead/>

<sup>6</sup> See [Telstra's 2020 Sustainability Report](#)

<sup>7</sup> See for example our [small customer billing guide](#) which looks at tools and functions for business customers to get the most out of their billing and service information: and [driving small business digital uptake](#).

<sup>8</sup> Telstra's [new look My Account](#)

<sup>9</sup> We have simple videos on these functionalities here: <https://youtu.be/f4dtMewmPHw>, <https://youtu.be/4shTPoaTyKA> and <https://youtu.be/vUKvy9Cr3Sg>

<sup>10</sup> <https://www.telstra.com.au/mytelstra>

<sup>11</sup> <https://tbtcmelbsouth.com.au/my-telstra-app-an-easy-way-to-manage-your-account/>

<sup>12</sup> Utilities, motor and home insurance, phone and internet bills are mainly paid by direct debit (around half) with card/accounts as other popular payment options (approximately 35-40%). *How Australian pay their bills, March 2020, Illion.*



whether they live in urban or rural areas. We provide programs to establish local digital mentors, improve digital literacy, support connectivity solutions, provide technical advice and develop appropriate and relevant learning tools for First Nations Australians.<sup>13</sup>

Recognising that not all customers are digital, we would encourage the AER to consider separate requirements depending on the bill delivery method. Digital bills should focus on a simplified billing structure, while paper bills could have more comprehensive information – but a customer should have the ability to opt-out of comprehensive bills if they do not want them. This approach is consistent with the AEMC rule change 25A(6) that allows the AER to specify whether different types of information may be provided to small customers by different delivery methods.<sup>14</sup> We also see a similar approach under the Retail Pricing Information Guideline regarding basic and detailed product information disclosures, and in Victoria under the Energy Retail Code information requirements relating to payment difficulties.<sup>15</sup>

## 2.5. Solution

The billing guideline should facilitate for the rapid change away from traditional energy retailing, towards new energy products and services. In this case, a principles-based approach would ensure customers get the core required information, with the ability to seamlessly access other information through digital means (e.g. widgets, apps, URLs etc).

## 03 Best offer message and reference price messaging

### 3.1. Best offer

We support the introduction of messaging for customers to inform of 'best offer' and whether they are on a suitable plan or could benefit from switching. This type of messaging will allow for transparency to customers on ways to potentially save money and have them re-engage with their energy service. We already intend to include a 'best offer' message on our NECF customer bills.

However, it is important to ensure that 'best offer' methodology and message delivery is done so in a way that is clear and effective for customers. While Victoria sought to solve for this problem through the introduction of 'clear advice entitlements', this places the onus on retailers to explain why the best offer may not be the best offer for them based on their circumstances. This is a difficult conversation which can cause customers to question the motives of the retailer. We would therefore encourage a review of the 'best offer' approach before requiring it under the Guideline.

We would also encourage the AER to work closely with state energy regulators to ensure that there are not inconsistent state-based derogations (for example, the NSW Social Programs for Energy Code for concession customers regarding the 'most appropriate market offer' which was proposed to be expanded under version 7). Building multiple billing solutions is inefficient and impractical for retailers that operate in multiple jurisdictions.

### 3.2. Reference price

We question whether the inclusion of both a 'best offer' and 'reference price' message is necessary to achieve the intended outcome of informing customers of potential energy cost savings. This is because:

- Multiple messages with different figures (such as \$x saving and x% lower) coupled with bill price messaging (owe \$x, discounts, credits etc) is likely to cause confusion and disengagement from core messaging.

<sup>13</sup> More information on our digital program is available in our Sustainability report 2021 p45

<sup>14</sup> AEMC [final rule change better billing guideline](#) 2020

<sup>15</sup> Where retailers are able to provide information about the assistance via a URL where the customer is communicated with digitally.



- A review of the EnergyMadeEasy website shows no apparent market offer above the reference price. Any customer (e.g. a legacy customer) who sits above the reference price would receive a 'best offer' message.
- Whether the BETA testing was limited to practical customer outcomes (e.g. the size of the % different from the reference price for eliciting customer action). The Department of Industry consultation on the default market offer (DMO) and reference price (the Review) found 'a notable proportion of survey participants (41% residential, 47% small business) agreed with the statement "the amount of money I could save is not worth the time and effort", a sentiment raised without prompting by some participants in earlier qualitative research phases'.<sup>16</sup>
- Our own customer insights work conducted in late 2020 shows a disconnect between customers comparison habits and reference price information. Most of our participants stated the reference price information was confusing or unhelpful, including "*the reference price doesn't mean anything, it has no context*" and "*I've not heard of the reference price, it's the cost estimate or comparison I'm most interested in*".

### 3.3. Solution

We encourage the use of a 'best offer' message over that of a reference price comparison to deliver better customer outcomes. The AER policy should focus on single-point messaging for customer action. For example, if the intention is to get customers to consider whether there is a better deal for them to encourage switching and potential saving, then the 'best offer' approach can facilitate this.

---

<sup>16</sup> Department of Innovation [Review on Default Market Offer](#) September 2021