



Department for Communities and Social  
Inclusion

**Final Project Report**  
Consumer Advocacy Research  
Fund Projects

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KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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The findings in this report have been formed on the above basis.

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This report has been prepared at the request of Department for Communities and Social Inclusion in accordance with the terms of contract dated 30 June 2014. Other than our responsibility to Department for Communities and Social Inclusion, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

## Executive Summary

KPMG was engaged by the Department of Communities and Social Inclusion to undertake two projects aimed to advance the objectives of the Consumer Advocacy Research Fund. The two projects are the: (1) *Water Advocacy Research Project*; and the (2) *Best Practice Consumer Interaction Project*. This report presents the findings from each of these projects and includes the guidelines that have been developed through each of the projects.

The increasing cost of water is the key issue affecting vulnerable consumers, leading to an increase in consumers needing assistance from community organisations. This issue is expected to rise given the changes to the *Residential Tenancies Act (1995)* where the default position provides for the landlords to pass on the full costs of water to tenants. The lack of clear and visible information available to consumers coupled with personal barriers, such as lack of confidence, are also key issues, which are resulting in consumers needing additional assistance to resolve issues with water retailers.

Tenants face a number of significant issues that stem from the fact that there is no contractual relationship between them and the water retailer. This means that the usual supports available to a home owner, such as those services available through a water retailers' hardship policies, are not applicable to tenants. The application process for tenants to receive concessions was also found to be time consuming and, at times, challenging.

The individual advocacy work undertaken by community organisations for vulnerable consumers is working well and is producing positive outcomes for consumers and retailers. Help with filling in concession application forms, speaking to the retailer on behalf of the consumer, and providing utility literacy education have been successful in helping consumers manage their water bills. For tenants, the outcomes have been less possible due to the limit of support that can be provided due to the absence of a customer-retailer relationship with the water retailer.

The practices that water retailers have implemented to support vulnerable consumers are generally effective. These include having a hardship policy or at least offering to implement payment plans to support vulnerable consumers that allow the consumer to pay the bill off over time and utilising a variety of communication channels such as telephone calls and use of plain envelopes to engage vulnerable consumers. These practices were seen to be working well, producing positive outcomes for both the retailer and the consumer even if a formal hardship policy had not yet been adopted and published by the smaller water retailers.

Water retailers themselves, acknowledged that they need to be more proactive in supporting the needs of vulnerable consumers. This could include utilising the information the water retailer has to assist the retailer identify vulnerable customers, and customers who are at risk of becoming hardship cases that will require better management. Other practices that could be implemented include using alternative communication and reminder channels, interactive billing information systems and consulting with vulnerable consumers regularly to ensure that their needs are being met.

Opportunities exist to improve the supports available to vulnerable consumers. Increased awareness raising is needed to inform consumers of the supports available to them before they reach financial crisis.

## 1 Introduction

The Department for Communities and Social Inclusion (the Department) engaged KPMG to undertake two projects aimed to advance the objectives of the Consumer Advocacy Research Fund (the Fund). The Fund was established under Section 87 of the *Water Industry Act 2012* to promote the interests of vulnerable water consumers by supporting research or advocacy and relevant projects.

The two projects undertaken by KPMG are the: (1) *Water Advocacy Research Project*; and the (2) *Best Practice Consumer Interaction Project*. These projects were identified as priority projects by the South Australian Council of Social Service (SACOSS) in June 2013 following stakeholder consultation undertaken at the request of the Department.

For the purposes of the two projects, ‘vulnerable water consumers’ include:

- low-income consumers and/or recipients of government benefits;
- consumers with a disability (and their carers); and
- consumers living in regional areas of South Australia.

This report, has been prepared to bring together the findings from the two projects. It also includes the guidelines that have been developed as a part of each of the projects as described below.

### 1.1 Water Advocacy Research Project

The objective of the *Water Advocacy Research Project* is to better equip consumer advocates in their capacity to assist vulnerable water consumers with regard to their dealing with retailers and the water/sewerage regulatory regimes. The project has informed the development of Advocacy Guidelines for use by consumer advocates and agencies to better support vulnerable water consumers (Appendix B).

### 1.2 Best Practice Consumer Interaction Project

The aim of the *Best Practice Consumer Interaction Project* is to better support retailers to undertake consumer engagement activities with vulnerable consumers in a manner that reflects best practice. The project has informed the development of Consumer Interaction Guidelines for use by water retailers to support them to better engage with vulnerable consumers (Appendix C).

### 1.3 Overview of the Project Report

This report presents the key findings as identified through stakeholder consultation, desktop research and a forum held with water retailers, not for profit services and other key stakeholders. It also presents KPMG’s recommendations to better support the needs of vulnerable consumers, as well as the Advocacy Guidelines and Consumer Interaction Guidelines.

The following outlines the structure of the report.

- **Chapter 2** – outlines the approach taken in conducting these projects.
- **Chapter 3** – details the findings of the projects with respect to the issues for vulnerable consumers, current practices by water retailers in supporting vulnerable consumers, what is working to support vulnerable consumers and other practices water retailers could introduce to better support vulnerable consumers.
- **Chapter 4** – presents KPMG’s recommendations for opportunities to improve supports for vulnerable consumers.
- **Appendices** – Appendix A provides details of the stakeholders consulted throughout the projects; Appendix B is the Advocacy Guidelines; and Appendix C contains the Consumer Interaction Guidelines.

Key implications have been highlighted throughout the report as follows.

<i>Recommendation</i>
<i>Feature of the Advocacy Guidelines (Appendix B)</i>
<i>Feature of the Consumer Interaction Guidelines (Appendix C)</i>

## 2 Approach

The chapter outlines the approach taken to conducting the two projects. It describes the research and jurisdictional analysis that was undertaken, the details of stakeholder consultation activities and the consumer engagement forum.

### 2.1 Research and jurisdictional analysis

A research and literature review was performed to provide a basis for stakeholder consultation and for the development of the Advocacy Guidelines. Specifically, the research explored:

- current advocacy pathways for consumers and retailers to resolve issues in South Australia and selected comparator jurisdictions;
- trends and directions in customer engagement, including any examples of innovative practice and relevant case studies;
- efficacy of service models, policy and regulatory mechanisms to support vulnerable consumers; and
- challenges associated with legislative and policy changes.

#### Research tools and terms

The approach to research included searches for relevant academic research and scholarly articles, including: Elsevier, SAGE Journals, Taylor and Francis Online and Google Scholar. Following this, a review was conducted using online search engines to ensure relevant research outside of academia was considered. The search also incorporated a review of relevant clearinghouses, including: Australian Policy Online, the Australian Clearinghouse for Youth Studies and the National Disability Organisations' Clearinghouse.

A time range was not applied to the search as limited results were returned when a timeframe was defined.

The search terms most commonly used were:

- Consumer advocacy
- Consumer advocacy guidelines
- Water advocacy
- Utilities advocacy
- Water consumer advocacy
- Vulnerable consumer advocacy
- Public participation
- Impacts of utilities disconnection on vulnerable consumers
- Utilities consumer advocacy
- Water policy vulnerable consumers
- Hardship water advocacy.

#### Research limitations

The desktop review found that there was limited research available in the public domain relating specifically to consumer advocacy in the water sector, both in Australia and globally. The

majority of research publicly available was in relation to general public participation and consumer advocacy rather than advocacy for vulnerable water consumers.

The desktop review did, however, find information on consumer advocacy relating to the utilities sector more broadly and the energy sector. Nonetheless, information relating to consumer advocacy for vulnerable consumers specifically is limited in the public domain.

For a detailed discussion on the findings of this research, refer to the *Final Research Report* developed for the Water Advocacy Research Project.

## **2.2 Stakeholder consultation**

A range of targeted stakeholder interviews were conducted as a part of each project. For the Water Advocacy Research Project stakeholder interviews were conducted with:

- community agencies and peak bodies;
- interstate peak bodies and advocacy organisations; and
- the water regulator and ombudsman.

As a part of the Best Practice Consumer Interaction project, consultation was undertaken with:

- water retailers; and
- vulnerable consumers.

Relevant stakeholders were identified in conjunction with the Department. Details of each stakeholder group are provided below. A list of stakeholders consulted is provided in Appendix A.

### **Community agencies and peak bodies**

KPMG conducted 14 stakeholder interviews with community agencies and peak bodies concerned and dealing with vulnerable water consumers to understand:

- The issues and concerns of vulnerable water consumers in South Australia as perceived by the various stakeholder groups.
- Current pathways for assisting and advocating for vulnerable water consumers, at an individual and systemic level.
- Barriers and challenges faced by community agencies and peak bodies when undertaking advocacy, at an individual and systemic level.
- Improvements that could be made to facilitate individual and systemic advocacy, including changes to policies and regulations affecting vulnerable water consumers.

### **Interstate peak bodies and advocacy organisations**

Four telephone interviews were conducted with interstate peak bodies and advocacy organisations. In addition to the points above, the interviews also sought to gather information about:



- consumer engagement methods in which those leading systemic advocacy undertake to understand the concerns of vulnerable water consumers; and
- examples of innovative practices adopted for conducting systemic advocacy.

### Water regulator and ombudsman

One interview was conducted with the ombudsman (Energy and Water Retailer Ombudsman South Australia, EWOSA) and one interview with the water regulator (Essential Services Commission of South Australia, ESCOSA). These interviews gathered information about:

- consumer engagement undertaken to understand the issues facing vulnerable water consumers, for consideration during the development of regulations affecting the water industry; and
- current regulatory environment and the mechanism and strategies in-built to protect vulnerable water consumers.

### Water retailers

A number of interviews and consultations were conducted with water retailers operating in South Australia to understand the practices employed to support vulnerable consumers. To identify the population of licenced water retailers, KPMG reviewed the water retail licences issued by ESCOSA, and used this data to identify potential water retailers who might have vulnerable consumers within their customer base. A total of 65 water retailers were used in this analysis.

The water retailers can be categorised into those that supply a sewer service (including a full sewer service, a CWMS<sup>1</sup>, or no waste water service at all), and a water service (including drinking and non-drinking and residential and non-residential services). The retailers who were categorised as non-residential suppliers do not have a vulnerable customer cohort and therefore could not offer any experiences in relation to the dealings with our focus group for this project.

A summary of water retailers is listed below.

*Table 1: Water retailers in South Australia*

Water Services	Sewer Services			Total
	Full sewer	CWMS	No sewer	
<b>Drinking water – residential</b>	4	7	4	15
<b>Drinking water non-residential</b>		2	1	3
<b>Recycled water residential</b>	2	1	2	5
<b>Recycled water non-residential</b>		6	6	12
<b>No water service</b>		29	1	30
<b>Total</b>	<b>6</b>	<b>45</b>	<b>14</b>	<b>65</b>

Source: KPMG analysis

<sup>1</sup> CWMS is a Community Wastewater Management Scheme, where it is usual that the anaerobic septic tanks on customers' properties discharge to a common collection scheme for some additional treatment in a small utility run plant. It is not a full sewer service.

The initial approach to consultation involved an invitation to workshops in metropolitan and regional South Australia. Whilst a small number of retailers participated in person, the process of engagement was not ideal. An alternative approach was adopted where telephone interviews were offered to the licence holder or another officer of the organisation to establish the water retailer’s activities in services offered and the process of engagement with vulnerable customers. As an alternative to the telephone interview, a survey email was offered. As SA Water was the most significant water retailer operating in South Australia, an interview was conducted with an SA Water customer relations officer (it is also noted that SA Water attended the Forum).

Overall, 90 percent of the retailers (59 retailers) were contacted in the process, of which 34 (slightly over 50%) responded. The table below shows the number of water retailers who responded. A list of water retailers, including those who provided feedback through the consultation process is attached in Appendix A.4.

*Table 2: Water retailers who responded*

Water Services	Sewer Services			Total
	Full sewer	CWMS	No sewer	
<b>Drinking water – residential</b>	2	4	2	8
<b>Drinking water non-residential</b>				
<b>Recycled water residential</b>	1		1	2
<b>Recycled water non-residential</b>		3	3	6
<b>No water service</b>		18		18
<b>Total</b>	<b>3</b>	<b>25</b>	<b>6</b>	<b>34</b>

*Source: KPMG analysis*

Nearly half of the water retailers who responded are local government agencies which supply only CWMS (no water services) and bill their customers through the Council Rates notices. This represents a single fixed charge for the year and is managed through the Council Rates recovery systems.

A number of water retailers offer metered drinking water and recycled water to residential customers.

It was noted that the CWMS charges are normally wrapped up in a Council Rates notice and alternative payment terms are arranged for a combined rates and water charge. The water charges are therefore not treated separately to other council charges.

It was also noted that water retailers generally operate to help customers pay their bills and attempt to identify and work with vulnerable consumers for the benefit of both the consumer and the retailer.

More specific commentary is identified in the findings in section 3.2.

## Vulnerable consumers

Consultation with vulnerable consumers were undertaken to gain insight into the following:

- consumers' views, concerns and preferences with regard to communicating with their water retailer;
- how their water retailer communicates with them about billing and other matters and what is working or not working for them;
- what support they receive from their water retailer or other organisations where they have experienced difficulty paying their water bill; and
- what they would like to see improved with how their water retailer communicates with them or supports them to pay their water bill.

Consultations were undertaken through either a focus group, face-to-face interview or telephone interview.

The initial selection criteria used to identify vulnerable consumers were:

- at least 18 years of age;
- responsible for paying water bills;
- currently engaged with a non-government organisation (NGO) who provides financial counselling, advocacy and support services;
- fit the definition of vulnerable consumer for the purposes of the project (i.e., low income, live in regional SA, or have a disability).

It was envisioned that consumers would come from across South Australia (from nine regions) to capture a range of views and experiences. Engaging consumers proved to be difficult and a range of strategies were implemented to increase consumer engagement. These strategies are summarised below.

For the initial approach to consultation, KPMG sought the assistance of key NGOs that provide financial counselling, advocacy and support services to vulnerable consumers experiencing difficulty paying their water bills or dealing with utility retailers. Interested consumers were provided with an expression of interest form which was then given to KPMG in order to contact the participants to invite them to a focus group or telephone interview.

This process resulted in 12 consumers participating in either a focus group (10 consumers) or a telephone interview (two consumers) across three regions of South Australia (Metropolitan Adelaide, Barossa, Light and Lower North and Fleurieu and Kangaroo Island).

A second strategy was implemented to increase the number of vulnerable consumers providing input to the project. Advertisements were placed in five local newspapers to recruit participants in Port Lincoln, Murray Bridge, Port Pirie, Mount Gambier and Port Augusta. This resulted in two participants attending an interview in Murray Bridge.

A further six consumers were consulted with at a utilities literacy education session and one consumer was engaged through a regional water retailer.

In total, 21 vulnerable consumers provided their views and experiences with water retailers, with a mix of owner-occupiers and tenants. Whilst this number is much lower than expected, the 14 interviews with NGOs that represent vulnerable consumers and the consumer engagement forum (described below) provided consistent messages about the issues and challenges that vulnerable consumers have in relation to water. As a result of these consultations together with the research described in Section 2.1, KPMG is satisfied that there are no unidentified issues that have not been considered for this report. The low level of consumer engagement supports the finding discussed in the next section that water is not a priority issue for vulnerable consumers.

### **2.3 Consumer engagement forum**

A Consumer Engagement Forum was held on 5 March 2015 with 16 attendees from various peak bodies, NGOs, representatives of water retailers, ESCOSA, relevant government departments, and the Ombudsman. Appendix A.6 lists the attendees of the forum.

The objective of the forum was to gather further ideas from other bodies to identify:

- key issues and themes on the vulnerability of consumers; and
- longer term goals and innovative solutions to the issues confronting vulnerable consumers.

### 3 Findings

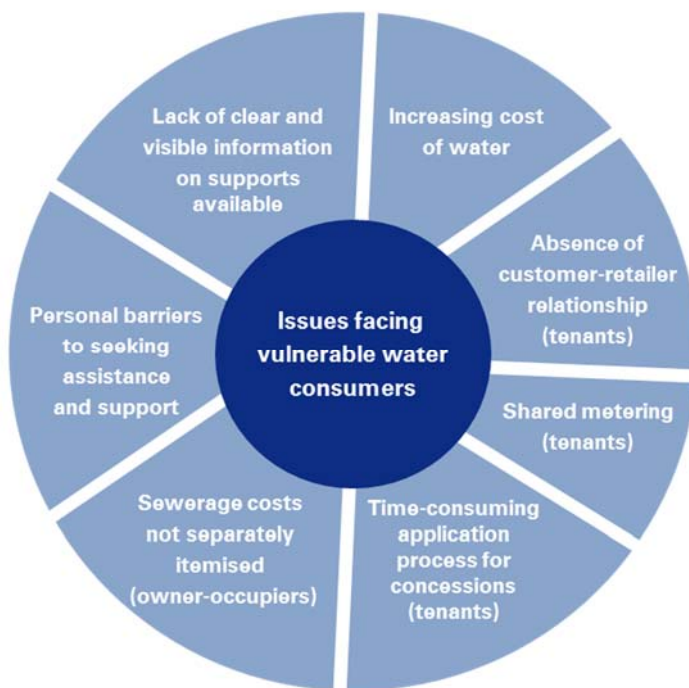
This chapter presents the findings from the activities undertaken for both projects.

#### 3.1 Challenges faced by vulnerable consumers

This section presents the challenges faced by vulnerable consumers in relation to water. The issues presented in this section have been informed by consultation with vulnerable consumers, community agencies and peak bodies that represent vulnerable consumers and the consumer engagement forum.

The figure below outlines the issues facing vulnerable water consumers in South Australia as identified through stakeholder consultation.

Figure 1: Issues facing water vulnerable water consumers



Source: KPMG

#### Increasing cost of water

The NGOs and individuals consulted identified the increasing cost of water as a significant issue facing vulnerable water consumers. The increasing cost of all essential services has meant that some vulnerable consumers are forgoing purchasing food and other basic necessities according to the agencies consulted.

The agencies identified that there was an increasing number of households not on welfare benefits requiring financial assistance and emergency relief. Temporary hardship due to illness and/or a relationship breakdown was sighted as a reason why these consumers seek financial

help, as well as those needing longer term assistance due to low and stagnant wages in the face of increasing costs of living.

Whilst the rising cost of water was viewed as a significant issue facing vulnerable water consumers, all agencies noted that their clients viewed water charges as less of a concern compared to electricity and/or gas charges. Consultation with consumers confirmed that water was less of an issue compared to their electricity bill. This was attributed to the differences in size of bill between electricity and water and the fact that electricity can be disconnected if you don't pay your bill compared to water where it is only restricted. No consumers consulted had ever had their water service restricted, while only a few agencies reported that clients had only had their water restricted after not paying their bill multiple times. This demonstrates that for consumers who are struggling to pay all their bills, water will not be the top priority due to the lesser consequences of not paying, and so is of less concern.

With the changes to the *Residential Tenancies Act 1995 (SA)* that allows for the landlords to pass on the water supply charges to tenants in addition to the water usage charges as the default position, the agencies believe that the cost of water will become a greater issue for vulnerable consumers who are private tenants. The tenant consumers consulted were, in general, not aware of this change or how this will affect their ability to pay for their water in the future. The majority of tenants had never seen their water bill (relying on the information provided by the landlord), and so have no knowledge of what potential costs they may be responsible for should their landlord pass the supply cost to them. For many of these tenants on low-incomes, these significant extra costs will present difficulties.

Whilst water may not represent the largest utility bill in the household budget, it was noted by some consumers and through representation in the forum that the ability to influence water charges through efficiency, reduction in volumes used and other savings, did not equate to any significant savings in the final bill. This is due to the fact that a significant portion of the charge (sewer in particular) is a fixed charge. The standing charge also makes any savings insignificant. The forum discussion identified the issue of the need for retailers to consider the balance between fixed and variable charges such that these issues might have a bigger impact in the vulnerable consumer cohort.

*Recommendation: That further work is undertaken by the Department and the water regulator/retailers to explore opportunities to develop tariffs that allow vulnerable customers to benefit from any savings due to reduction in water usage.*

### Lack of clear and visible information on supports available

There are a variety of support and advocacy services available to vulnerable water consumers in South Australia, however, many vulnerable consumers are not aware of the support available to them. Consultation with consumers supported this finding, with many consumers noting that they would like more information on supports and concessions. One customer expressed that while he knew about the supports and concessions available he thought the information generally provided to consumers was not easy to read or understand.

The agencies noted that owner occupiers receive brief information with their water bill about the concessions available to them and the relevant retailer's hardship program. However, they

thought that the information on a retailer's bill on its hardship program is not sufficiently visible. Further, retailers do not provide a direct contact number for their Hardship Team meaning that vulnerable consumers seeking assistance have to contact a general Customer Service Centre. The agencies reported that many vulnerable consumers were not aware of terms and words to use in a conversation such as 'hardship' making it difficult for them to be directed through to a larger retailer's Hardship Team when contacting a Service Centre. A small retailer might deal with fewer customers and make this transition through the organisation relatively easy; larger organisations may present a challenge. One consumer related that a friend had called their retailer to try to access the hardship program but had difficulty and could not understand what the Customer Service operator was saying, and so was unsuccessful in accessing the Hardship Team.

Generally where the Service Centre staff do not identify a customer as a potential hardship customer, the customer is referred to a larger retailer's Collections Team who organise payment arrangements/plans. The agencies reported that many of their clients would often agree to a payment plan they could not afford due to a lack of understanding of the supports the Hardship Team could offer and how to access them. The consumers consulted, however, had a more positive experience in negotiating a payment plan with a particular retailer's hardship service area. All who had contacted that particular hardship service area to negotiate a payment plan stated that the process was straightforward, the payment plan was reasonable and were happy with the flexibility that the retailer had allowed them to have to pay their bill.

*Guideline feature: Training for water retailer service centre staff about identifying and understanding the needs of vulnerable consumers and those experiencing hardship as a way to improve access to hardship programs.*

*Recommendation: That the Department takes a lead role in supporting the development of suitable training for retailer service centre staff in identifying and understanding vulnerable consumers and those eligible for the hardship program.*

The difficulty in accessing the Hardship Team is generally due to the fact that most vulnerable consumers do not know it exists. The agencies believed it was not until their clients spoke to a financial counsellor that they found out about the retailer's Hardship Team and were then able to make contact and get into the hardship program. This view was supported by the consumers consulted, where only a small number of consumers knew about the hardship program from a source other than a financial counsellor. This raises concerns about the visibility of the Hardship Team to most vulnerable consumers as many do not see a financial counsellor or know about their services as described below. It also appears to make the role of the financial counsellor extremely important in the process.

While owners receive information on concessions and hardship policies they do not receive written information about the financial counselling services available. Upon contacting a retailer's Service Centre with difficulties paying, consumers may be referred to a financial counselling service but there is no guarantee of this. Consumers consulted who had accessed financial counselling had found out about the service in a variety of ways (not through a retailer),

such as through family/friends, their work background or through happenstance. One consumer noted that people tend to know about the services of for-profit financial services such as *MyBudget* because they are advertised on television but do not know about the free services available to them through community organisations.

Nearly all tenants consulted have never viewed their bill, highlighting that more visible information is especially important for private tenants. Currently, many vulnerable consumers who are tenants do not receive any information about the availability of water concessions or contact details of support and advocacy services, such as the financial counselling services, available to them. Therefore, more accessible information is required to ensure consumers can access the supports available to them.

*Guideline feature: A range of information about supports should be available to vulnerable consumers by a variety of mechanisms at the relevant time for consumer needs.*

*Guideline feature: Consumer advocates should ensure that their services are widely promoted to those who may require support in paying bills and interacting with their water retailer.*

*Recommendation: That the Department takes and maintains an active role in making information accessible and relevant to vulnerable consumers.*

### Personal barriers to seeking assistance and support

A lack of confidence and fear of embarrassment was another issue vulnerable water consumers faced, particularly when it came to self-advocating to water retailers. The lack of sufficient information about supports and rights as a customer, as well as low utility literacy was as seen as contributing reasons for consumers' lack of confidence.

The agencies noted that many vulnerable consumers were embarrassed to convey that they are experiencing financial difficulties. A consumer stated that there were 'issues of pride' for people in seeking help from a charitable organisation and that there was stigma associated with accessing financial counselling.

It was found that vulnerable consumers are leaving their water bills and letters unopened for long periods of time as they know they can't pay and are unsure what to do about it. The agencies reported that many vulnerable consumers are not able to face opening these bills and letters by themselves due to the fear and anxiety associated with the task.

A number of NGOs noted that many of their clients experience mental health issues and as a result are more fearful and anxious when having to deal with their bills and finances. In the agencies' experience, call centre staff do not understand or know how to react to customers with mental health issues. This makes it difficult for these consumers to access supports and contributes to them being less likely to call to access support in the future.

Language and cultural barriers also contribute to the lack of confidence to self-advocate for consumers from a Culturally and Linguistically Diverse Background (CALD). Agencies with a high



proportion of CALD clients reported that many of their CALD clients did not understand the water system in Australia. Consultation with CALD consumers supported this, with many stating that they had not paid for water before moving to Australia and so did not understand how or why they were charged for water. Before connecting with a local community organisation, many of these consumers did not know where to go for help or how to even call their retailer.

The lack of confidence experienced by vulnerable consumers is also linked to the difficulty they experience in understanding their water bill. Many of the consumers consulted said they did not understand their bill. For example, some consumers questioned that despite reducing their water usage, their bill does not reduce by much. Other consumers did not understand why their bill was more than their neighbour even though they had less people in their house/used less water. These examples highlight that consumers do not understand the concept of how water is billed with separate water usage (non-fixed) charges and service (fixed) charges, or how to identify this on their bill. The consumer engagement forum also highlighted this issue, with some attendees noting that consumers find it challenging and confusing that they cannot control their bill by reducing their water consumption.

While there have been improvements to utility bills over the years, such as the information provided on the bill, over half of the agencies and the peak bodies reported that utilities literacy across vulnerable cohorts, particularly those from CALD, Indigenous and low-socioeconomic backgrounds, is still low. Given this, the retailers and the Essential Services Commission of South Australia (ESCOSA) have a continued role to play in increasing the transparency and clarity of the utility bills and taking into account consumers' backgrounds when designing the utility bills.

*Guideline feature: Consumer advocates, where suitable, use strategies to empower consumers to manage their own interactions with water retailers.*

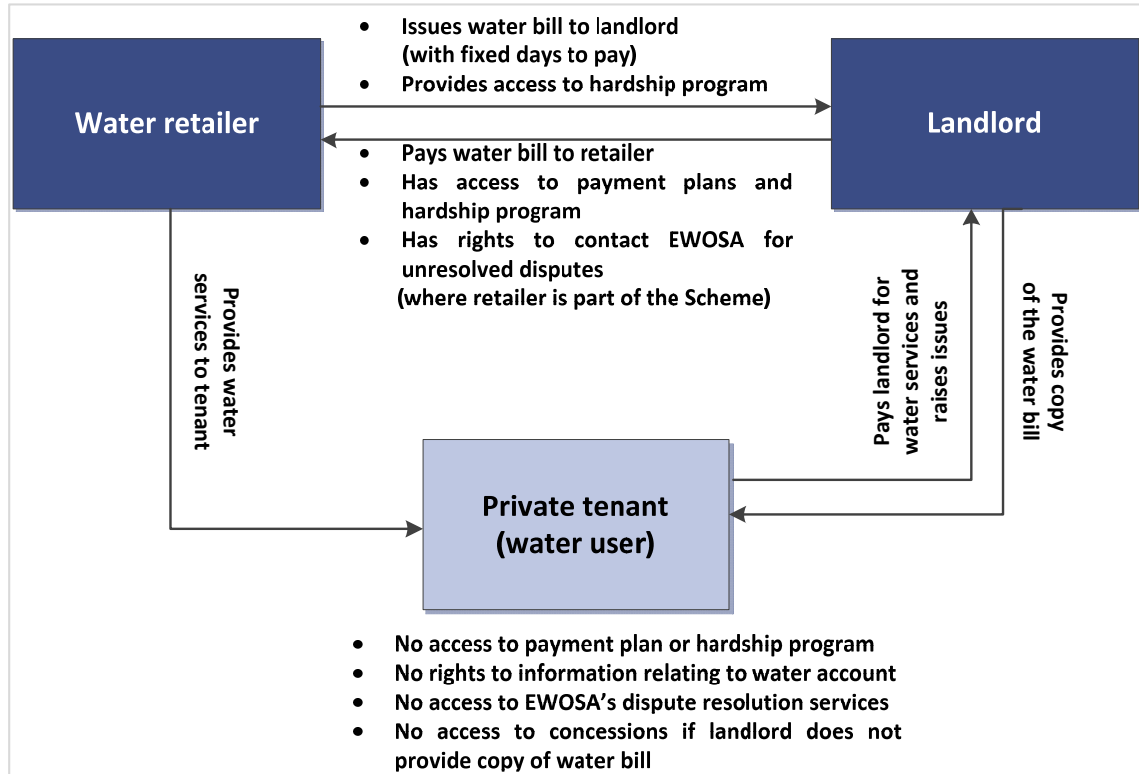
*Guideline features: Water retailers should include information on their bills about the supports available to consumers struggling to pay.*

### Absence of a retailer-customer relationship for tenants

The contractual relationship for water services sits between the water retailer and the property owner. Therefore, the systems and processes of water retailers in South Australia are currently established to respond only to the issues raised by the property owner, who may be an owner-occupier or a landlord. Tenants, who are also end-users of water services, are not entitled to the same level of support and assistance available to owner-occupiers experiencing water issues and financial hardship. This is due to the absence of a retailer-customer contractual relationship for tenants in South Australia.

The figure below shows the relationship between the landlords, private tenants and water retailers under the current water contracting system.

Figure 2: Relationship between landlord, private tenant and water retailer



Source: KPMG

Tenants do not have access to the hardship programs established by the water retailers as they do not have a contractual relationship with the retailer. The majority of agencies consulted noted that the absence of a retailer-customer contractual relationship for tenants was a significant issue. Tenants also do not have rights to raise water issues and complaints relating to the property they reside in with the water retailer and/or the Energy and Water Retailer Ombudsman South Australia (EWOSA). Tenants can obtain information through the retailer's website, the Essential Services Commission of South Australia (ESCOSA) and EWOSA on how to deal with issues arising, however, they do have authority to act on the information where contact with a retailer is required. They are reliant on their landlord or real estate agent to take action and make contact with the retailer.

Due to the high demand for rental properties in recent years there is little incentive for landlords to make allowances and accommodate issues the tenant may have with paying their water bill. According to the agencies, vulnerable consumers are choosing not to raise their water issues with their landlord or real estate agent for fear of eviction or non-renewal of their tenancy agreement. The agencies cited that commonly tenants would avoid raising a suspected water leak or inefficient water appliances giving rise to high water usage costs due to fear of upsetting the landlord.

The tenant consumers consulted raised a number of similar issues. Consumers expressed concern over who pays for water when there is a leak (especially when the fix is delayed or not

fixed properly); what to do about inefficient shower heads and other water appliances (such as hot water services), such as who should pay for new appliances and the lack of incentive for the landlord to buy new ones; and arrangements around paying for the water used to maintain the garden and lawn. One consumer commented that it would be good when moving to a new property for there to be a certification from a plumber that the plumbing is efficient and there are no leaks, so that way you know you are only paying for the water you actually use. Another consumer thought it would be useful for there to be information about what to look for in terms of water (such as leaking taps) when moving to a new house.

When a tenant has a suspected water leak and notifies their landlord/real estate agent, the outcome depends on how the landlord reacts to the notification. For example with one retailer, if the landlord engages a certified plumber to establish a leak for the retailer's purposes, the next water bill may contain a rebate for the lost water resulting from the leak. If, however, the landlord does not act on the tenant's notification, the tenant can take the matter to the South Australian Civil and Administrative Tribunal who will deal with housing matters. However, tenants are hesitant to take this path as it may result in their lease not being renewed at the end of their tenancy period, and given the tight rental market, this places them in a risky position.

Landlords have no obligation to offer private tenants experiencing financial hardship a payment arrangement for their water bills. A small number of consumers had successfully negotiated with their landlord for payment plans for their water bill, however, they agreed that it depended on how understanding the landlord was. One consumer commented that her previous landlord would not accommodate such a request. If tenants are having difficulty paying their water bill and the landlord will not allow a payment plan, they are faced with reduced tenancy security as, by the regulations, landlords can evict tenants where they have accumulated water debts. This leaves tenants with few options and limited support.

*Guideline feature: Water retailers start to consider how supports may be made available to tenants.*

*Recommendation: That the Department work with the regulator, retailer and the South Australian Civil and Administrative Tribunal to explore opportunities to improve tenants' access to information and hardship support.*

### Time-consuming application process for concessions (for tenants)

It was seen by the majority of agencies that the application process for water concessions for vulnerable consumers who are private tenants was complicated and time-consuming. Several of the agencies noted that significant effort was needed to fill in the form and gather the required documentation. They stated that many tenants do not think it is worthwhile to apply, especially given they need to wait four to six weeks for the application to be processed. Many of the tenant consumers consulted were not aware of the concessions they could receive, or only found out about them through accessing financial counselling. They also did not realise that they needed to re-apply for a concession if they moved house.

The agencies and consumers reported that many tenants do not actually receive a copy of their water bill and, for some tenants, a copy of their tenancy agreement. This makes it difficult for them to lodge a claim for the water concession. A number of tenant consumers were not sure of what they exactly paid for in relation to water as they had not seen the tenancy agreement, meaning that they could potentially be missing out on available concessions. The South Australian Financial Counselling Association (SAFCA) was also aware of this issue and that it appears to be a widespread and recurring issue, which could be resulting in many vulnerable consumers “missing out on concessions they are entitled to”.

Tenants are not able to request a copy of the bill from their retailer. Tenants, however, can take this issue to South Australian Civil and Administrative Tribunal (SACAT) but as described above, tenants are fearful of causing issues with their landlord and losing their tenancy.

### Tenants with shared water meters lack control over water charges

A lack of control and powerlessness to control their water bill by tenants living in units with a shared water meter was raised by the majority of agencies. In these blocks of units, the water bill is often divided by the number of units without taking into account the number of people living in the unit or any water saving initiatives the tenant may undertake. This issue was also raised in the consultations by the small number of consumers who had this arrangement, particularly those who are single occupiers living in a block of units where the majority of the other tenants are larger families who would generally consume more water. Those tenants who are single occupiers are struggling to understand how much water they are consuming and what they should actually be paying. However, it was raised at the consumer engagement forum that in many cases these tenants are probably paying less than if there were an individual meter as this would increase the higher fixed charges associated with water that would likely be passed to the tenant.

Most agencies reported that when tenants raised this issue with their landlord or real estate agent, they were often not concerned or willing to do anything about it. As a result, these tenants often felt that they could not control their expenses.

### Sewerage rates not separately invoiced or itemised

There is also an issue associated with sewerage rates being included in council rates. This issue is specific to vulnerable consumers who are owner-occupiers and are receiving sewerage services from a minor or intermediate retailer.

It was noted by two agencies consulted that local council water retailers that the charge for sewerage services may not be separately invoiced or itemised on their clients’ rates notices. Only a small number of consumers consulted received such services from their local council. They were all satisfied that they knew the cost associated with sewerage on their council rates. Of the councils contacted through the retailer consultation process, they all stated that they itemised the sewer rate on the rates notice. We can conclude that some customers (but certainly not all) are not aware of how to interpret the water charges on the rates notice.

### 3.2 Current practices by water retailers to support vulnerable consumers

The findings set out below represent the results of consultation with water retailers operating in South Australia. Not all of the practices identified here are carried out by all retailers, and it should be noted that there is some diversity across the retailer group as it includes:

- a sophisticated water retailer in SA Water, with more than 700,000 customers;
- a number of local government Councils with CWMS supplying limited services billed through the rates system; and
- a small number of retailers with a drinking water service that includes meter reading and separate water bills.

Therefore the practices that are employed by retailers will vary according to capacity to deliver, and the needs of the customer base.

However, in support of vulnerable consumers:

- All retailers offered some form of payment arrangement support, where a vulnerable customer identified that they could not pay a large water related bill.
- The major retailer had a customer charter. Many of the smaller retailers had a customer charter or were developing a customer charter in accordance with the requirements of the regulator. Some Councils had a customer charter that covered other services as well as water. We understand that the smaller water retailers are developing customer charters and hardship policies, even though the retailers consulted as part of the exercise had in effect implemented payment plans and payment options to assist customer experiencing payment difficulties.<sup>2</sup>
- Council based charges for CWMS appear annually on a rates bill, and paid quarterly. This is a relatively simple process, and manages water charges within the Council rates charging system. The Council charges do offer some mechanisms that might help vulnerable customers that are not available to other retailers who do not issue a charge under the Local Government Act. Customers might be able to access reverse mortgages secured by their home under certain conditions. Retailers might consider advertising this if it meets a particular need and is equitable and supported by financial advice for the customer.
- ESCOSA water regulations require water related debts to be treated in a certain way, which is different to the way debts are treated by Councils under the Local Government Act. So when CWMS charges are included on a Rates notice they need to be treated differently by not charging interest on overdue accounts. This should be maintained and it should be advertised to the customer base that this is the ESCOSA regulation.

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<sup>2</sup> We would expect that ESCOSA's efforts would be focused on the larger retailers in the first instance and then follow up other smaller retailers over time to ensure that they had prepared and published customer charters and hardship policies. The consultation evidence did not suggest that it was a current priority for the smaller retailers even though there was evidence to support the implementation of a policy through payment options, and payment plans to assist customers with payment difficulties.

- When contacting people regarding late payment a variety of methods are employed by the retailers. The use of phone, email or SMS are used as an alternative to a window faced reminder bill to cut through the barrier of a reminder notice and it going unopened.
- Customers with potential difficulty paying can be identified by councils through those who receive a concession by way of their pension. If the Government removes this concession, this data will become out of date.

### 3.3 What is happening in industry related advocacy

During our consultation with the NGOs and other groups representing vulnerable water customers it was noted that there was no lead coordinating body to champion the systemic advocacy in the water sector.

Leading the systemic advocacy in the water sector may not have been the focus due to the relative size of the household water bill compared to the energy bill and the lack of maturity in the economic regulation of water services in South Australia. There has been little funding available to the NGO sector in the past to support water utility advocacy in South Australia.

This is quite different to the interstate utilities industry where it was identified through our consultation with peak bodies in those jurisdictions, that there is a coordinated approach to advocacy at a state level, such as by the Consumer Utilities Advocacy Centre (CUAC) in Victoria. Notwithstanding that, the NGOs may make submissions in their own right, and there was a level of coordination and centralised research that other bodies could exploit.

In particular, the economic regulation of the water sector has resulted in submissions by the water advocates, and a process of public submission on those proposals. We noted that the lead advocacy organisation would prepare material and submit this early in the debate allowing other organisations to confirm or add support through their submissions. These offered an efficient way for a broader collective to assess proposals and coordinate a response.

In South Australia, the opportunity exists for this coordinating authority to manage responses, centralise discussion and build support for the vulnerable consumers they represent. This will allow greater access to data and potentially build a more compelling case for the advocacy process. This will become more important for the water sector as South Australia enters its second regulatory period for the largest water retailer (SA Water), and as there may be more interest in the regulation of the smaller retailers in the state. Further, as the water industry develops and more services are provided from other retailers (including the recycled water sector) there will be potentially greater need for a coordinated approach to systemic advocacy. As the regulations and service offerings in the water industry matures, advocacy will need to be efficient in order to develop the necessary policies within ever decreasing budgets. A central coordinating authority will make the best use of available resources for the best possible outcome for the vulnerable consumers.

*Recommendation: There is a role for systemic advocacy in water, and the Department should initially take a lead role in establishing a coordinated approach to this with a view to NGO sector ownership in the longer term.*

### **3.4 What is working well for vulnerable consumers**

The individual advocacy undertaken by community agencies generally works well for owner-occupiers. They also assist consumers to access available concessions. The agencies reported that, when required, they were able to contact the retailer and negotiate a reasonable payment plan on behalf of their client. Where they saw a client would have ongoing financial issues, the agencies would advocate for their client to be included in the hardship program. The agencies agreed that these activities were generally successful, with positive outcomes for the consumer and the retailer. Further, they reported that all issues they had responded to on behalf of clients had been resolved, and they had not had to refer any matters to the Ombudsman.

The consumers consulted who accessed financial counselling through a community agency agreed that this had resulted in positive outcomes for their situation. They reported that they were now able to pay their bills, and as a result, were more positive with their financial situation.

For tenant consumers, due to the issues discussed above (Section 3.1), the outcomes of individual advocacy by community organisations has not been as positive. However, they do successfully assist tenant consumers to access concessions. Whilst the community agencies do attempt to negotiate payment plans with landlords, the outcomes are variable. As a result, the agencies focus on educating consumers about their rights and the supports they do have access to.

The focus on educating vulnerable consumers through utility literacy programs and the like has worked to increase consumers' confidence to enable them to self-advocate. Supporting consumers to contact their water retailer with the financial counsellor present has also increased consumers' confidence. A consumer reported that since working with a financial counsellor she is generally able to advocate on her own behalf, relying on the assistance of the financial counsellor only when needed. The agencies consulted believed that the work they were doing to address the confidence of consumers has been effective in enabling consumers to self-advocate.

What is working well for the vulnerable customers in regards to water retailers is the useful and relevant assistance that some retailers are providing. This should be encouraged to continue and expanded for other retailers to put in their processes where relevant and economical. Of course the economics of any actions should include the fact that the collection of a water debt through regular payment helps both the retailer and the customer.

Things that are working well include:

- Most retailers attempt to engage with hardship cases and work out a payment plan that suits the needs of the customer and the retailer.
- Use of coloured envelopes or plain paper envelopes to follow up customers in hardship to avoid a communication that might be ignored or avoided if it were in a bill/window faced envelope.
- Customers in hardship who receive a physical visit (for flow restriction etc.) have the benefit of a discussion with the water retailer officer, to offer information on assistance in payment of the amounts outstanding, and record the state of the property, water infrastructure and

if any excess usage is investigated. Real hardship cases are investigated and a plumber might be called to address a problem at the retailer's expense.

- Retailers being proactive in identifying customers with needs. One small retailer looks at consumptions that are out of the ordinary and investigates unusual volumes before the bill is issued to address potential issues before they become a problem.

### **3.5 What else could water retailers do to support vulnerable consumers**

There are a number of themes that came from the consultation process. What was interesting was the voluntary acknowledgement from the water retailers that there needed to be a more proactive approach to dealing with vulnerable water customers. The water retailer has access to information that should assist the retailer identify vulnerable customers, and customers who are at risk of becoming hardship cases that require different management.

Retailers could develop their processes, customer relationship systems and procedures over time to:

- Use payment information to establish how customers pay and the frequency of payment to stratify the customer base and build intelligence on customers who are in hardship or who may be at risk of hardship, and use other information such as the locations of affordable housing and other indicators (such as payment patterns) to assist in this process subject to privacy and equity.
- Check that all available concessions are provided to relevant customers, prompting customer application.
- Provide usage and billing information via interactive means which would assist customers manage their bills and payment cycles, which may provide additional information to financial counsellors, and this system may provide a means for tenants to access such information with the landlords consent.
- Install processes to remind customer of bill due dates via SMS or email.
- Offering a "call back" service in times of high demand so that vulnerable consumers (especially those that use pre-paid mobile phones) are able to receive the telephone support they need.
- Consult with the customer base regularly to establish needs and how interaction with vulnerable customers could be improved. This can also be used to establish if there is a voluntary payment that some customers might make to establish a Hardship fund that could be used to support some vulnerable customers.
- Develop a hardship policy that might use donated funds to help vulnerable customers without necessarily providing long term payment of water liabilities, but rather develop an incentive scheme that might invoke appropriate behaviour for vulnerable customers to better manage their accounts where possible (or alternatively provide more funding for financial counselling that would directly assist water customers, particularly in regional are).



- Develop training for call centre operators to better identify those in hardship that contact the retailer so that their calls can be better directed to the appropriate area for assistance.

*Guideline feature: Retailers should implement mechanisms that provide vulnerable consumers with a range of ways that they can interact with the water retailer (e.g., call back, online bill tracking).*

## 4 Recommendations

This chapter presents KPMG's recommendations with regard to opportunities for improving the supports available to vulnerable consumers, as well as improving the current policies and regulations.

### 4.1 Opportunities for improving supports available to vulnerable consumers

#### Increasing visibility and awareness of supports and services

*Recommendation: That the Department takes and maintains an active role in making information accessible and relevant to vulnerable consumers.*

There is a need to reduce the number of clients presenting to financial counsellors when they are in financial crisis. The lack of awareness and visibility of these services are contributing factors. As such, increasing awareness of these services should be addressed. The advertising of financial counselling services should make it clear to consumers that these services are FREE, CONFIDENTIAL and INDEPENDENT. The use of financial counsellors in the engagement process before the account becomes a crisis should achieve a better result for all.

The agencies and the attendees at the consumer engagement forum recommended that the Statewide Financial Counselling Telephone number (1800 007 007) be clearly included on all water bills, with the number particularly prominent on late notices. Including the number on the back of the envelope will be useful for consumers that do not open their bill due to fear and anxiety.

#### Additional training for retailers' Service Centre staff

*Recommendation: That the Department takes a lead role in supporting the development of suitable training for retailer service centre staff in identifying and understanding vulnerable consumers and those eligible for the hardship program.*

Due to the difficulties experienced by consumers in accessing the a retailer's Hardship Team through the customer service centre, it is recommended that all retailer's Service Centre staff receive additional training to help make this process easier for consumers. This additional training could incorporate training on the hardship policy, how to identify hardship customers (such as looking at their payment history, asking the right questions), and how to refer customers to the Hardship Team and financial counselling. The community organisations stressed the importance of retailer staff having a good understanding of financial counselling services so that they can refer clients as appropriate to the services.

Additional training on assisting customers to reduce their water bill was also recommended by the community organisations. For example, when a customer calls with an unusually high water bill, the retailer staff could ask questions such as "Have you identified any leaks", "Do you use these appliances?" in order to get the consumer to consider their water use and avoid large bills

in the future. The provision of water efficiency information would also be useful, including any rebates for water leaks.

### Supporting existing advocacy organisations to conduct systemic advocacy

*Recommendation: There is a role for systemic advocacy in water, and the Department should initially take a lead role in establishing a coordinated approach to this with a view to NGO sector ownership in the longer term.*

The existence of a number of unresolved water issues provides impetus to support organisations to conduct effective systemic advocacy. Currently there is no organisation in South Australia leading the advocacy for water issues, mainly due to lack of resources. Therefore, the opportunity exists to provide funding and support to an organisation or group with experience in conducting systemic advocacy for vulnerable consumers in the utilities sector to lead and coordinate advocacy work in the water sector.

There is considerable change occurring in regard to consumer consultation in utilities, led by the economic regulators, including ESCOSA. Therefore, the coordination of advocacy across the water sector will need to take into consideration this changing focus and adapt to opportunities that may arise as a result. Recognising this in the future approach will ensure that appropriate funds are allocated to the coordination of efforts at an efficient level.

It is critical that the organisation undertaking the coordination role have well-established relationships with:

- (1) the agencies positioned to collect ongoing data on the emerging issues; and
- (2) those positioned to make policy and regulatory changes including: government, water retailers, EWOSA and ESCOSA.

The provision of funds and support to an existing organisation with established relationships and advocacy channels will enable a coordinated and collaborative approach to identifying emerging issues with vulnerable consumers and developing proposed policy and regulatory changes to address these issues.

The organisation chosen to lead and coordinate the systemic advocacy will require deep understanding of the water and utilities market. This organisation will also need the capacity to bring together interested existing consumer advocates, and have contact with the vulnerable consumers it aims to represent. The interstate agencies identified collaboration and the ability to engage consumers and/or community agencies as a key facilitator for undertaking effective systemic advocacy in the water sector in their jurisdictions.

## Maximising existing data collection and forums

*Recommendation: To support systemic advocacy, the Department should support opportunities to gather useful data to inform policy decisions and advocacy by the NGO sector.*

At present, the reporting requirements of the agencies differ depending on their funding agreement with either the department and/or Commonwealth Government. Standardising the reporting requirements for individual support and advocacy will aid the sharing of information between the agencies themselves and the relevant peak bodies conducting systemic advocacy. Where data is presented in a similar format, emerging issues can be more easily identified by those charged with conducting systemic advocacy in the water sector in South Australia.

Further, there is potential to leverage of the existing combined agency network meetings occurring monthly across South Australia. These forums offer an opportunity for data and information sharing and collaboration. Meetings such as these could be used more effectively to discuss issues and areas requiring advocacy, both at an individual and systemic level.

## 4.2 Opportunities for improving the current policies and regulations

### Establishment of a retailer-customer relationship for tenants

*Recommendation: That the Department work with the regulator, retailer and the South Australian Civil and Administrative Tribunal to explore opportunities to improve tenants' access to information and support.*

As identified in Section 3.1, the absence of a retailer-customer relationship for tenants means that tenants cannot contact the respective retailer to raise issues relating to their water bills, usage and/or suspected water leaks. Further, tenants' water debts are currently subject to the same process as rent arrears providing landlords with the grounds to evict tenants who are unable to pay their water bills. In order to enable tenants to receive the same rights and supports available to owner-occupiers (with regard to water bills), there would need to be change to the water contracting system in South Australia. This represents a major challenge.

Several of the agencies consulted and the attendees at the consumer engagement forum were in favour of establishing a retailer-tenant customer relationship for water services. The establishment of a retailer-tenant customer relationship would allow private tenants to access the supports and assistance currently available to owner-occupiers such as, the ability to contact the water retailer or to seek assistance for someone to advocate on their behalf with their water retailer and EWOSA if required. Private tenants would also have access the supports provided in the retailer's hardship policy, such as being on their dedicated hardship program.

With the recent changes to the *Residential Tenancies Act 1995 (SA)* whereby the landlords' default position is to pass both the water supply and usage charges to tenants, vulnerable consumers will experience even greater financial hardship. Yet, they are not eligible to access a

retailer's hardship program. This highlights the need for a system that allows tenants to set up payment plans for their water bills directly with the water retailer and access hardship programs.

These changes also mean that the water concessions are likely to increase over time as more customers experience the full effect of the pass through of water charges as leases are renewed. Therefore, the level of concessions required will need to be monitored and considered in the review of concession needs in line with these changes.

The concessions for tenants is less than the concession for owner occupiers as currently they have not generally had to pay for the fixed supply charges. It was noted that Housing SA tenants receive a concession and they have not had the supply charge passed on to them in the past. The establishment of a retailer-customer relationship means that it would also be easier for tenants to claim the water concession as they do not need to rely on the landlord providing a copy of the water bill. However, there will need to be proof of payment by the tenant to receive a concession on the water bill. Provision of the bill alone will not support an application for concession. So if the tenant is recognised as a customer in its own right, then the concession is likely to follow.

In addition, by establishing a retailer-customer relationship tenants' water debts would not be subject to the same process as rent arrears, meaning that tenants will not be at risk of eviction for failing to pay their water debts to their landlord. This will ensure that tenants do not face any additional risks that owner-occupiers would not face when failing to pay their water bills. One agency noted that owner-occupiers may only experience water restrictions after failing to pay their bills up to three to four times. This example further demonstrates the contrasting experiences which tenants and owner-occupiers face when struggling to pay their water bill.

The contrasting outcomes for owner-occupiers and tenants highlights the need for changes to be made to the water contracting system in South Australia to better protect vulnerable consumers who are private tenants. It was recognised by many of the stakeholders that such changes would not occur in the short-term but those charged with advocating on behalf of vulnerable water consumers at a systemic level in South Australia should consider the need for such changes and work collaboratively to arrive at solutions to ensure vulnerable tenants do not experience further disadvantage as a result of the water contracting system in South Australia.

#### Supplementary mechanism to enforce water efficiency standards

*Recommendation: That the Department work with the regulator and the South Australian Civil and Administrative Tribunal to lead policy work to explore mandated water efficiency standards for rental properties.*

The South Australian Civil and Administrative Tribunal is the current avenue for advocating individual level tenancy-related issues, however, it is not necessarily an effective mechanism for vulnerable consumers experiencing water-related issues. This is primarily due to the fact that many vulnerable consumers choose not to raise issues for fear of not having their tenancy agreement renewed.

This highlights the need for another mechanism to protect vulnerable private tenants who are experiencing water-related issues. The development of a supplementary mechanism is needed

to prevent landlords from abusing tenants' rights by enforcing landlords to maintain water efficient appliances and undertake regular checks for potential water leaks. For example, in Queensland tenants are not required to pay the full water usage costs where the property does not meet the mandated water-efficiency standards. By establishing a supplementary mechanism to enforce water efficiency standards and regular infrastructure checks for leaks in South Australia, tenants will likely encounter less water-related issues requiring advocacy and/or the attention of the South Australian Civil and Administrative Tribunal.

A potential supplementary mechanism could be the empowering of real estate agents to ensure that regular infrastructure checks are undertaken and water efficient appliances are installed. At present, real estate agents have no authority or requirement to deliver to any water efficiency standard. For example, they cannot mandate that landlords check for leaks, seek out the appropriate plumber's report where there is a leak and/or make contact with the relevant retailer regarding the leak.

Further, whilst it is legislated that landlords/real estate agents must provide a copy of the water bills to tenants within a fixed number of days, this does not always happen. Therefore, there also needs to be a supplementary mechanism to ensure that landlords/real estate agents comply with this regulation. As noted above, the ability for vulnerable tenants to take such matters (i.e. not receiving a copy water bill within fix number of days or not receiving a copy of the water bill at all) to the South Australian Civil and Administrative Tribunal is not generally the preferred method for addressing such issues.

There is clearly an opportunity to conduct systemic advocacy for the establishment of supplementary mechanisms to ensure that landlords are compliant with the current regulations. This may need to be a longer-term goal, but has been achieved to an extent in Queensland with mandated minimum standards for water efficient appliances and service standards.

#### Consideration of the balance between fixed and variable charges for vulnerable consumers

*Recommendation: That further work is undertaken by the Department and the water regulator/retailers to explore opportunities to develop tariffs that allow vulnerable customers to benefit from any savings due to reduction in water usage.*

The balance between fixed and variable charges in water services is a complex issue. Efficient economic regulation might attempt to match the fixed costs of supply with the fixed charges to a water consumer. Whilst this is supportive of economic theory, it may work against the consumer who has difficulty paying their bills, where a lower fixed charge and a higher volume charge might allow them to manage their bills with more proactive water saving measures. Notwithstanding that this delivers a potential cross subsidy, water retailers/the water regulator should consider the ability to pay, and the ability to manage their water consumption, when establishing a water pricing policy. This may include the development of special tariffs for this smaller cohort of customers.

Further, there is opportunity for retailers to consider customer supported assistance for vulnerable customers in hardship. This was identified in one retailer's customer consultation process. This was also identified in the electricity sector where "willingness-to-pay analysis"

identified support from the broader customer base for a process where they might pay more to support the hardship cohort.<sup>3</sup> This is something that retailers could consider within their own customer base and discuss with the relevant water services pricing regulator such as ESCOSA.

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<sup>3</sup> SA Power Networks 2015-2020 proposal  
<http://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCAQFjAA&url=http%3A%2F%2Fwww.sapowernetworks.com.au%2Fpublic%2Fdownload.jsp%3Fid%3D48117&ei=zmk7VeneLcK5mwXJgYGICA&usg=AFQjCNGksDA9OaUW-EmBEugp3IS7-6ZFDA&sig2=6rivGj3V7PEvtV1nvyycrw&bvm=bv.91665533,d.dGY> – page 73

## 5 Conclusion

Whilst it has been found that water is not a current priority issue for vulnerable water consumers, there is a need for the Department to maintain its focus on water as it becomes a more pressing issue for vulnerable consumers. There are opportunities for the Department to take a lead role in a range of measures to improve the supports available to vulnerable consumers, such as making information more visible and accessible and coordinating training for water retailer service centre staff. In the longer term, the Department can explore more challenging issues, such as supports for tenants, potentially using funding from the Consumer Advocacy Research Fund for this work.



## A Lists of stakeholders consulted

### A.1 Community agencies and peak bodies

The table below identifies the stakeholders from community agencies and peak bodies who participated in a consultation.

Table 3: List of community agencies and peak bodies consulted

Stakeholder group	Organisation	Name of person(s) interviewed
Community agencies	The Salvation Army	Sharon Maslen, Cherith Pryer and Buffy Kerekes
	UnitingCare Wesley Bowden	<i>Meeting 1:</i> Rosalyn Williams, Chris Arbon and David Holcroft <i>Meeting 2:</i> Heather Merran and Joann Gray
	Uniting Communities	Kathy Binks, Mark Henley and Sarah Warren
	AnglicareSA	Astra Fleetwood
	UnitingCare Wesley Country SA	Andrew Hadert
	Lutheran Community Care	Rosie Harpas and Kelly Hughes
	ac.care	Meredith Nelson, Sharon Blackmore, Pam Judge and Melissa Snook
Lifeline South East	Bronwyn Martin and Sonia Dickeson	
South Australian peak bodies	South Australian Council of Social Service	Ross Womersley and Jo De Silva
	South Australian Financial Counsellors Association	<i>Meeting 1:</i> Wendy Shirley, Carolyn Deane and Rosalyn Williams <i>Meeting 2:</i> Anne Crouch
	Council of the Ageing SA	Jessie Byrne

Source: KPMG

### A.2 Interstate peak bodies

The following table identifies the interstate peak bodies consulted for the projects.

Table 4: List of interstate peak bodies consulted

Organisation	Name of person(s) interviewed
Consumer Utilities Advocacy Centre Ltd (VIC)	Deanna Foong
Consumer Action Law Centre (VIC)	Gerard Brody

Organisation	Name of person(s) interviewed
Public Interest Advocacy Centre Ltd (NSW)	Oliver Derum
Queensland Council of Social Service	Rose McGrath

Source: KPMG

### A.3 Water regulator and Ombudsman

The table below presents the list of water regulator and ombudsman stakeholder consultations.

Table 5: List of stakeholders consulted

Organisation	Name of person(s) interviewed
Essential Services Commission of South Australia	Adam Wilson and Amber Miller
Energy and Water Ombudsman	Sandy Canale

Source: KPMG

### A.4 Water retailers

Water retailers who responded to an interview, survey or “in person meeting” and responses recorded in these results are indicated by a “y” in the following list of retailers operating with a Water Licence issued by ESCOSA in South Australia.

Region	Retailer	Response
Adelaide Hills	Adelaide Hills Council	
Adelaide Hills	Mt Barker Council	
Barossa, Light and Lower North	Barossa Council	y
Barossa, Light and Lower North	Light Regional Council	y
Barossa, Light and Lower North	Mallala District Council	
Metropolitan Adelaide	Fairmont Utilities	
Metropolitan Adelaide	Water Utilities Australia	y
Metropolitan Adelaide	Blue Skye Water Partners	NA
Metropolitan Adelaide	SA Water	y
Metropolitan Adelaide	Tea Tree Gully City Council	
Metropolitan Adelaide	Playford City Council	
Metropolitan Adelaide	Salisbury City Council	y
Metropolitan Adelaide	Onkaparinga City Council	y
Metropolitan Adelaide	Onkaparinga City Council	y
Metropolitan Adelaide	Alano Utilities	
Metropolitan Adelaide	Charles Sturt Council	y
Metropolitan Adelaide	Pt Adelaide Enfield Council	

Region	Retailer	Response
<b>Eyre and Western</b>	Ceduna District Council	y
<b>Eyre and Western</b>	Lower Eyre Peninsula Council	y
<b>Eyre and Western</b>	Streaky Bay District Council	
<b>Eyre and Western</b>	Tumby Bay Council	
<b>Eyre and Western</b>	Cleve Council - Arno Bay	y
<b>Eyre and Western</b>	Cleve Council	y
<b>Eyre and Western</b>	Elliston Council	
<b>Eyre and Western</b>	Franklin Harbour Council	y
<b>Eyre and Western</b>	Kimba District Council	
<b>Eyre and Western</b>	Pt Lincoln City Council	
<b>Eyre and Western</b>	Wudinna District Council	y
<b>Far North</b>	Pt Augusta Council	y
<b>Far North</b>	Roxby Downs Council	
<b>Far North</b>	BHP Billiton Olympic Dam	
<b>Far North</b>	Coober Pedy District Council	
<b>Far North</b>	Flinders Ranges Council	y
<b>Far North</b>	Outback Comm. Authority	
<b>Fleurieu and Kangaroo Island</b>	Alexandrina Council	y
<b>Fleurieu and Kangaroo Island</b>	Kangaroo Island Council	y
<b>Fleurieu and Kangaroo Island</b>	Yankalilla District Council	y
<b>Fleurieu and Kangaroo Island</b>	Hillrise Investments Pty Ltd	
<b>Limestone Coast</b>	Grant District Council	y
<b>Limestone Coast</b>	Kingston District Council	y
<b>Limestone Coast</b>	Robe District Council	
<b>Limestone Coast</b>	Tatiara District Council	y
<b>Limestone Coast</b>	Wattle Range Council	
<b>Limestone Coast</b>	Cape Jaffa Anchorage Services	y
<b>Limestone Coast</b>	Naracoorte Lucindale Council	
<b>Murray and Mallee</b>	Berri Barmera Council	
<b>Murray and Mallee</b>	Coorong District Council	
<b>Murray and Mallee</b>	Loxton Waikerie District Council	
<b>Murray and Mallee</b>	Mid Murray Council	y
<b>Murray and Mallee</b>	Renmark Paringa Council	
<b>Murray and Mallee</b>	Southern Mallee District Council	y
<b>Murray and Mallee</b>	Karoonda East Murray District Council	
<b>Murray and Mallee</b>	Murray Bridge Council	y
<b>Yorke and Mid North</b>	Barunga District Council	y
<b>Yorke and Mid North</b>	Clare & Gilbert Valleys Council	y
<b>Yorke and Mid North</b>	Copper Coast District Council	y

Region	Retailer	Response
Yorke and Mid North	Mt Remarkable Council	
Yorke and Mid North	Northern Areas Council	
Yorke and Mid North	Pt Pirie Regional Council	y
Yorke and Mid North	Wakefield Regional Council	
Yorke and Mid North	Yorke Peninsula District Council	y
Yorke and Mid North	FB Pipeline	y
Yorke and Mid North	Goyder Council (Burra)	y
Yorke and Mid North	Goyder Council (Eudunda)	y
Yorke and Mid North	Orroroo Carrieton District Council	
<b>Total responses</b>		<b>34</b>

## A.5 Vulnerable consumers

The following table outlines the details of the vulnerable consumers who were consulted.

*Table 6: List of vulnerable consumers consulted*

Location	Consultation method	Number of consumers
<b>Adelaide Metropolitan</b>	Focus group	7
	Focus group	6
<b>Barossa, Light and Lower North</b>	Focus group	3
<b>Fleurieu and Kangaroo Island</b>	Telephone interview	2
<b>Murray and Mallee</b>	Face to face interview	2
<b>Far North</b>	Telephone interview	1
<b>Total</b>		<b>21</b>

Source: KPMG

The views of this specific consultation group were enhanced by direct consultation with the NGO's consulted in this exercise.

## A.6 Consumer engagement forum

The table below lists the attendees at the consumer engagement forum held on 5 March 2015.

*Table 7: List of attendees at the consumer engagement forum*

Organisation	Name of attendee
<b>Essential Services Commission of South Australia</b>	Amber Miller
<b>Energy and Water Ombudsman</b>	Kelly Wagner
<b>Council of the Ageing SA</b>	Jessie Byrne
<b>Uniting Care Wesley Bowden</b>	Heather Merran

Organisation	Name of attendee
	Stephen Graham
<b>Salvation Army</b>	Cherith Pryer
<b>Uniting Communities</b>	Sarah Warren
<b>Anglicare</b>	Christine Bell
<b>SACOSS</b>	Andrew Nance
<b>SA Water</b>	Kerry Rowlands
<b>Cancer Voices</b>	Mariann McNamara
<b>Local Government Association</b>	Jill Whittaker
<b>Primary Industries and Regions South Australia</b>	Dan Croucher
<b>Department of Environment, Water and Natural Resources</b>	Sally Gartelmann
<b>Department of Communities and Social Inclusion</b>	Isabel Fforde
	Paula Dickson

Source: KPMG

## B Advocacy Guidelines

### Water Retailing to Vulnerable Customers

#### Good Practice Advocacy Guidelines

##### Who are these guidelines for?

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The *Good Practice Advocacy Guidelines* are for organisations that undertake advocacy on behalf of consumers with water issues, on either a systemic or individual level. The Guidelines seek to better equip consumer advocates in their capacity to assist vulnerable water consumers with regard to dealing with water retailers and the water regulatory regime.

##### Who are vulnerable water consumers?

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Vulnerable water consumers are those consumers who struggle to pay their bill on time, on most occasions, or who find it difficult to deal with other issues relevant to their water supply. This may include consumers who are: low-income earners and/or recipients of government benefits; consumers with a disability (and their carers); and consumers living in regional areas of South Australia.

##### What challenges do vulnerable water consumers face?

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As an organisation that conducts advocacy for consumers you know that beyond simply having difficulty paying water bills, vulnerable consumers face a number of other challenges in managing their water bills. These include:

- accessing information about the supports available to assist with bill payments
- difficulty in understanding their water bill (e.g., fixed and variable costs)
- not being able to identify supply charges (when included in a council rates notice) and so do not understand what they are paying for
- time-consuming process for tenants to access concessions, as well as the challenge of not being the water customer as they do not have a customer relationship with the water retailer
- other barriers to seeking assistance, such as language barriers or lack of confidence.

##### Why is it important that these consumers have someone to advocate for them?

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Vulnerable consumers are often not in a position to advocate for themselves with their water retailer for the reasons listed above. They need assistance to access and navigate the supports that water retailers have in place for vulnerable consumers. In these guidelines we refer to this as **advocacy for the individual**.

On a larger scale, advocacy at a systemic level is needed to influence changes to policy, systems and regulations to address the issues and concerns of vulnerable water consumers. These guidelines refer to this as **systemic advocacy**. Organisations who represent the interests of vulnerable consumers are well placed to undertake such work.

## How can NGOs best advocate for the needs of vulnerable water consumers?

### ADVOCACY FOR THE INDIVIDUAL

The guidelines in this section outline the practices conducive to conducting good advocacy for the individual. They are intended to enhance the activities already undertaken by your organisation when advocating for vulnerable consumers.

#### DEVELOP A GOOD RELATIONSHIP WITH WATER RETAILERS

A good relationship with the water retailer means that you are more likely to get better outcomes for clients. By building a trusting relationship with the water retailer, you will be better able to have open conversations about the needs of customers, potentially eligible for hardship programs.

- A key facilitator to building this relationship with water retailers is meeting face-to-face. This should be arranged directly with the water retailer's hardship team or through attending utility literacy events at which the retailer is present.
- Organisations could consider contacting the water retailer on a regular basis to enquire about their clients' water usage/forecast charges to ensure their client pays an adequate amount to cover the costs for that fortnight.

#### INCREASING CAPACITY IN ORGANISATIONS

Financial counsellors in organisations could benefit from utilities literacy training to gain better understanding of the specific issues associated with water bills and payments. This would also help financial counsellors to provide advice to clients on their water usage, and potential ways they could use water more efficiently to reduce bill costs. Utility literacy training is available through UnitingCare Wesley Bowden (<http://www.ucwb.org.au/financial-support/utilities-literacy.html>).

Training for organisations may assist in raising awareness of existing and new initiatives to alleviate financial pressures.

#### INCREASING VISIBILITY OF SERVICES AVAILABLE TO CONSUMERS

Organisations providing financial counselling services should be proactive in promoting their services and how it is beneficial to vulnerable consumers. This is to avoid consumers only accessing financial counselling as a last resort when they are in a dire financial situation.

- Financial counselling services should be advertised as free, confidential and independent.
- The State-wide Financial Counselling Telephone number (1800 007 007) should be promoted/made more visible in community organisations.

- Collaboration with other local organisations to determine the best way to promote services to hard-to-reach groups or Culturally and Linguistically Diverse background (CALD) consumers.

#### INCREASING CONSUMERS' CONFIDENCE TO ENABLE SELF-ADVOCACY

One of the end goals of advocacy for the individual should be to empower consumers to take on the advocacy for themselves. Increasing consumer confidence should be the focus for organisations, which will lead to longer term solutions for consumers.

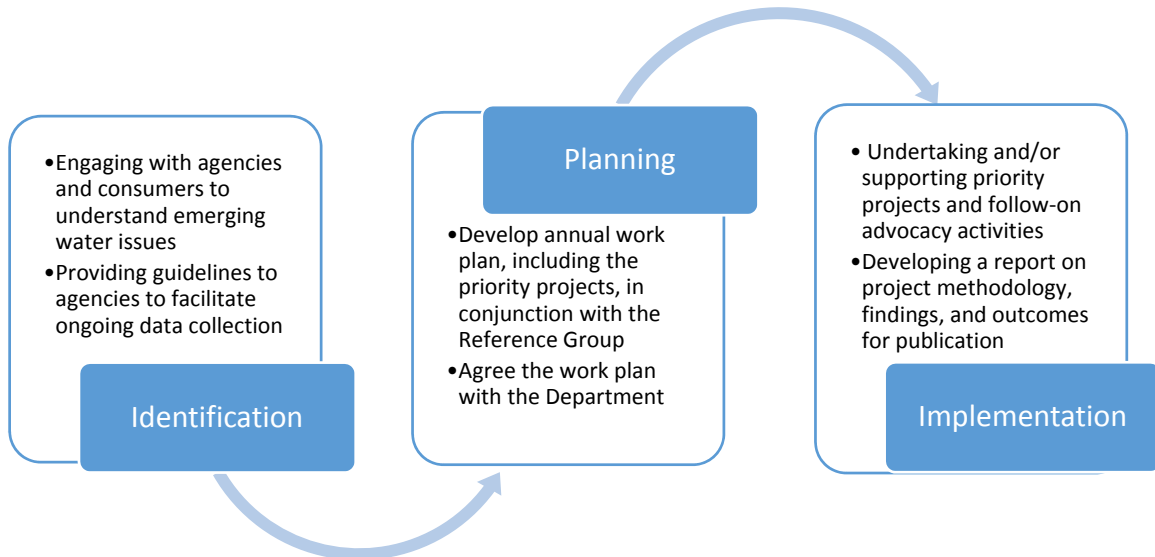
- Provide guidance, training and encouragement to consumers to increase their confidence to advocate on their own behalf.
- Encourage consumers to contact their water retailer themselves with their financial counsellor as a first step with the counsellor stepping in only if required.
- Provide consumers with utility literacy education, to enable consumers to understand how their water bills works, what hardship programs and concessions they can access, and how to do so. Where an organisation does not have funding to provide this service, they should refer the consumer to another suitable organisation.
- Provide consumers with financial literacy education can help prevent future issues and provide consumer with the knowledge and confidence to manage their own finances. Where an organisation does not have funding to provide this service, they should refer the consumer to another suitable organisation.
- Collaborate with local organisations to tailor training to suit the local consumer group, for example, providing culturally appropriate training, or access to a translator.

#### SYSTEMIC ADVOCACY

To influence changes at a systemic level a coordinated, collaborative approach is needed. The guidelines in this section outline the steps to take to effectively conduct and coordinate systemic advocacy. *Figure 3* below shows the range of potential activities that could be undertaken by the organisation undertaking the coordination role for systemic advocacy in the water sector.



Figure 3: Systemic advocacy activities



Source: KPMG

#### ESTABLISH A REFERENCE GROUP

A Reference Group should be established to promote sharing of information, and to bring together a range of expertise to guide the advocacy activities.

- The Reference Group should involve peak bodies, consumer advocates and representatives who are interested in addressing issues relating to the water sector.
- Review the membership of the Reference Group at least every two to three years and ensure that membership is rotated to allow for diversity of thought and perspectives.
- Involve the Reference Group in the development of the Annual Work Plan and review of all deliverables from the priority projects implemented based on the Annual Work Plan.
- Seek advice on ad-hoc basis from the Reference Group as needed with matters relating to research methodology and advocacy activities.

#### DEVELOP AN ANNUAL WORK PLAN

It is important to develop an Annual Work Plan to detail the advocacy activities to be undertaken for the year and to provide a way to monitor progress. The following steps should be utilised in developing the work plan.

- Conduct consultations with agencies and consumers to understand issues and areas requiring further research and advocacy on annual basis.
- Coordinate and agree the development of the annual work plan, in conjunction with the Reference Group (see next section), the Department of Communities and Social Inclusion (the department) and the Essential Services Commission South Australia (ESCOSA).

- Determine, in conjunction with the Reference Group, which consumer advocates would be best placed to lead, undertake and/or coordinate the research and advocacy tasks and determine the level of collaboration.
- Review the Work Plan bi-annually and monitor progress.

#### COORDINATE AND UNDERTAKE HIGH-QUALITY, EVIDENCE-BASED RESEARCH

High-quality, evidence-based research is key to engaging those you are advocating to on behalf of vulnerable consumers. The research should involve robust **data collection, consultations** and **desktop research**. Keep in the mind the following steps when undertaking research:

- Engage consumer advocates who work directly with vulnerable water consumers to collect data in a systematic manner.
- develop standardised guidelines or tools (e.g. surveys) to enable ongoing data collection from agencies (and eventually water retailers) to identify emerging issues on an ongoing basis.
- Continually collect data which will help inform the priority water projects (future research and advocacy).
- Engage with consumers in a meaningful way.

#### Meaningful engagement to understand vulnerable consumers' views

To ensure meaningful engagement with vulnerable consumers:

- Define the objectives and purpose for the consultation.
- Have transparent engagement process through using a variety of communication methods (e.g. local newspapers, local radio stations, websites, etc.).
- Allow adequate time to consult.
- Consult with a diverse range of stakeholders.
- Overcome barriers to participation for consumers, including identifying key contacts in communities or local community organisations to access hard to reach consumers, and take into consideration transportation.
- Target groups that are usually underrepresented in consultations.
- Be prepared to challenge your own views.
- Consider all feedback received.
- Acknowledge people's expertise and provide formal acknowledgement to participants for their time and knowledge.

- Consider the avenues you use to communicate with vulnerable consumers, as well as what it looks like and how easy it is to read.

#### Communicating with consumers

Communication with consumers should be:

- available online and through other media.
- printed clearly.
- have appropriate design and graphics (e.g., font size, colour).
- Be in multiple languages where possible.

- Take into consideration the views and requirements of water regulators and providers, as well as consumers when undertaking consultation activities.
- Research should be fed back to a central repository for submissions and information sharing with ESCOSA.
- Collaboration between consumer advocates is encouraged as a collective voice can be stronger for advocating policy/regulatory changes. It can also provide a stronger evidence for the research.

#### COORDINATE AND CONDUCT TARGETED ADVOCACY ACTIVITIES

Advocacy activities should be coordinated and targeted. This is to ensure that those working towards a similar outcome are working together so there is no duplication amongst and that work stays within the defined scope of the issue. The following points should be considered when undertaking advocacy activities.

- Build knowledge of water regulation, infrastructure and pricing settings or engage with others who have this knowledge.
- Establish and maintain relationships with key stakeholders responsible for changing policies, systems and regulations.
- Establish a policy and campaign function which focuses on advocating consumers' interests, including those relating to water, through existing regulatory processes and forums.
- Utilise the reports and publications arising from the priority projects as a basis for conducting or supporting systemic advocacy activities such as meetings with ESCOSA, EWOSA, government, the Residential Tenancy Tribunal and the water retailers; proposals and submissions; and presentations.
- Utilise other advocacy channels available, such as media, to influence changes to policies, systems and regulations.
- Tackle issues that will have the greatest impact, and consider the balance between long-term and short-term issues.
- Work in proactive and responsive ways, for example, conducting advocacy work in response to government and regulatory processes is responsive advocacy.

- Collaborate with different organisations, including peak bodies and service providers, to add weight to the advocacy work, and bring in knowledge about the needs and interests of a range of consumers (particularly where they may differ across consumer groups).

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#### DEVELOP INTERNAL REPORTS AND EXTERNAL PUBLICATIONS

Reports and publications ensure that the research and advocacy activities you have undertaken are recorded and available to those who are responsible for setting policy and regulation. When developing reports take into consideration the following.

- Ensure that publications appropriately acknowledge the sources and research undertaken by the various parties involved.
- Include in your reports: an Executive Summary, an Introduction, a section explaining the approach and methodology including any challenges and limitations encountered, the findings and recommendations, the conclusion and bibliography (where appropriate).
- Directly provide publications to the relevant government department and minister, and hold awareness raising events with relevant stakeholders.
- Make sure public reports are available on the internet.
- Monitor the reach of your reports by tracking the number of downloads (or requests for copies).
- Ensure that there is a system in place to store reports and research so that they can be built upon in the future.

## Checklist

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Use these checklists to help you monitor the way in which you are advocating for vulnerable consumers.

### ADVOCACY FOR THE INDIVIDUAL

Have you:

- sought to develop a good relationship with water retailers?
- undertaken relevant training, such as utility literacy training?
- increased the visibility of services available at your organisation and more broadly?
- sought to increase consumers' confidence to empower them to advocate on their own behalf?

### SYSTEMIC ADVOCACY

Have you:

- developed your Annual Work Plan?
- established a Reference Group?
- ensured that any research you have undertaken has been evidence-based and of a high quality?
- undertaken advocacy activities, ensuring they have been targeted and coordinated?
- developed internal reports and external publications to document the research and activities undertaken?

## C Consumer Interaction Guidelines

### Water Retailing to Vulnerable Customers

#### Good Practice Consumer Interaction Guidelines

##### Who are these guidelines for?

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The *Good Practice Consumer Interaction Guidelines* are for water retailers in South Australia to assist in engaging with vulnerable consumers. They represent processes and engagement practices that water retailers in South Australia should aspire to and seek to implement when practical.

##### Who are vulnerable water customers?

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Vulnerable water consumers are those consumers who struggle to pay their bill on time, on most occasions, or struggle to deal with other issues relevant to their water supply. This may include consumers who are: low-income earners and/or recipients of government benefits; consumers with a disability (and their carers); and consumers living in regional areas of South Australia.

##### What challenges do vulnerable water consumers face?

---

Beyond simply having difficulty paying their water bill, vulnerable consumers may face a number of other challenges in managing their water bills. These include:

- accessing information about the supports available to assist with bill payments
- difficulty in understanding the water bill (e.g. fixed and variable costs)
- not being able to identify supply charges (when included in a council rates notice) and so do not understand what they are paying for
- time-consuming process for tenants to access concessions, as well as the challenge of not being the water customer as they do not have a customer relationship with the water retailer
- personal barriers to seeking assistance, such as language barrier or lack of confidence.

##### Why should retailers address the needs of vulnerable consumers?

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By supporting vulnerable consumers in their dealings with water retailers, better outcomes can be achieved for consumers, and ultimately water retailers. At the end of the day, supporting vulnerable consumers to pay their bills, means that those bills are more likely to be paid. Supporting vulnerable consumers will also help to build trusting relationships with your consumers.

Water retailers already have hardship policies in place to help support vulnerable consumers. These guidelines go further by providing guidance for water retailers to provide a better service for vulnerable customers. You may wish to use these guidelines to assist you in preparing for your licence renewal to demonstrate to the regulator your commitment to vulnerable consumers.

**These guidelines are designed to assist water retailers in achieving their objectives, rather than to create onerous obligations on a water retailer.**

## What changes can water retailers make to reduce the challenges for vulnerable water consumers?

### PROVIDE RELEVANT ASSISTANCE AND INFORMATION

Vulnerable consumers may not be aware of what support is available to them if they are having difficulty paying their bill. It is important that water retailers:

- provide information about assistance that are easily accessible to vulnerable consumers (consider multiple channels to provide this information)
- assist consumers who are unable to pay their bills, in a timely and relevant way.

#### ACCESSIBLE, RELEVANT INFORMATION – AT THE APPROPRIATE TIME

Retailers should provide a continuum of relevant information to consumers:

- **for new customers** – a welcome pack with at minimum the Customer Charter, the roles and responsibilities of the consumer and the retailer, what to do if you can't pay a bill and financial counselling information, concessions available and any other relevant information.
- **with each invoice** – payment options and relevant billing information, call centre numbers and other assistance
- **with each reminder notice** – relevant alternative payment options and telephone numbers and website information for financial counselling (including the relevant 1800 number) and hardship policy and assistance
- **with each subsequent communication** – relevant hardship information and financial counselling information in a more prominent media, and call centre information which takes the customer through to hardship assistance programs.
- **on application of water restriction devices to consumers who are in default of payment** – on a visit to the property seek to engage with the consumer and offer financial counselling and other hardship assistance.

#### Making information accessible

Think about how and where information is presented.

Is it easy to find? Do you need to look for it to find it or is it one of the first things you see?

Sometimes people in financial crisis may not open their bills if they know they can't pay. Think about providing information on the outside of the envelope.

#### ENGAGEMENT PROCESS

Some vulnerable consumers do not have access to the internet or the skills to find information online and some do not open their reminder notices if they feel they can't pay. As a result, consumers are not accessing the valuable information water retailers have available for them. Water retailers need to re-think how they provide information to consumers.

At a minimum retailers should ensure that customer services staff have adequate training so that they can identify when someone might be in financial hardship when discussing bill payments on the phone. This may enable retailers to better target their customers suitable for their hardship programs, or refer customers on to other services where they can access financial counselling support.

#### Training for customer service staff

The training should include:

- what the hardship policy is and how it is applied
- how to identify potential hardship customers though asking the right questions
- how to communicate sensitively with customers who may be in hardship
- financial counselling services available and how and when to refer customers to these services
- how and when to refer customers to the hardship program.

The engagement process with a consumer should change with circumstances. The provision of a bill by a retailer that remains unpaid should be followed up with alternative communications media that break through the barrier imposed by a bill reminder envelope.

#### Alternative communication

Alternative communication approaches should be considered that seek to engage with a vulnerable consumer through:

- the use of plain envelopes for reminder notices
- envelopes with financial counselling assistance information on the outside of the envelope
- reminder emails and SMS messaging
- telephone follow up with a view to asking if the customer needs assistance with alternative payment options.

#### OFFER CALL CENTRE CALL BACK

Some vulnerable consumers use pre-paid phones as their main telephone communication. Long wait times to access customer service via a call centre have significant cost implications for these consumers. This may mean that consumers:

- are unable to wait on the phone to discuss their bills and the assistance that is available to them
- are placed under greater financial pressure, due to increases in call costs
- do not attempt to call customer support lines for assistance.



Offering a “call back” service in times of high demand, may increase access to telephone support for vulnerable consumers.

## BE PROACTIVE

### IDENTIFY POTENTIAL HARDSHIP CONSUMERS

Knowing which consumers may be at risk of financial hardship provides water retailers with an opportunity to act early and maximise the chance of receipt of regular bill payments.

Information available to retailers such as property information, concession status and customer payment history are useful indicators of which consumers may be at risk of financial stress. It may be useful for retailers to use this information to provide potentially vulnerable consumers with information that identifies support services such as financial counselling, hardship programs and information on payment terms as preventive ways to avoid consumers falling behind on payment.

Current systems may not enable ready and easy analysis of this information. Retailers should, therefore, work towards:

- Developing financial sub systems that identify payment histories and seek to be proactive to the consumers’ potential needs within the constraints of privacy and equity.
- Enabling first point call centre operators to identify consumers who have previously been in receipt of hardship assistance on their water bills during customer contact.
- Building the capacity of staff to analyse data in ways that identify consumer behaviours as indicators of hardship.

#### Training for customer service staff

Training staff to look at a customer’s data when they call will help retailers more proactively identify potential hardship consumers.

The training to identify hardship customers should include:

- how to use a customer’s payment history , such as timing of payments, and size of payments
- using previous call history (why and how often has the customer called)
- property information (value of house, the Socio-Economic Index for Areas based on postcode)
- concession status.

### IDENTIFY UNUSUALLY HIGH BILLS

Unusually high bills present a significant problem to consumers who are already struggling to pay their bills. Many vulnerable consumers are unsure of who they can contact and what avenues are available to them to find the cause of the high bill and manage the payment.

Retailers should work towards the development of systems that identify when a customer’s bills is unusually high in comparison to historical usage, and initiate a customer engagement program that offers assistance commensurate to the consumer’s needs. This process should

provide consumers who are presented with an unusually high bill with assistance early in the process.

As an additional service, the water retailers could perform water efficiency audits on premises to assist those with unusually large bills manage their consumption.

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#### IDENTIFY CONCESSIONS

Identifying consumers who may be eligible for government concessions can save time for the water retailer, as well as work towards building a trusting relationship with the consumer.

Water retailers should use information from their customer management system about the potential of a customer to access a State Government concession. Water retailers should also ensure that any bill that they provide to a consumer that may be eligible for a concession should have information about how to apply and how to access available concessions.

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#### PURSUE RELATIONSHIPS WITH COMMUNITY ORGANISATIONS

Better outcomes can be achieved for retailers and consumers where there is a good relationship between the retailer and the organisations who work with vulnerable consumers and advocate on their behalf. A good relationship with these organisations can lead to more efficient and effective resolution of water issues for vulnerable consumers.

Retailers could consider:

- holding a dedicated forum with local community organisations
- directly contacting the community organisations
- providing written information to community organisations outlining the support and assistance available to vulnerable consumers.

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#### CONSIDER VULNERABLE CUSTOMERS WHEN DEVELOPING TARIFFS

Vulnerable customers sometimes attempt to manage their bills through reducing the volumes of services they consume. Where there is a high fixed charge, the savings can be immaterial. When setting tariff policies, water retailers should consider how their tariffs might impact on the vulnerable customer group, and over time, consider ways that tariffs might be developed that better respond to their needs.

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#### HAVE SYSTEMS IN PLACE TO ENCOURGE SELF-HELP

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##### SELF-HELP INFORMATION

Some consumers can manage their financial affairs with minimal assistance and some additional information from the water retailer. The submission of a quarterly or annual bill presents a significant financial problem to a vulnerable consumer. The ability to pay off the bill with regular instalments is of great assistance.

To support this process, retailers should consider financial systems that allow customer access to view bills and amounts outstanding online so that some engagement can be initiated by the consumer. As systems develop, consultation with consumers should seek to identify what

information and access can be provided in an efficient manner that would allow greater access and easier management of more frequent payments of the balances outstanding.

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#### REDUCE THE IMPOST OF A QUARTERLY BILL

A quarterly bill is huge impost on some vulnerable consumers. Many consumers find the size of a quarterly bill daunting and are unable to pay the amount in full at the time it is due.

Water retailers should consider systems that allow for bill smoothing. This may include more frequent invoicing of charges, or the ability of allowing more frequent bill payment with a mechanism that would allow the consumer to understand whether the size and frequency of the payment is clearing the debt. Over time, and with the establishment of more sophisticated customer management systems and invoicing/receipting systems, retailers should consider how they can provide information on monthly or fortnightly payment regimes that clear the debt, and that respond to changes in customer volumes. Further bills would then show progress on clearance of the debt and whether the customer is on track for the foreseeable future.

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#### PROVIDE SUPPORT FOR TENANTS

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##### PROVIDE INFORMATION TO TENANTS

The current contractual relationship for water provision exists between the property owner and water retailer. There is no contractual relationship between tenant and retailer even though the financial liability for water services are increasingly being passed on to the tenant. It may assist tenants deal with their financial relationships if they were to have access to water services billing information from a retailer with the property owner's consent.

To facilitate this, water retailers could move towards adaptive technology that would allow relevant access to information if the landlord allowed. This could be billing information, water usage and other information that would allow a tenant to manage the financial affairs of water services liabilities that are passed on to them.

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##### PROVIDE ACCESS TO HARDSHIP SUPPORT FOR TENANTS

Water retailers provide hardship assistance for water consumers who have difficulty paying the water bill. As there is no contractual relationship between a tenant and the water retailer, there is no access to hardship assistance from the retailer if the tenant is responsible for the water bills under their tenancy agreement. Whilst it is recognised that this would be difficult to accommodate in the short term, water retailers should consider processes whereby they may allow access to hardship assistance should the relationship constraints change between tenant/landlord/water retailer.

## Checklist

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Use this checklist to help you keep track of the processes and systems you have put in place to help vulnerable consumers.

Do you:

- Provide vulnerable consumers with sufficient information on supports and assistance, and at appropriate times?
- Have information available that is easy to find, and available through a variety of channels?
- Offer information on hardship programs and financial counselling when making visits to the property of consumers who are in arrears?
- Offer a call centre call back service?
- Proactively identify potential hardship customers?
- Identify when a bill is unusually high?
- Utilise multiple communication channels
- Proactively identify consumers who may be eligible for concessions?
- Provide information to consumers that allows them to self-manage their bills?
- Work with community organisations to support vulnerable consumers?
- Take into account a consumer's ability to pay when setting a water pricing policy, such as for fixed versus variable costs?
- Utilise bill smoothing to manage costs for vulnerable consumers?
- Have process and systems in place to provide information to tenant consumers?
- Provide access to the hardship program to tenants?