

# **A financial counselling service guarantee for SA Water customers**

Report to the Hon Zoe Bettison, Minister for Communities and  
Social Inclusion

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# Executive summary

**This report sets out a proposal for the development of a priority service arrangement that will enable SA Water customers to access fast-track financial counselling assistance.**

Financial counselling services are under great pressure to assist a growing number of South Australians seeking assistance, and many agencies are fully booked. SA Water staff are spending substantial time securing financial counselling appointments for customers. As a result, some customers are not engaging with financial counsellors and or receiving the assistance required by SA Water.

Based on our analysis of successful priority service models already in place in Victoria and elsewhere, we have developed a recommended model for a priority service for SA Water customers. Under this model, customers across the state would benefit from face-to-face assistance, with a guaranteed appointment within two weeks.

In establishing this priority service, it must be understood that assistance from a financial counsellor must be absolutely independent of funding arrangements, and that the financial counsellor may be advocating on behalf of the client to SA Water.

## ***Recommendation 1***

That SA Water enter into one or more Service Level Agreements (SLAs), similar to that between South East Water (Vic) and Good Shepherd. This would be a reasonable-cost, simple arrangement that would meet the needs of SA Water.

## ***Recommendation 2***

That SA Water funds 2 FTE financial counselling positions to meet current and likely increased future referral needs. This would amount to \$250,000 per annum.

## ***Recommendation 3***

That SA Water establish a priority service for its customers, based on the statewide four-agency model (Model 3). This model guarantees timely appointments for customers and allows for more customers to be assisted face-to-face in their region.

## ***Recommendation 4***

That SA Water call for tenders from agencies willing to meet the time and geographical requirements of the priority service program.

## ***Recommendation 5***

That the program be funded for four years, and that SAFCA be engaged to evaluate the program after the first year of operation.

# Introduction

The South Australian Financial Counsellors Association (SAFCA) has been contracted by the SA Department of Communities and Social Inclusion (DCSI) to prepare a feasibility study of the merits of a priority service for SA Water customers to receive fast-track assistance from a financial counsellor. SAFCA has analysed current arrangements with a view to the development of a priority service for SA Water customers that would guarantee an appointment within two weeks.

This study has been funded through the Consumer Advocacy and Research Fund (CARF). The target group for CARF projects are consumers with a disability, low-income consumers, or consumers who are located within the State, or from an advocacy perspective, consumers in general. The geographical area is statewide, where SA Water delivers services to consumers.

## Methodology

This feasibility study draws on data analysis and SAFCA's consultation with utilities and financial counselling organisations.

Our first objective was to better understand requirements and capabilities in South Australia. To do this, we met with SA Water Customer Assist Team management to assess their needs. We also spoke with South Australian agencies to hear their opinions on how the service might work. This consultation was supplemented with an analysis of SA Water referral numbers by agency and geographical area.

Our second aim was to examine other priority referral models, looking at how they operate and the advantages and disadvantages of each approach. We met with two Victorian water businesses, Yarra Valley Water (YVW) and South East Water (SEW), and the financial counselling agencies they have partnered with, Uniting Kildonan and Good Shepherd Australia New Zealand (Good Shepherd). SAFCA's Victorian counterpart, the Financial and Consumer Rights Council, also assisted us to gather information on these approaches. In Adelaide, we met with Uniting Communities staff, including the person responsible for developing its Australia-wide priority service program with AGL Energy.

## Financial counselling in South Australia

Each year, financial counsellors assist 35,000 South Australian people and families with independent, non-judgemental and free financial counselling. Around half of these attend face-to-face appointments; the other half are assisted over the phone, mostly via the National Debt Helpline.

These services are delivered by around 130 practicing financial counsellors. These financial counsellors, totalling around 80 full-time equivalent (FTE) positions, work across 23 not-for-profit welfare agencies and one government agency, the Department of Child Protection. In addition, Rural Business Services' financial counsellors specialise in assisting primary producers.

Each year, one FTE financial counsellor assists some 250 new clients face-to-face. On an average day, a financial counsellor sees three or four clients, often for follow-up appointments. The remainder of the working day is spent on case work, achieving negotiated outcomes with creditors on behalf clients.

# Current SA Water referral arrangements

**SA Water assists customers in financial difficulty by referring them to financial counselling services. However, in the face of high demand for these services, SA Water is having trouble securing timely appointments for its customers. In the meantime, customers may disengage or see their situation worsen, meaning their SA Water account is not addressed.**

## Referral process

In response to an increasing number of customers presenting with payment difficulties, SA Water recently expanded its range of hardship assistance options. These are delivered by the five-person Customer Assist team, which sits within SA Water's Recoveries team. SA Water is soon to extend hardship training to the wider Recoveries team.

The Customer Assist team is the interface between SA Water and the financial counselling sector. Most financial counsellors contact the Customer Assist team to expedite hardship matters. The team also regularly refers customers to financial counsellors. Usually, SA Water will contact the financial counsellor, giving them notice to expect the client. Where this notice is not given, the client typically tells the financial counsellor that they were referred by SA Water.

SA Water prefers to arrange face-to-face financial counselling appointments for its customers. This allows the Customer Assist team to work with customers over the phone, referring the more complex matters to a financial counsellor.

## Referral numbers

SA Water referral data show that in 2016–17, it referred 419 customers to NGO financial counsellors, with a further 56 referred to government and for-profit organisations.

Table 1. SA Water financial counselling referrals, 2016–17

Agency	Area & focus	Referrals
ac.care	Riverland and Murraylands	14
Anglicare	Adelaide metropolitan (northern, southern)	105
Centacare	Northern South Australia (Whyalla-based, with a presence in a number of northern cities and towns)	17
Uniting Communities	Adelaide metropolitan (southern, central, outer north)	44
UnitingCare†	Adelaide metropolitan (southern, western, eastern, central and northern); Mid-north and Yorke & Eyre Peninsulas	54
The Salvation Army	Adelaide metropolitan and statewide – usually accessed through 1800 number resulting in phone appointment	88

Lutheran Community Care	Adelaide metropolitan Northern metro, outer north, some southern, Adelaide Hills	67
Lifeline SE	South-east	16
Rural Business Services	Rural – primary producers around the state	8
Relationships Australia SA	Adelaide metropolitan – anti-gambling support service	6
Department for Child Protection (DCP)	Statewide – government service to DCP clients only	5
Other agencies such as My Budget	Statewide – for-profit organisations	51
<b>All agencies</b>		<b>475</b>

† Includes three separate UnitingCare agencies operating in different regions.

## Financial counsellors' work with SA Water customers

Financial counsellors described their work with clients referred by SA Water. Some present wanting assistance to deal with their SA Water debt only. Others also need assistance with other debts and expenses that are affecting their capacity to pay their water bill. These include payday loans, credit cards, personal loans, mortgages and fines, as well as expenses such as SA Ambulance fees, school fees or car repairs. Most clients want to pay but cannot. The main contributor to incapacity to pay is a change in personal circumstances, such as unemployment, underemployment, separation, family violence or illness.

To assist these customers to manage their SA Water debts, financial counsellors need to take time to engage with the client and 'unravel' the history of the debt. Smaller debts and early intervention enable quicker resolution.

Financial counsellors report that overall, the SA Water Customer Assist team is very good at engaging with customers, assessing their situations, proposing achievable outcomes and referring appropriately to financial counsellors. In a minority of cases, however, SA Water staff do propose unaffordable payment arrangements, even after evidence has been provided and short- and long-term plans proposed.

## The need for a priority service

While this referral pathway is well-established, SA Water's Customer Assist team is having increasing difficulty referring financially vulnerable customers for timely assistance from a financial counsellor.

Financial counselling services are under great pressure to assist a growing number of South Australians. Several of the agencies to which SA Water refers many customers – particularly those in Adelaide and the north of the state – are now fully booked. At most agencies, appointments cannot be made more than three weeks in advance; some agencies book



appointments only two weeks ahead. If there are no available appointments within these timeframes, agencies refer the client to another agency or to the National Debt Helpline – which is itself seeing long call wait times.

In the face of this high demand, some customers are unable to access assistance from the agencies to which they have been referred. Customer Assist team members are wasting valuable time trying to find an appointment, or are asking customers to arrange an appointment – without success.

When a customer cannot access timely assistance, their situation can worsen. They may not engage, meaning that their SA Water account is not addressed. Customers may resort to inappropriate credit products such as short-term payday loans, which are very easy to obtain, but which also attract extremely high fees and interest. This only weakens the customer's control of their financial position and their capacity to pay future water accounts.

To guarantee timely assistance for customers and reduce the time Customer Assistance team members spend securing appointments, a priority service should be established.

# Existing priority service models

**Elsewhere, similar issues have driven the development of successful priority service arrangements. Under these models, companies fund financial counselling positions under Service Level Agreements (SLAs) that set out timeframes in which a customer must be seen.**

In Victoria, three water companies – YVW, SEW and, to a lesser extent, Western Water – have established SLAs with financial counselling agencies to provide a priority service for water company customers. YVW and SEW have each had such SLAs in place for around 17 years. Around Australia, a number of other creditors, including banks, utilities and local governments, have established similar priority service arrangements with financial counselling agencies.

## **YVW and Uniting Kildonan (Victoria)**

Under the terms of its SLA with Uniting Kildonan, YVW can refer up to 25 customers per month for financial counselling. The SLA states that financial counsellors will provide free, timely and independent advice to YVW customers and employees who are referred to the service.

Kildonan work with CareRing, a holistic service developed by Kildonan to support financially vulnerable people on a range of issues. YVW staff can refer customers for this wide range of supports, which include financial counselling and referral for family violence assistance, mental health and youth support services.

In addition to this financial counselling and referral service, Kildonan also assists YVW with strategic advice and staff training. Kildonan advises YVW on a range of hardship-related issues, including strategic planning; policy review; program development; communication, marketing and telephone techniques; and debrief and support mechanisms for staff who work with customers in financial difficulty. Kildonan also trains YVW staff on a range of topics, including financial literacy.

The partnership has had positive business outcomes for YVW. Early identification and intervention has reduced the impact of financial hardship for YVW's vulnerable customers. With improved knowledge and referral to the right support, customers are better able to manage their utility bills. Referrals from Customer Support Team (CST) to Kildonan have increased more than 50% as a result of the increase in support services available.

In turn, customer financial stability and wellbeing results in increased customer loyalty to and engagement with YVW. Recent YVW survey research found that compared with customers interacting with other parts of the business, CST customers were more likely to tell other people about a positive experience with YVW. A large majority (85%) of customers surveyed reported that their relationship with YVW was better than that with other businesses.

The arrangement also has benefits for YVW staff. The availability of CareRing referral pathways has reduced vicarious trauma and increased staff health and wellbeing. Staff consistently say that they experience less pressure and feel that both they and their customers are supported through the CareRing partnership.

## **SEW and Good Shepherd Australia New Zealand (Victoria)**

SEW's catchment area is Melbourne's south-eastern suburbs, including Frankston and the Mornington Peninsula. These are high needs areas, with high levels of social disadvantage in several suburbs. Other areas are growth corridors characterised by significant housing expansion of medium dwellings.

Due to economic pressures and increasing water costs, over recent years SEW has seen increasing numbers of customers in financial difficulty. Often, these customers face complex issues, including high debt to multiple creditors. Victorian financial counsellors have observed that SEW has improved its responses to vulnerable customers, with an increasing focus on early intervention and effective referral.

Similar to YVW, SEW has a long-standing arrangement with Good Shepherd. Since 2002, SEW has referred customers who they see as requiring extra financial advice and support to Good Shepherd. SEW funds the employment of approximately 2.6 financial counsellors, who provide telephone and face-to-face financial counselling to 400 clients each year.

The model is simpler than that of YVW and Kildonan. Good Shepherd have a range of services including family support, microfinance, legal, mental health services, family violence and financial counselling, and they have a comprehensive approach to the cases and responses to financial stress and vulnerability. Under the SLA, however, referrals are made only to financial counsellors, and not to other services such as family violence and mental health assistance (although Good Shepherd financial counsellors will make ad hoc referrals if they believe them necessary).

Good Shepherd does not advise SEW on policy, strategic planning to the same extent as YVW. Consequently, this is a lower cost arrangement for SEW.

## **AGL and Uniting Communities (South Australia)**

AGL funds Uniting Communities in Adelaide to offer a priority service for AGL customers. Uniting Communities assists between 25 and 50 customers each month, either via outreach centres in Adelaide or over the phone. Uniting Communities is the only agency involved in this arrangement with AGL in South Australia. However, AGL have similar arrangements in other states.

Uniting Communities has found that AGL cases tend to be less complex. After the initial AGL matter is addressed and if the client is willing, the financial counsellor works with the client on other matters.

# Proposed SA Water priority service model

**SAFCA recommends that SA Water establish a priority service for its customers, guaranteeing that its customers are able to see a financial counsellor within two weeks of making a first phone call to the agency.**

SA Water would enter into an SLA with the agency (or agencies) providing the services. The SLA would stipulate:

- the client would receive a phone call back from a financial counsellor within 48 hours of ringing the agency to ask for an appointment
- an appointment would be organised for within two weeks of the customer or the SA water Customer Assist team member first calling the agency.

We have identified three possible models for a priority service. Whatever the model, assistance from a financial counsellor must be absolutely independent of funding arrangements, and it must be understood that the financial counsellor may be advocating on behalf of the client to SA Water.

## ***Model 1 – Fee-for-service***

SA Water funds agencies for each SA Water customer they see under a fee-for-service model. Due to the high administrative burden, this model is unlikely to be supported by many agencies. Such a model would also make it extremely difficult for an agency to effectively plan staffing levels.

## ***Model 2 – One agency***

SA Water funds one agency to deliver services. However, this would mean most customers (who would not be able to travel to southern Adelaide) would be assisted via telephone, which is not ideal. Where referral for face-to-face assistance is warranted, travel difficulties could cause long waiting times or customer disengagement.

## ***Model 3 – Statewide service***

Because SA Water has a preference for face-to-face appointments, and because it has customers in most of the settled areas of the state, we recommend the third model: a statewide service.

Under this model, SA Water funds four agencies to provide a statewide service. This model divides the state into four catchments: metropolitan Adelaide; a northern and western region; a southern region and an eastern region. We recommend the following approach and allocation in each catchment:

- In metropolitan Adelaide, one agency should be selected. To provide good face-to-face coverage, the agency should have high current referrals and sufficient outreach centres. Based on current referrals, we recommend a 1.4 FTE position.
- In the northern and western region, we recommend one agency be funded for a 0.4 FTE position. Centacare Country SA and Uniting Care Wesley Country SA both cover significant parts of northern and western SA with a number of outreach centres.
- In the southern region, given the smaller number of referrals last year, we suggest a fee-for-service model (e.g. \$400 per client).
- In the Riverland/Murraylands region, we again suggest a fee-for-service due to low referral numbers

While face-to-face appointments are preferred, each agency would also have a telephone service for those for those who could not attend.

These proposed FTE allocations may be adjusted slightly based on further analysis of referrals. (We are making the assumption that referrals to The Salvation Army may include many regional customers.)

## **SAFCA conclusion and recommendations**

SAFCE fully supports the establishment of a priority service for SA Water customers. These arrangements recognise the strong relationship between financial counsellors and utility customer assist teams, and have had demonstrated success in Victoria.

A priority arrangement funded by SA Water ensures that the partnering agency can guarantee timely customer assistance. While financial counsellors must remain independent in their assistance to their clients, SLAs provide for extra resources to enable this assistance to be provided.

This proposal will increase the number of financial counsellors while ensuring that SA Water customers benefit from the associated increase in available appointments. Enhanced cooperation between SA Water and financial counselling agencies in South Australia will lead to an increase in the customer's financial capacity to manage their utility bills through knowledge and access to the right referral pathways.

We urge the SA Water Board, ESCOSA and the SA Government to support this proposal to assist South Australians.

### **Recommendation 1**

That SA Water enter into one or more SLAs, similar to that between SEW and Good Shepherd. This would be a reasonable-cost, simple arrangement that would meet the needs of SA Water.

### ***Recommendation 2***

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### ***Recommendation 5***

That the program be funded for four years, and that SAFCA be engaged to evaluate the program after the first year of operation.