

Navigating coronavirus – commissioner Simon Corden speaks at Thriving Communities Partnership

26 August 2020

Corporate

With an increased need to stay at home raising the cost of utility bills, coupled with a downturn in the Australian economy, having a clear role for regulators to help Victorians navigate the coronavirus pandemic is more important than ever.

Commissioner Simon Corden and Energy and Water Ombudsman, Cynthia Gebert, spoke to Ciara Sterling, CEO of Thriving Communities Partnerships and more than 60 attendees at today's [Thriving Communities Partnership](#) webinar. They discussed the role of regulators in supporting consumers, particularly those experiencing vulnerability, through the coronavirus pandemic.

What are consumers experiencing from an essential services perspective and what are they contacting the commission about?

Payment difficulties framework

The payment difficulty frameworks that are in place rely mainly on consumers speaking to their water business or energy retailer first. Businesses and retailers must inform their customers properly of what support they can provide.

As the regulator, our role is to make sure businesses and retailers properly inform their customers of this assistance and that when consumers contact their retailer everyone gets the support they are entitled to.

We have also seen additional efforts by many retailers to outline that support, which is encouraging.

There are some barriers for consumers in seeking support

We know there are barriers for consumers when they go to seek support. We are working to understand these barriers and how we can work with our stakeholders to better address them. For example, [calls for help which were averaging nearly 12,000 per week in May, fell to 9,000 in July](#) –their lowest level since we started collecting this information in April. This could be due to the increased Commonwealth payments, or withdrawals from superannuation. But it could be because some people who should seek support, don't.

What are some of the barriers to seeking help? It's not an easy answer – nor a 'one size fits all' exercise, but through the community and industry engagement the commission has done, we found that:

- Some consumers may not contact their retailer because they feel overwhelmed. Currently people are looking for work, kids are remote learning, elderly parents are in aged care, they are drowning in bills.
- Some consumers may not contact their retailers because they have always been independent, they are stoic and are reluctant to seek support.
- Some consumers may feel that they cannot trust their retailer to provide support if they do reach out.

The water sector is experiencing this slightly differently. It has seen a 10 per cent increase on customers accessing water business' hardship programs since last April.

The data also shows that customer uptake of water business instalment plans is slightly below the historical average, while the number of customers applying for the Utility Relief Grant is well above the historical average.

What is being done in the regulatory space to help create inclusive markets?

We are ensuring that energy and water customers who may be experiencing payment difficulty are appropriately supported by energy retailers and water businesses. This is a key part of our role as a regulator and an important part of the regulatory space.

Reforms like the Payment Difficulty Framework for energy customers provides an important safety net offering tailored and flexible support.

How customers experience vulnerability differs

The coronavirus pandemic has shown that now more than ever we need to understand the ways in which consumers can experience vulnerability in relation to the markets we regulate. This may be due to personal circumstances, temporary or ongoing situations or it may be the features of the market that create or exacerbate vulnerabilities.

Vulnerability or hardship are not solely financial problems. There are many different types and we are working to support all Victorians, no matter their experiences. Our family violence reforms were an important part of our coming to understand this. They were an opportunity for us to look at how we could ensure energy and water businesses were not creating unintended consequences for people affected by family violence.

Vulnerability and small businesses

Vulnerability doesn't just affect households. We are also keeping a close eye on small business customers for signs of an increase in those experiencing vulnerability. Small business customer electricity arrears have grown over the last four months. The amount being deferred by small businesses to pay later has also increased.

But we hear from business representatives that rent and payroll is a much bigger issue for most businesses, and getting back up and running, but we are watching to see how things develop.

What can organisations do today to assist in reducing consumer pain around its products and services – particularly for vulnerable customers?

Early intervention and inclusive support are key

We talked earlier about taking an inclusive approach. We know that early intervention and accessible communications are crucial in supporting consumers to engage with the market and seek support. I'd like to highlight two initiatives from the commission that capture these principles:

Final decision on supporting energy customers through the coronavirus pandemic 2020

This week we released [our final decision on targeted reforms to support residential and small business customers](#) in managing their energy bills through the pandemic.

These reforms include the requirement that retailers support residential customers in completing Utility Relief Grant application forms, including by submitting forms online on behalf of the customer where possible and the customer consents. This is an ongoing requirement effective from 1 October 2020.

We've heard from water businesses, energy retailers and the community sector about the challenges in relation to grant program. And we've been pleased to hear in recent times that the backlog of applications has been reduced, and response times are improving.

We know that this is an important form of relief for customers and we will continue to monitor if the system is working effectively.

Accessible communication guidance for water businesses

To help water businesses improve their communications with customers [we have developed a new set of resources](#) in partnership with the Melbourne Social Equity Institute and Scope.

Communication needs to be accessible for all customers so they can understand their water bills, rights and responsibilities. Customers must also have opportunities to get assistance or support where they need it.

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