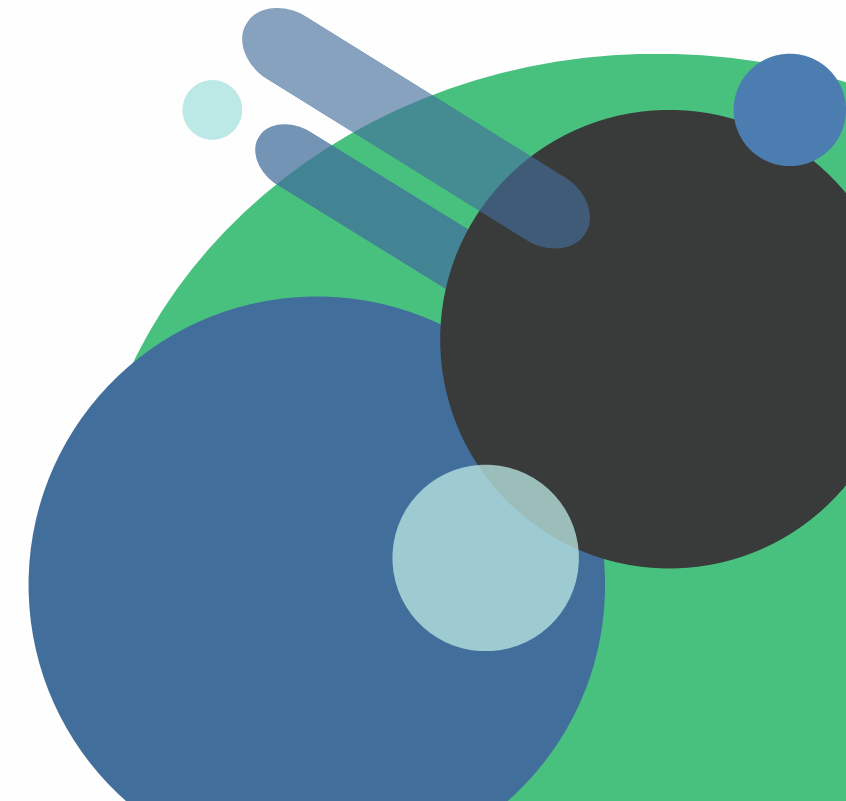


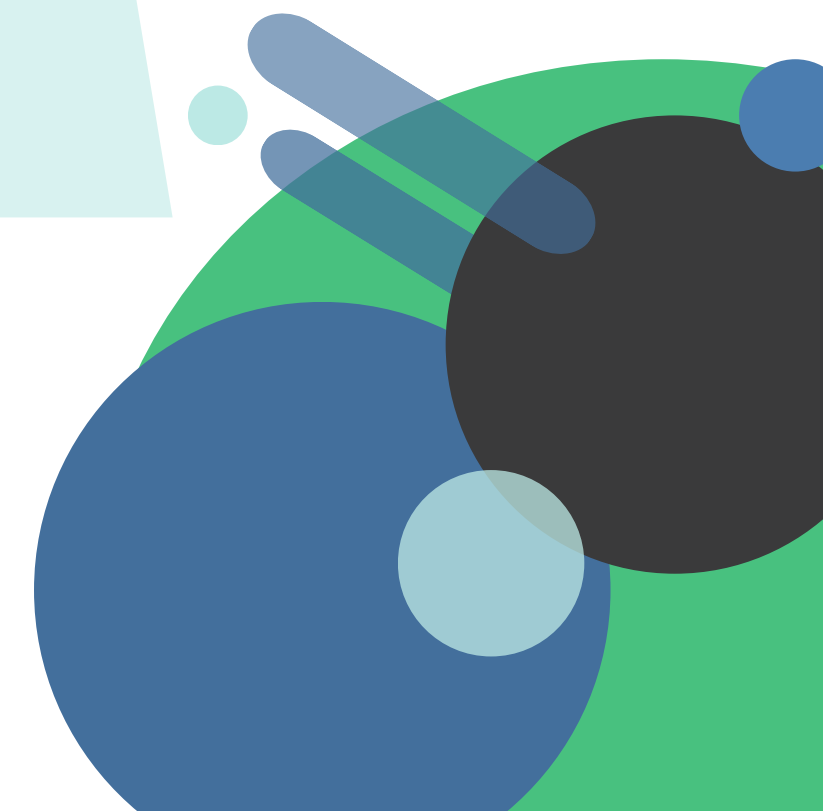
# Gas Retailers & Financial Hardship

Research to inform the Review of the  
Compendium of Gas Customer Licence Obligations  
September 2023



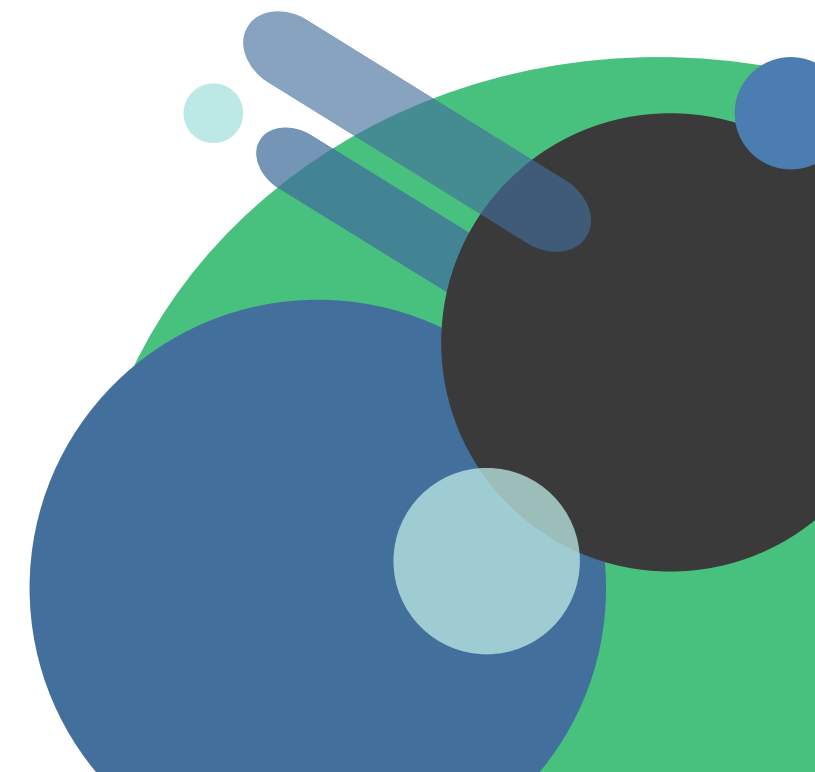
This project was funded by the Government of Western Australia (Energy Policy WA) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and gas.

The views expressed in this document do not necessarily reflect the views of the Government of Western Australia or Energy Policy WA.



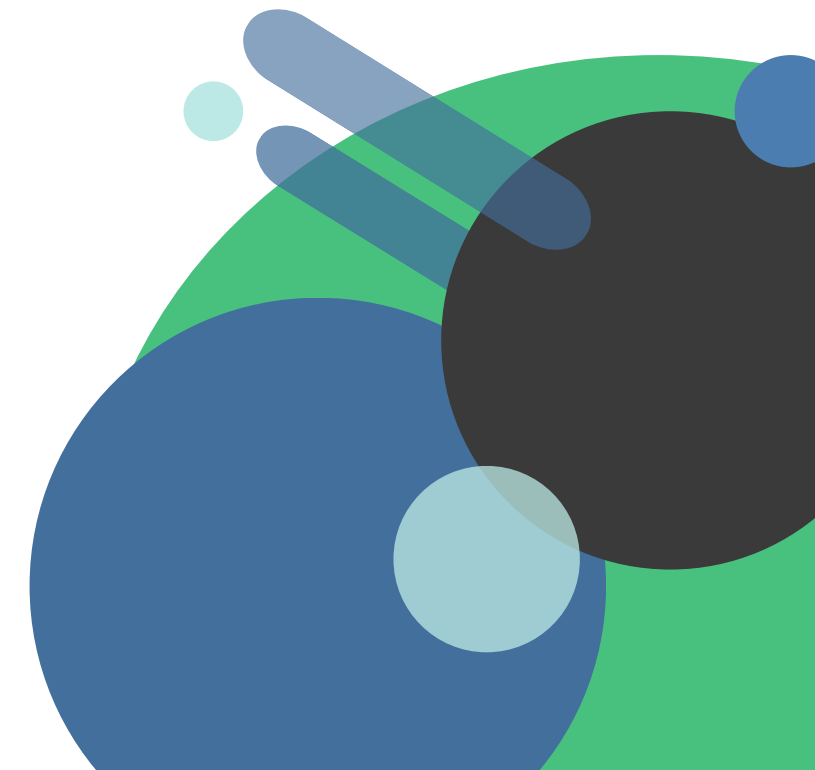
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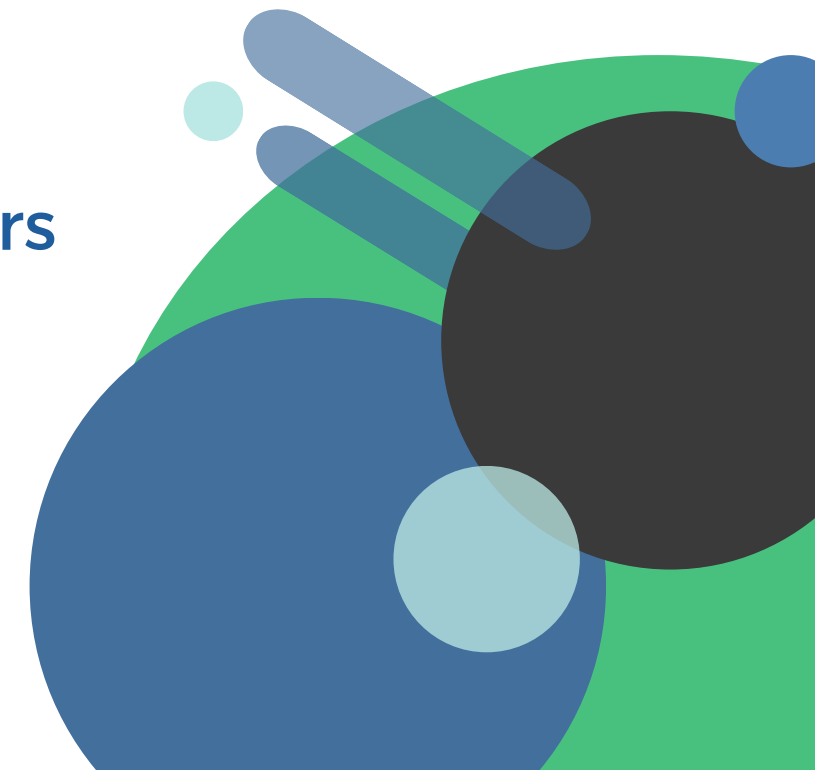
## Background to the research

- In mid-2023 the Economic Regulation Authority will undertake a review of the Compendium of Gas Customer Licence Obligations (the Compendium).
- The Compendium is a crucial element of all gas licences as it governs the behaviour of gas retailers and distributors who provide gas to over 700,000 residential and small business consumers. It establishes performance criteria in several fields, including billing, payments, financial hardship, disconnections, reconnections, and complaints management. The Compendium only applies to gas customers that receive their gas through a gas distribution system and therefore does not apply to customers that use bottled LPG.
- Previous research by WACOSS indicates that financial hardship assistance is more difficult to obtain in the gas sector compared to other utilities in WA. In light of this, research was required to understand gas retailers' adherence to their obligations under the Compendium Part 6 - Payment difficulties and financial hardship.



## Methodology

- The research consisted of the following:
  - An online survey of financial counsellors and financial capability workers.
    - The survey sought feedback on how the five major residential gas retailers adhere to their obligations under the Compendium Part 6 - Payment difficulties and financial hardship. These are Kleenheat, Origin Energy, Alinta, Simply Energy and AGL.
  - The survey was open for completion from 11 July-11 August 2023. It was shared extensively with FCAWA members during this period to maximise the response rate.
    - Direct email to members three times.
    - Direct email to Agency Managers to share with their financial counsellors and financial capability workers.
    - Promoted in our monthly newsletter.
  - A small focus group with financial counsellors was also completed.
  - Desktop research to review the hardship policies of the five gas retailers.



## Number of residential gas customers by retailer - 30 June 2019 to 30 June 2022

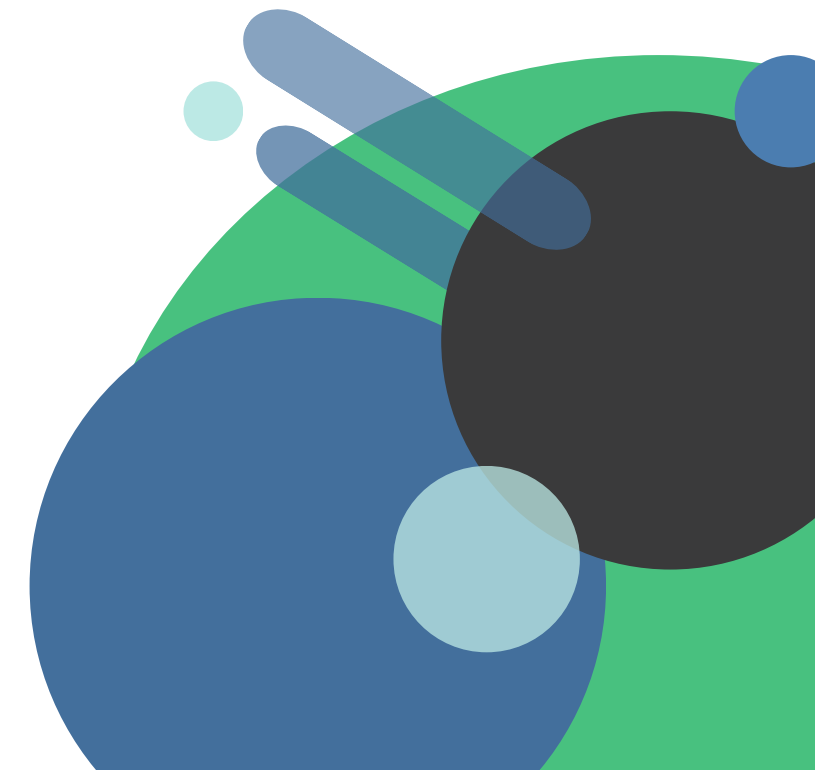
- Alinta Energy and Kleenheat supply most residential gas customers.

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
AGL	64,730	70,380	83,909
Alinta Energy	432,750	434,753	421,008
Kleenheat	201,102	210,088	216,380
Origin Energy	13,700	13,235	14,228
Simply Energy	23,071	23,575	28,191
<b>Total</b>	<b>735,353</b>	<b>752,031</b>	<b>763,716</b>

**Data source:** Annual data report 2021/22 - Energy retailers, Economic Regulation Authority, 2023

## Sample

- There were n=48 responses to the online survey.
- Six respondents were ineligible to complete the survey, as all their clients use bottled gas, therefore the Compendium is not relevant to them.
- This left a final sample of n=42 with a 74% completion rate.
  - **Note:** A high proportion of respondents had no experience of dealing with Simply and Origin, and to a lesser degree, AGL. These companies have a much lower market share than Alinta and Kleenheat.
  - This resulted in a large proportion of respondents selecting 'not sure' for these retailers. These have been removed from the dataset to enable comparison between retailers; however this reduces the sample sizes considerably for the three retailers and therefore any insights drawn about their practices must be treated with caution.
- The focus group consisted of n=2 financial counsellors.



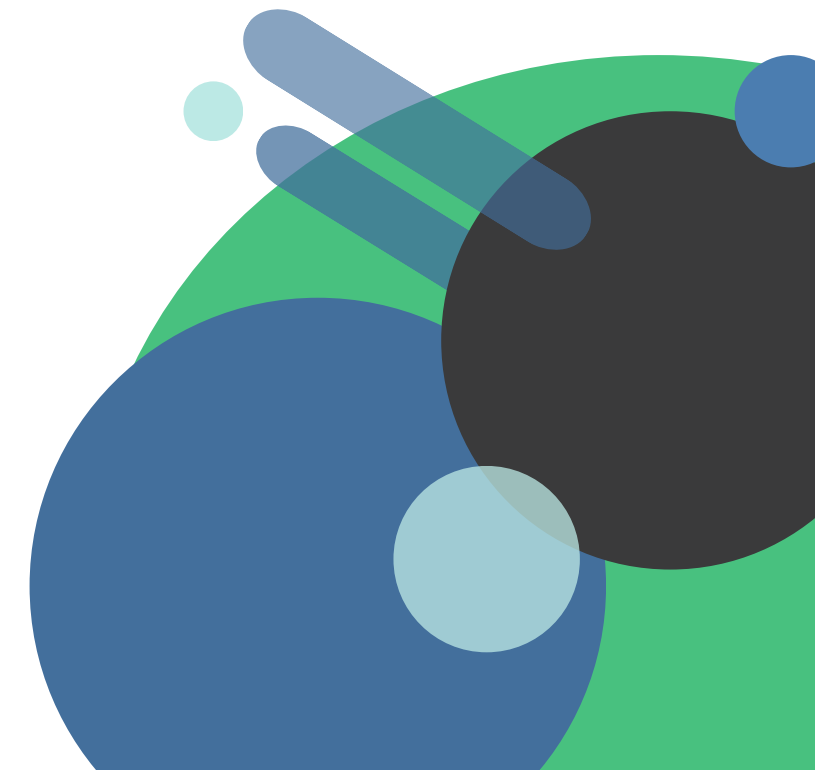
## Sample

- **Professional role**

- Most survey respondents (90%) were financial counsellors, with the remainder being financial capability workers.

- **Location**


- Most survey respondents (71%) were located in the Perth Metro area. Almost a quarter (23%) were in regional WA, with the remainder in remote WA.





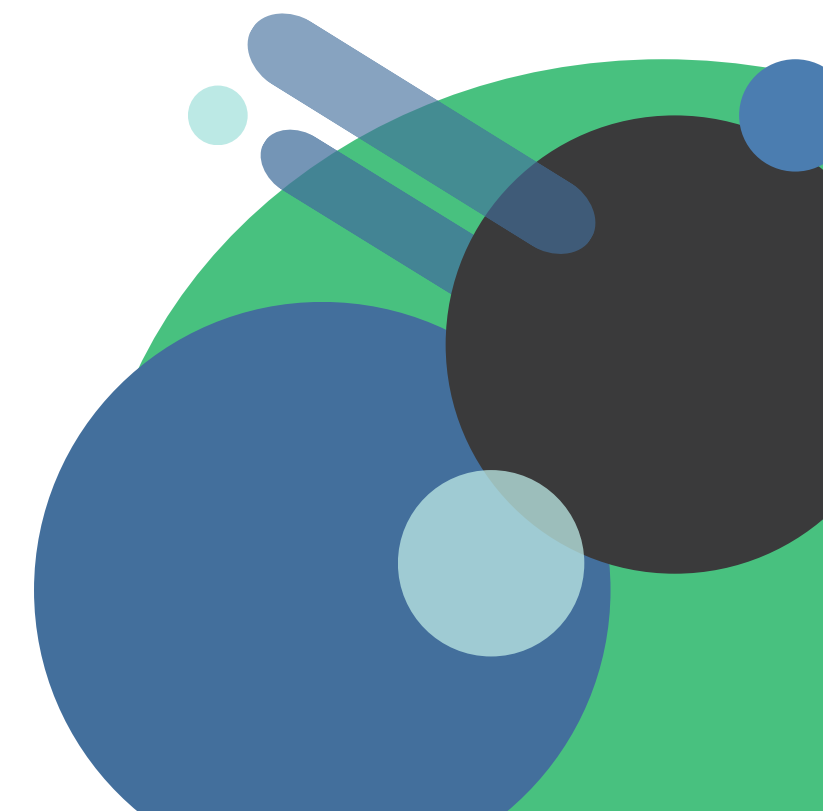
## Key insights

- All gas retailers have a financial hardship policy, however there is an opportunity to improve how financial hardship support and their rights and options are communicated to customers.
- The research found that gas retailers do not always effectively respond to the areas covered in the Compendium Part 6 - Payment difficulties and financial hardship.
- There is variation in how gas retailers respond - Alinta performs the strongest overall relative to other gas retailers.
- The survey found lowest adherence with offering residential customers assessed as experiencing financial hardship a reduction of their bill or outstanding debt - this is most likely to be offered in cases involving domestic violence.
- Customer care from gas retailers sometimes falls short, including a lack of empathy, respect and compassion for customers under financial stress.
- There is an opportunity to strengthen case management support and reduce unnecessary barriers to financial counsellors obtaining authority to act on behalf of a client.



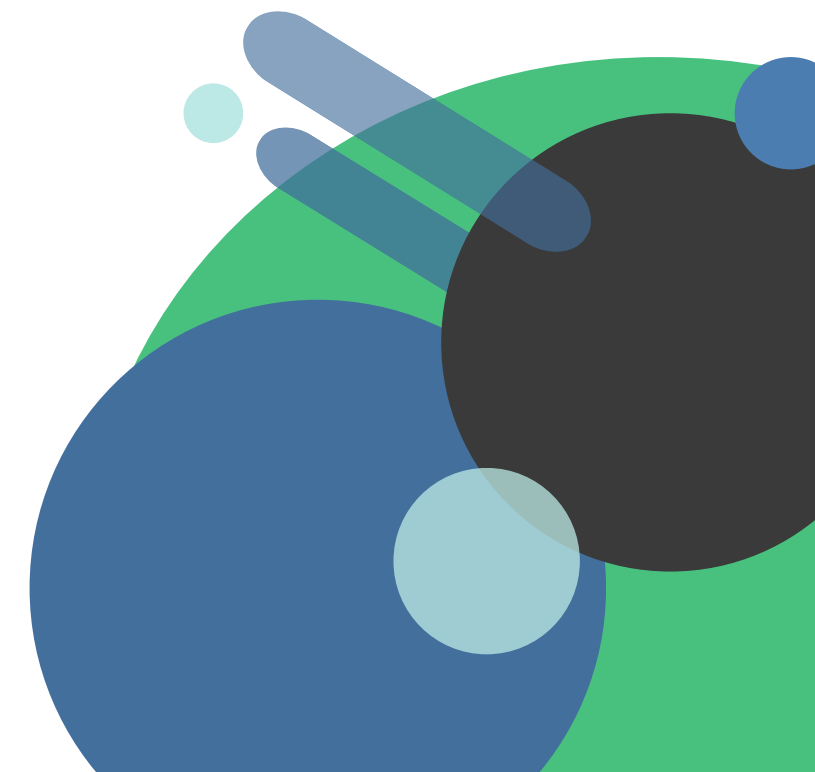
*Alinta has always assisted my clients when assessed as in financial hardship & have been known to be quite lenient with payment arrangement breaches.*

# Detailed Findings



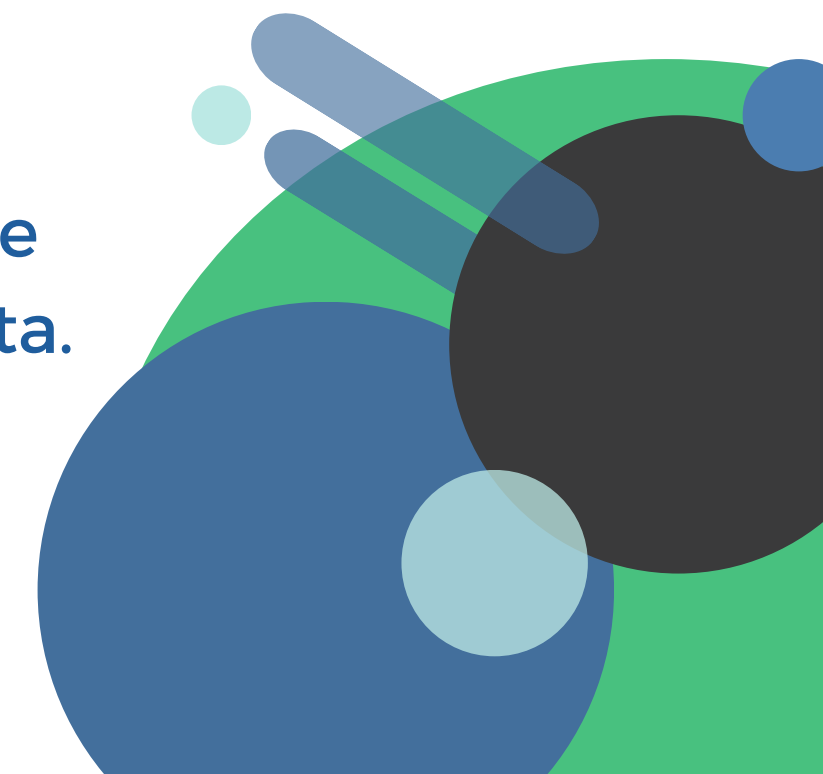
## Gas retailers' hardship policies & programs

- Each of the five gas retailers has a financial hardship policy and four have a financial hardship program mentioned on their website:
  - Alinta - Assist Program
  - AGL - Staying Connected
  - Origin - Staying Connected
  - Simply - Bill Assist Program
  - Kleenheat - no specific program mentioned; overview of Financial Hardship assistance available on website



## Gas retailers' hardship policies & programs

- The hardship policies broadly cover the Compendium obligations.
- However, our review identified variations in the effectiveness and clarity of communication, for example:
  - Helpful information included in the policy is not always on the company website e.g. AGL's hardship policy states that debt relief and concessions are possible but this is not mentioned on the website.
  - Some companies more clearly communicate that they can be contacted e.g. Kleenheat and AGL have a video encouraging contact.
  - Some are more user-friendly than others in how the information is presented, which is especially important when a customer is likely to be stressed and overwhelmed due to financial pressures e.g. AGL and Alinta.
  - Some use a more reassuring and engaging tone of voice e.g. AGL and Alinta, compared to Kleenheat and Origin.



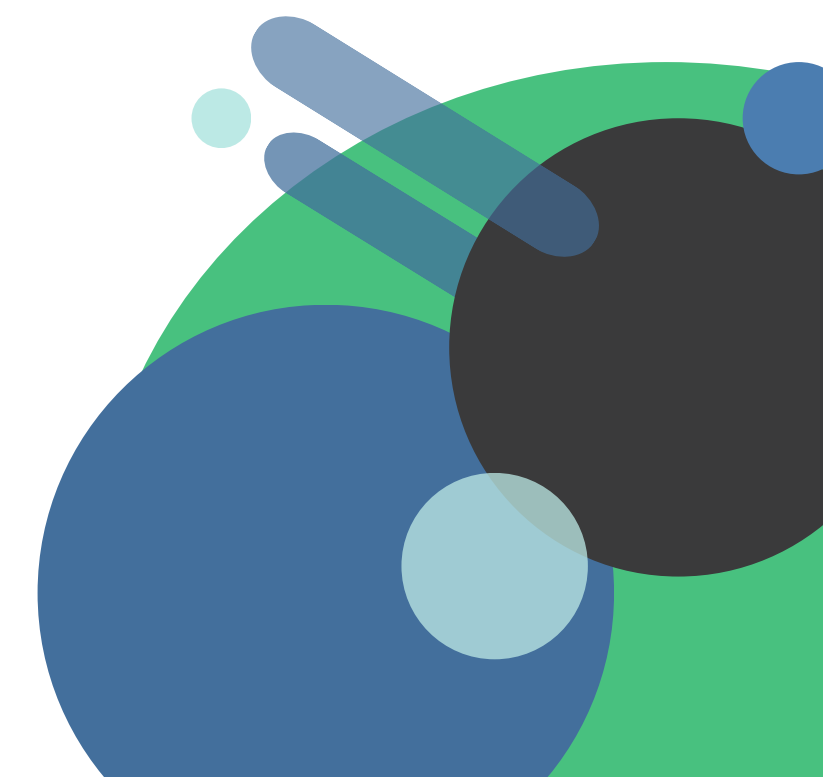
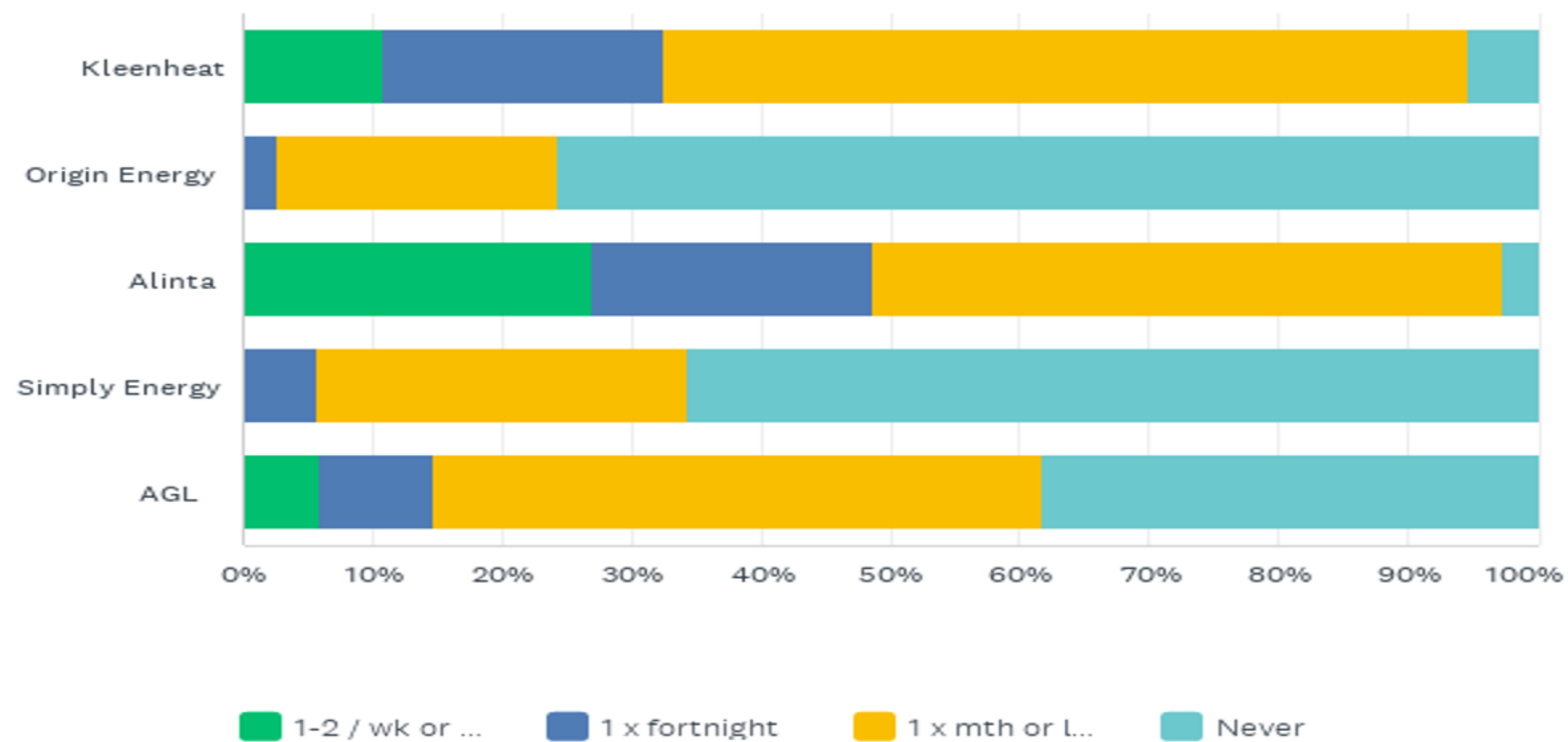
## Contact with gas retailers

- Survey respondents are most likely to contact gas retailers on behalf of a client approximately once a month or less. As noted, contact is more limited with AGL, Simply and Origin.
  - WA based retailers (Kleenheat & Alinta) are reported to be easier to contact / more responsive.
- Barriers to onboarding customers onto a hardship program were reported, with Alinta not recognising a signed client authority as the clients' informed consent.
- Customer service staff do not always treat customers with empathy, compassion and respect.

*We rang Alinta to query the amount. The man I spoke to said word for word "your client is lying to you about her consumption. There is no way a single woman in a unit can use this much gas, you need to find out the truth and we need to know how she is going to pay". I was amazed. The client was sitting across the desk from me and she could hear every word.*

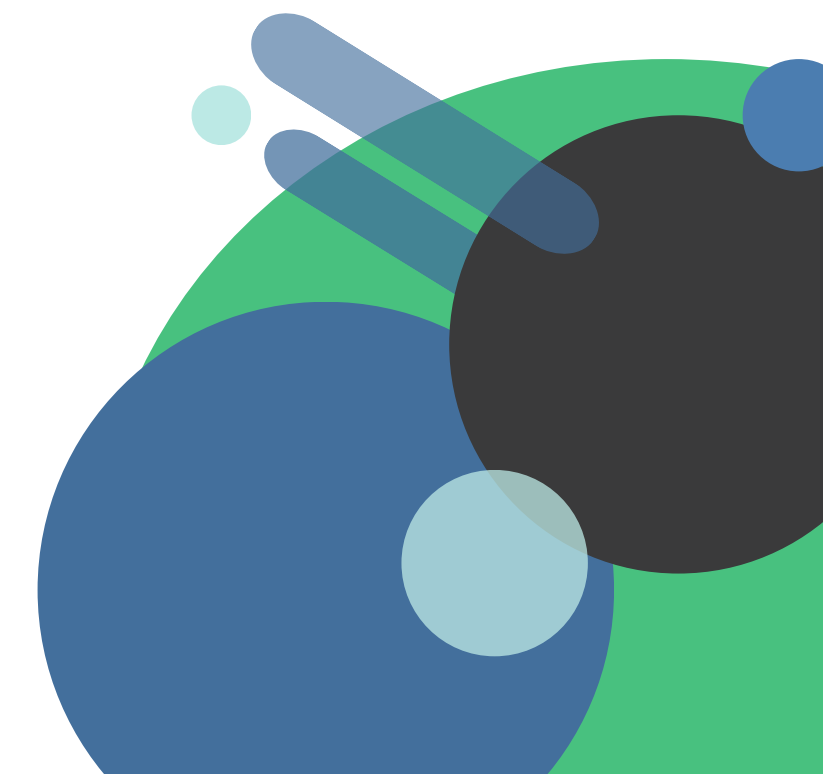
*I request account information with them, which they provide. I liaise with my client as to what they can afford to pay, frequency, method of payment and commencement date. I advise Alinta who advise they cannot arrange due to there not being 'informed consent'. Surely by providing the signed client authority I am providing 'informed consent'?!*

## Contact with gas retailers



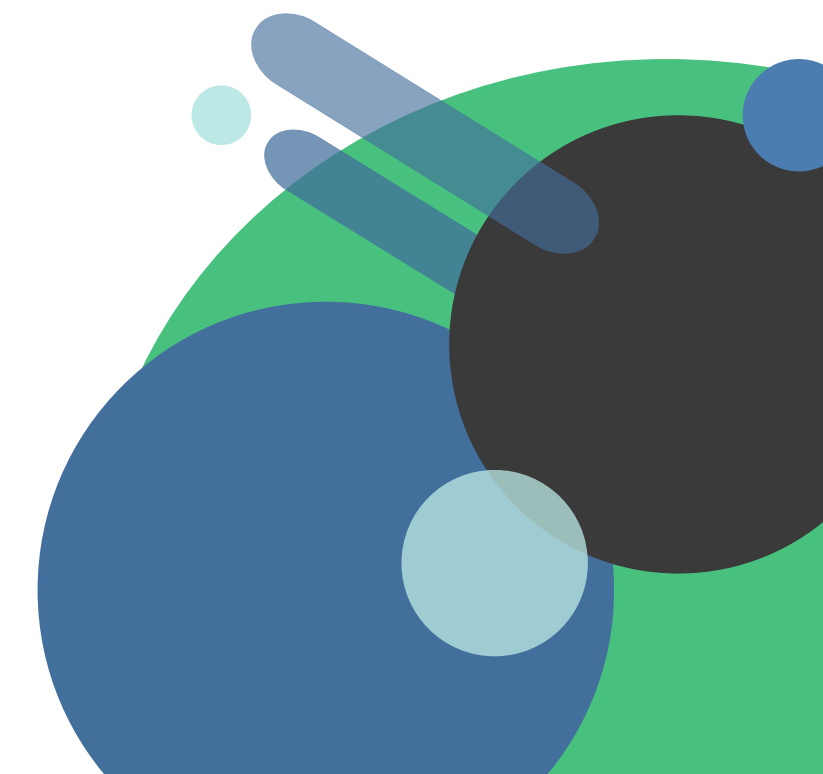
## Likelihood to offer residential customers assessed as experiencing payment difficulties additional time to pay, or other payment arrangements

- The survey found that gas retailers are not always offering these customers additional time to pay, or other payment arrangements.
- Alinta and Simply are the two retailers most likely to **always** offer this to their customers (63% for each company).



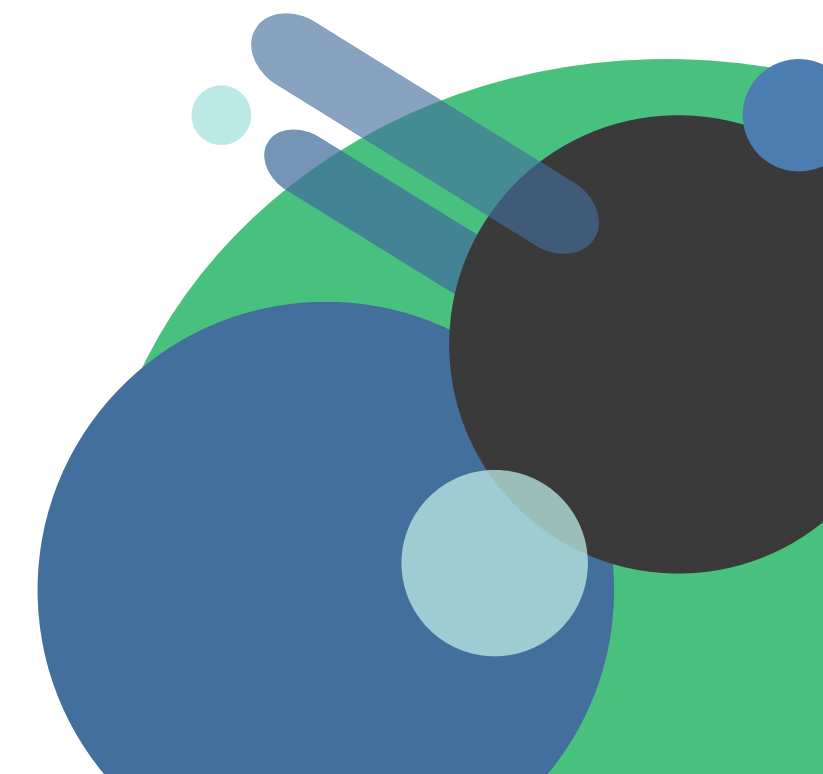
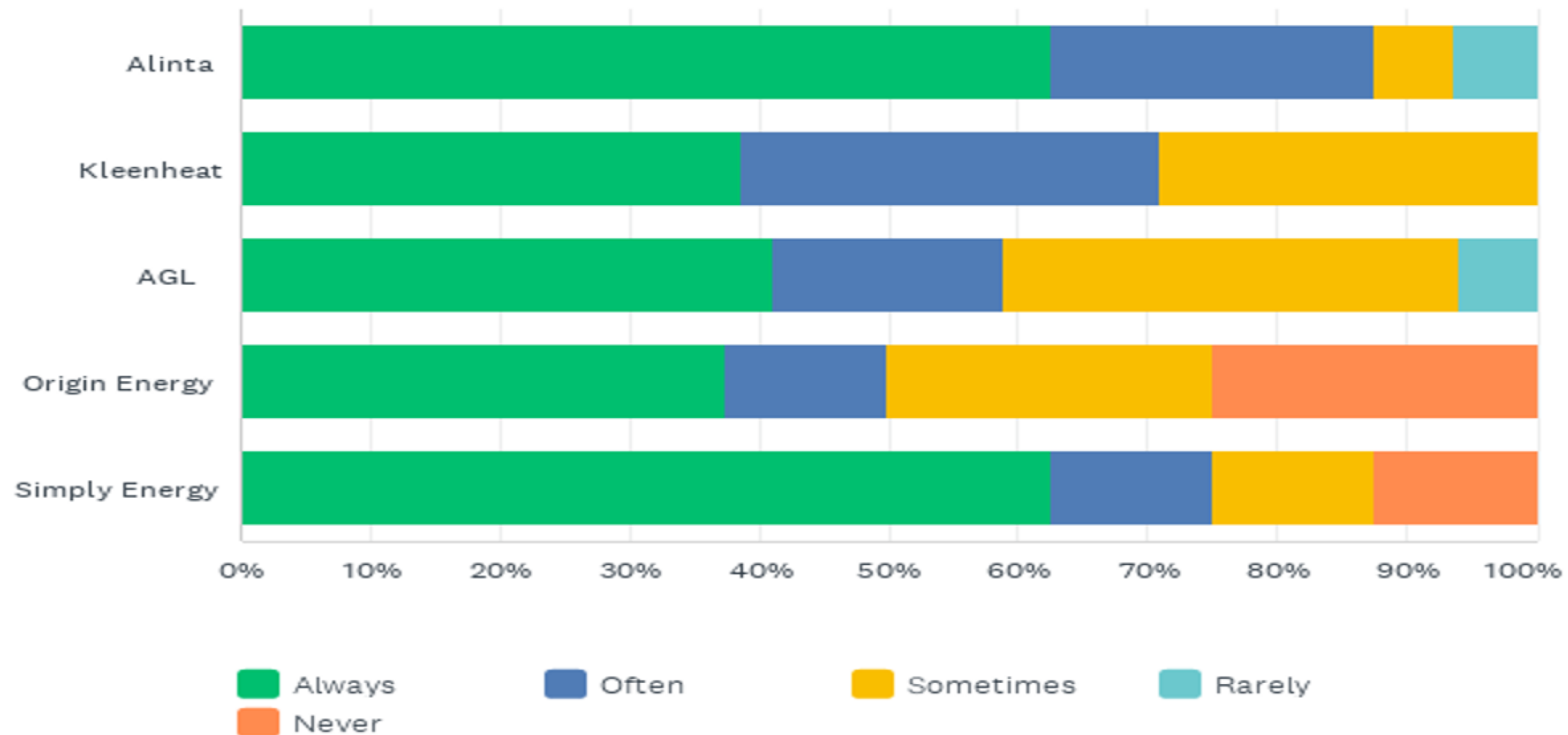
## Likelihood to offer residential customers assessed as experiencing payment difficulties additional time to pay, or other payment arrangements

	ALWAYS	OFTEN	SOMETIMES	RARELY	NEVER	TOTAL
Alinta	62.50%	25.00%	6.25%	6.25%	0.00%	
	20	8	2	2	0	32
Kleenheat	38.71%	32.26%	29.03%	0.00%	0.00%	
	12	10	9	0	0	31
AGL	41.18%	17.65%	35.29%	5.88%	0.00%	
	7	3	6	1	0	17
Origin Energy	37.50%	12.50%	25.00%	0.00%	25.00%	
	3	1	2	0	2	8
Simply Energy	62.50%	12.50%	12.50%	0.00%	12.50%	
	5	1	1	0	1	8



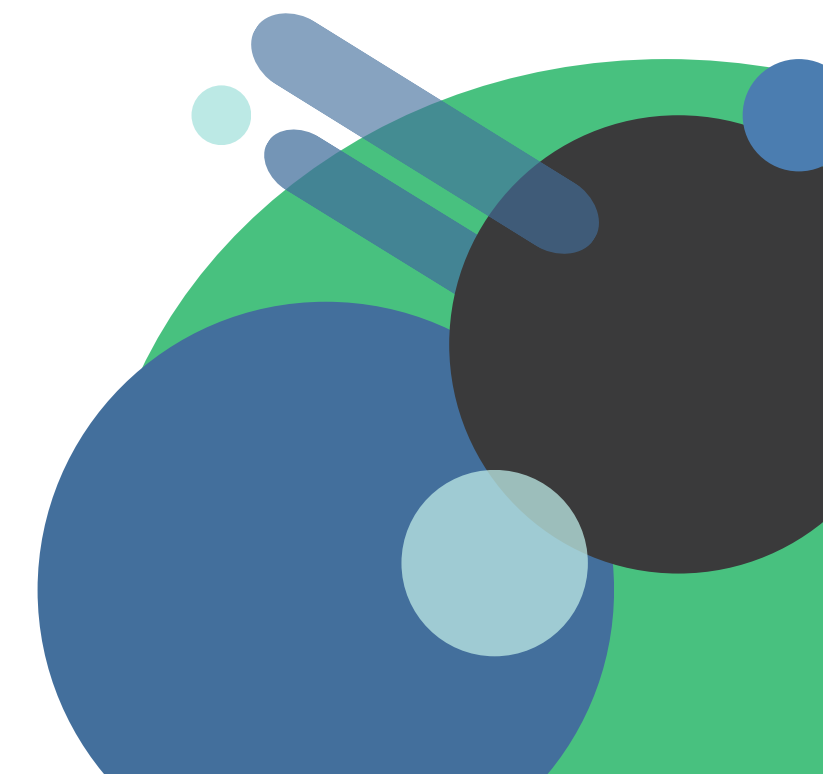


## Likelihood to offer residential customers assessed as experiencing payment difficulties additional time to pay, or other payment arrangements



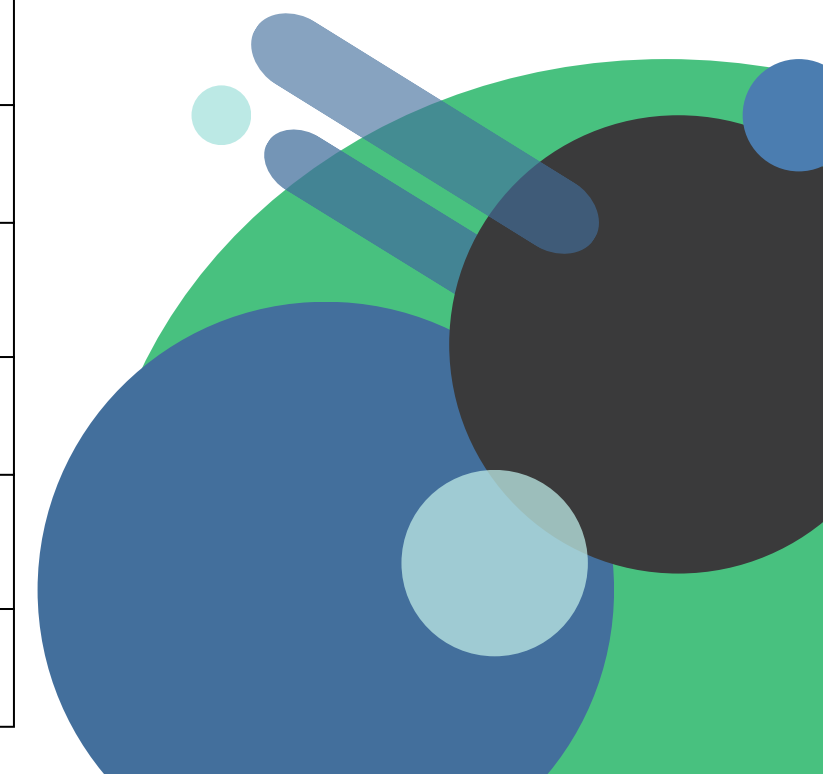
## Likelihood to offer residential customers assessed as experiencing financial hardship more time to pay a bill

- The survey found that gas retailers are not always offering these customers additional time to pay a bill.
- Simply and Alinta are the two retailers most likely to **always** offer this to their customers (71% and 60% respectively).

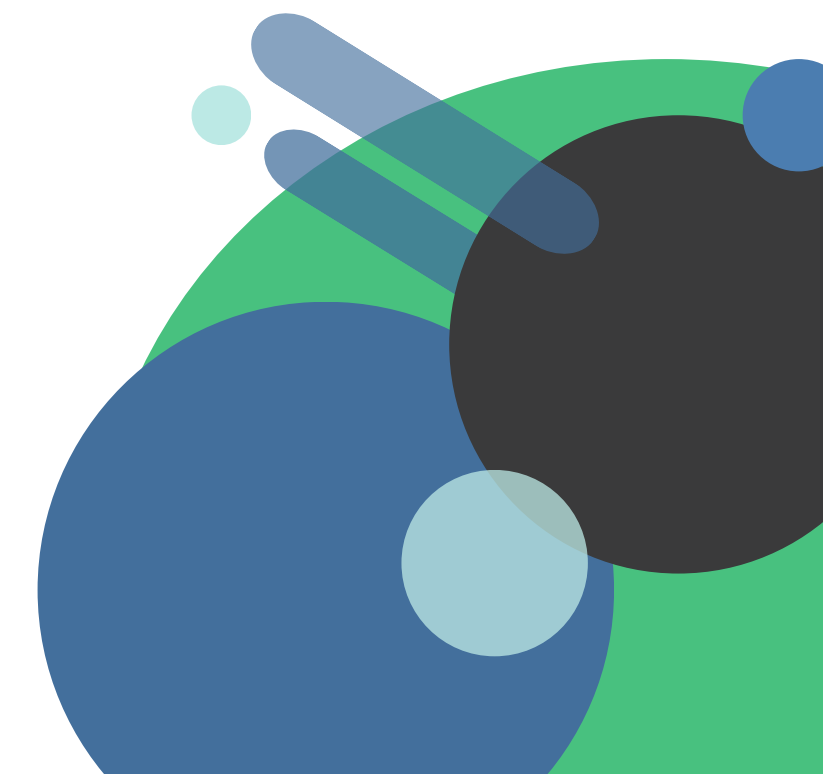
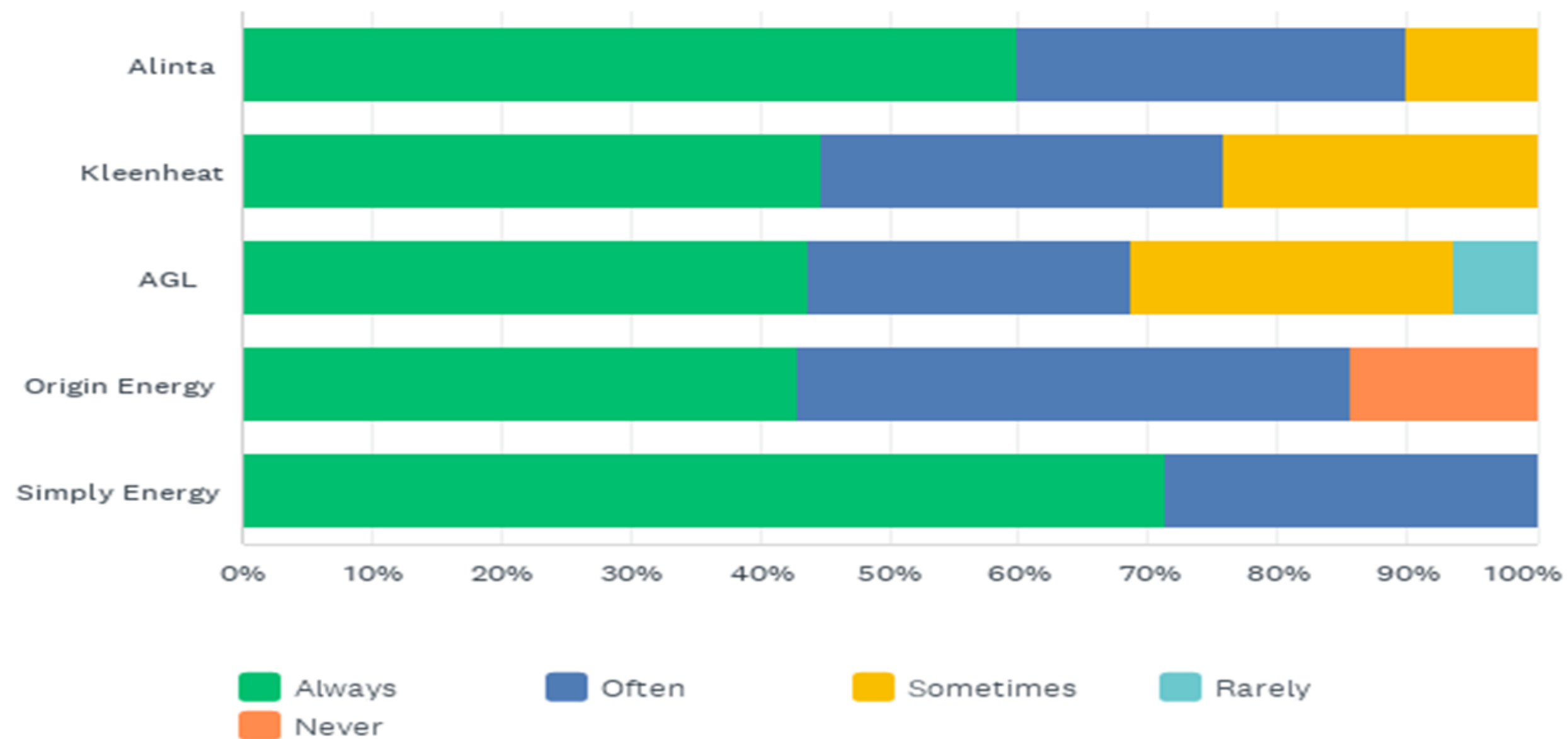


## Likelihood to offer residential customers assessed as experiencing financial hardship more time to pay a bill

	ALWAYS	OFTEN	SOMETIMES	RARELY	NEVER	TOTAL
Alinta	60.00%	30.00%	10.00%	0.00%	0.00%	
	18	9	3	0	0	30
Kleenheat	44.83%	31.03%	24.14%	0.00%	0.00%	
	13	9	7	0	0	29
AGL	43.75%	25.00%	25.00%	6.25%	0.00%	
	7	4	4	1	0	16
Origin Energy	42.86%	42.86%	0.00%	0.00%	14.29%	
	3	3	0	0	1	7
Simply Energy	71.43%	28.57%	0.00%	0.00%	0.00%	
	5	2	0	0	0	7



## Likelihood to offer residential customers assessed as experiencing financial hardship more time to pay a bill

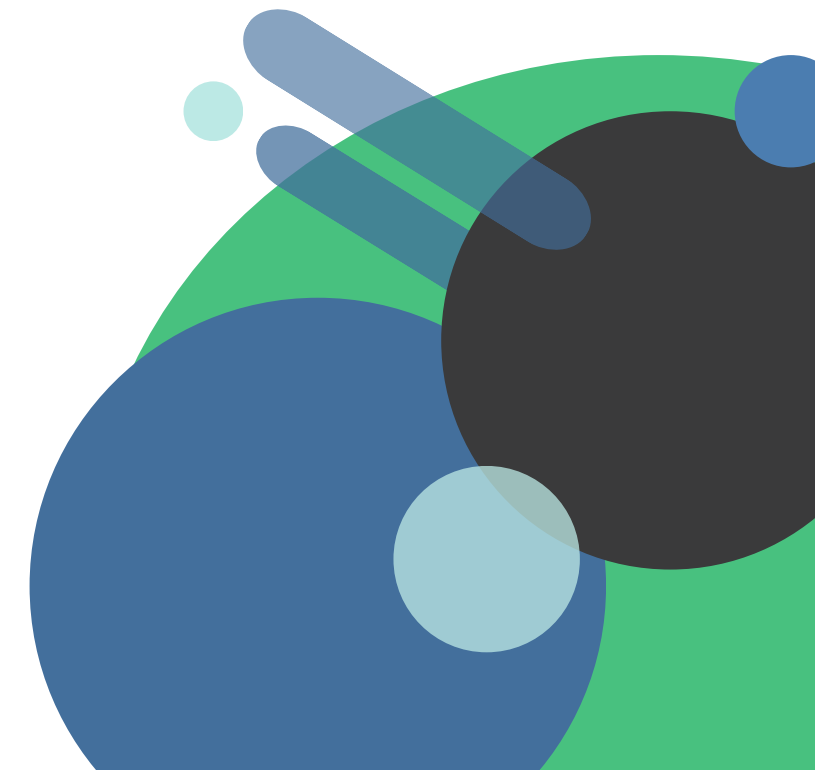


## Likelihood to offer residential customers assessed as experiencing financial hardship fair and reasonable payment plans

- The survey found that gas retailers are not always offering a payment plan considered to be fair and reasonable.
- Simply and Alinta are the two retailers most likely to **always or often** offer a payment plan considered to be fair and reasonable (80% and 73% respectively)

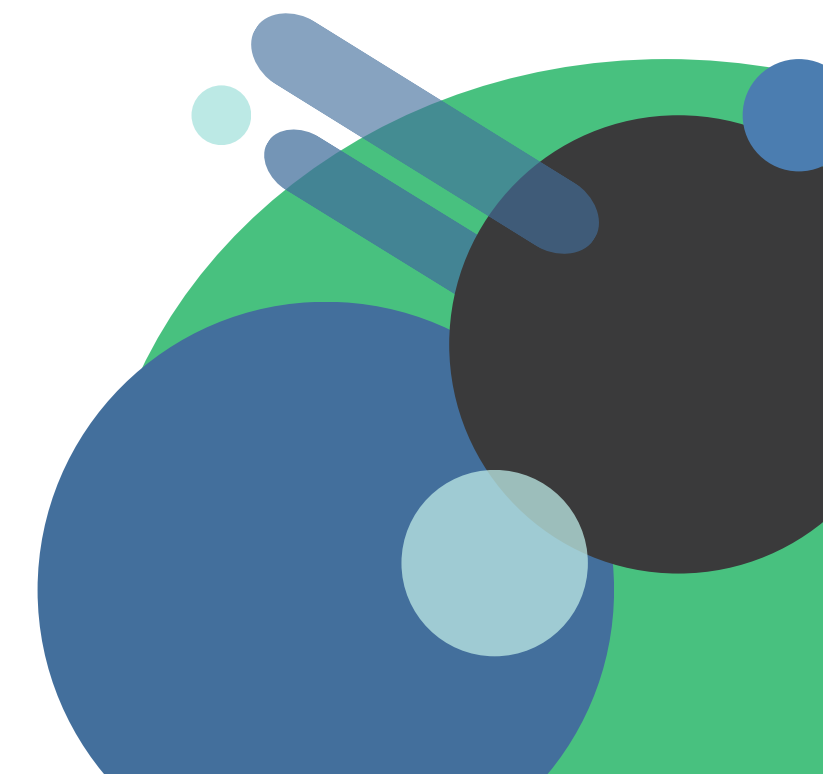
*A client recently had their payment plan referred to as a 'underpayment' plan which seemed insulting as it was what they could afford at the time.*

*Most Gas companies will accept a payment plan - some households will remain without gas until they are able to enter into a payment plan. This can be in light of previous payment plans that have not been adhered to and the number of opportunities they have been given.*

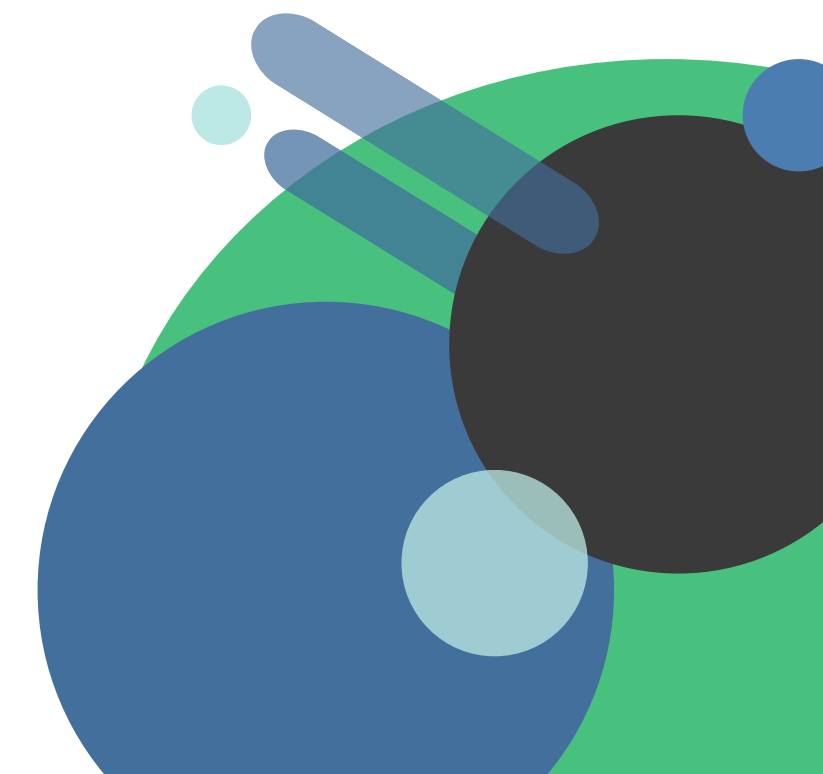
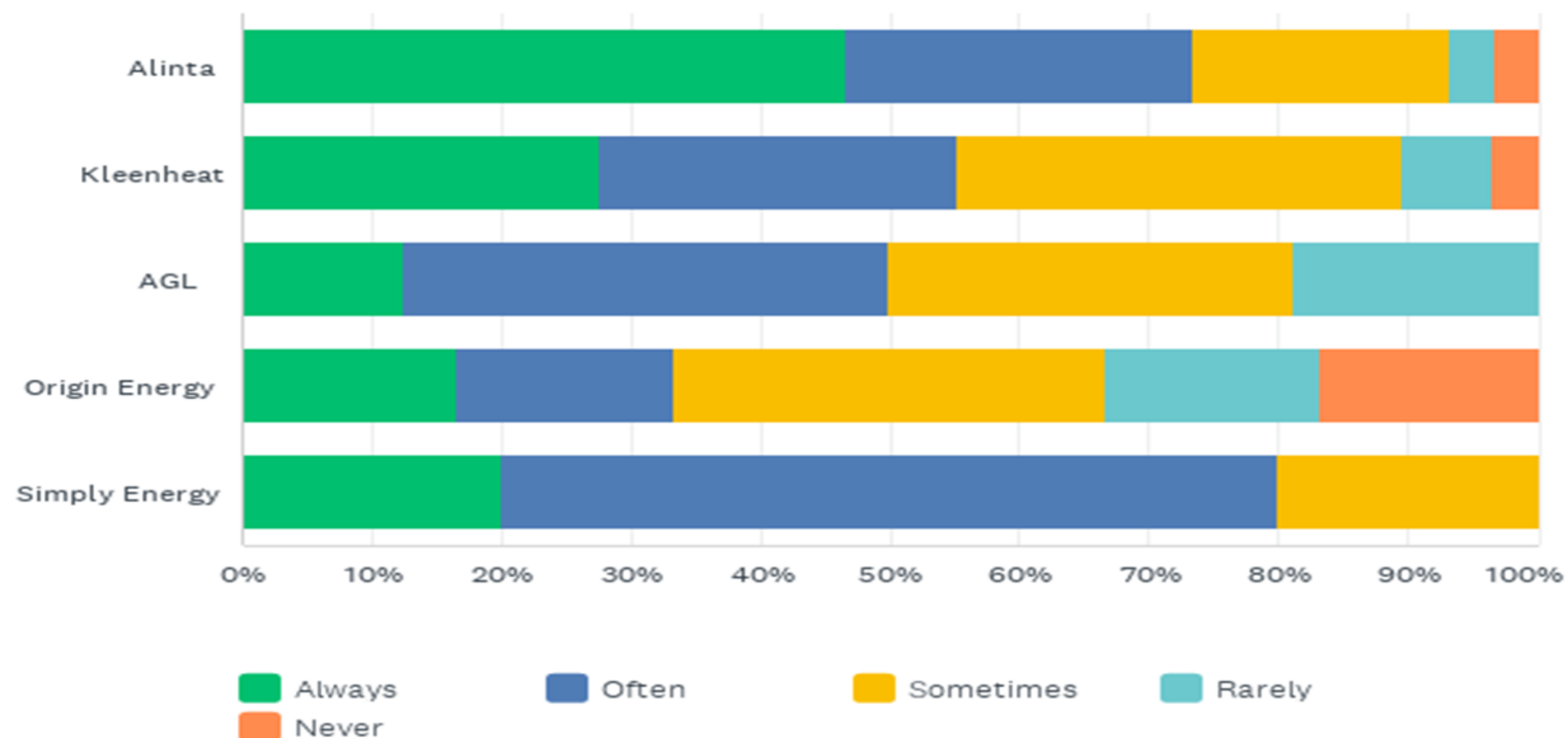


## Likelihood to offer residential customers assessed as experiencing financial hardship fair and reasonable payment plans

	ALWAYS	OFTEN	SOMETIMES	RARELY	NEVER	TOTAL
Alinta	46.67%	26.67%	20.00%	3.33%	3.33%	
	14	8	6	1	1	30
Kleenheat	27.59%	27.59%	34.48%	6.90%	3.45%	
	8	8	10	2	1	29
AGL	12.50%	37.50%	31.25%	18.75%	0.00%	
	2	6	5	3	0	16
Origin Energy	16.67%	16.67%	33.33%	16.67%	16.67%	
	1	1	2	1	1	6
Simply Energy	20.00%	60.00%	20.00%	0.00%	0.00%	
	1	3	1	0	0	5

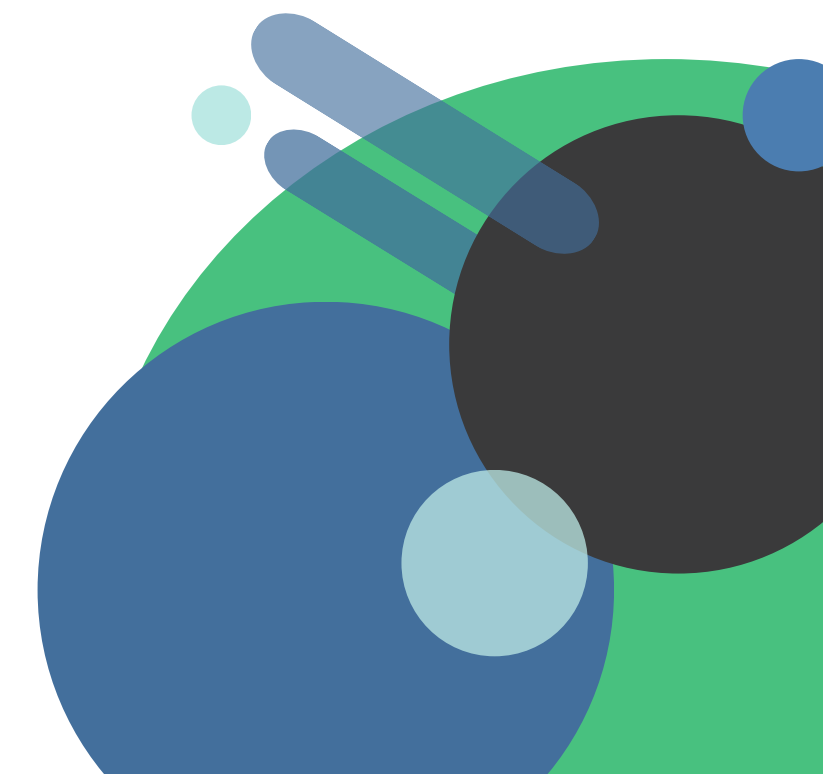


## Likelihood to offer residential customers assessed as experiencing financial hardship fair and reasonable payment plans



## Likelihood to clearly and efficiently communicate to residential customers the terms and conditions of an agreed payment plan

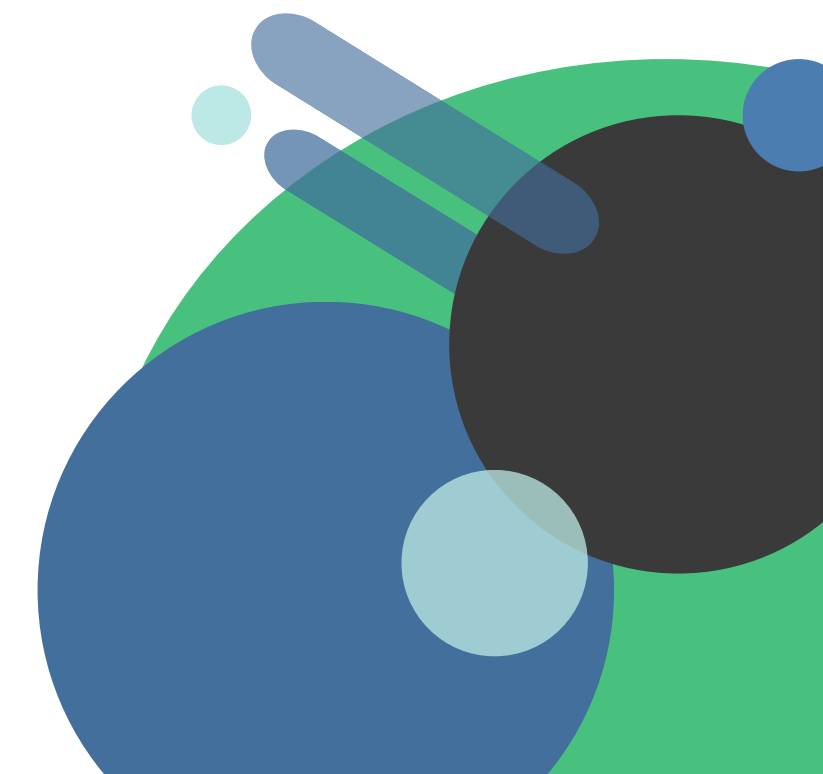
- The survey found that gas retailers are not always considered to effectively communicate the terms of an agreed payment plan.
- Some retailers perform better in this regard, with Simply rated the strongest at **always** communicating effectively (83%), followed by Alinta and Kleenheat (both at 75%).



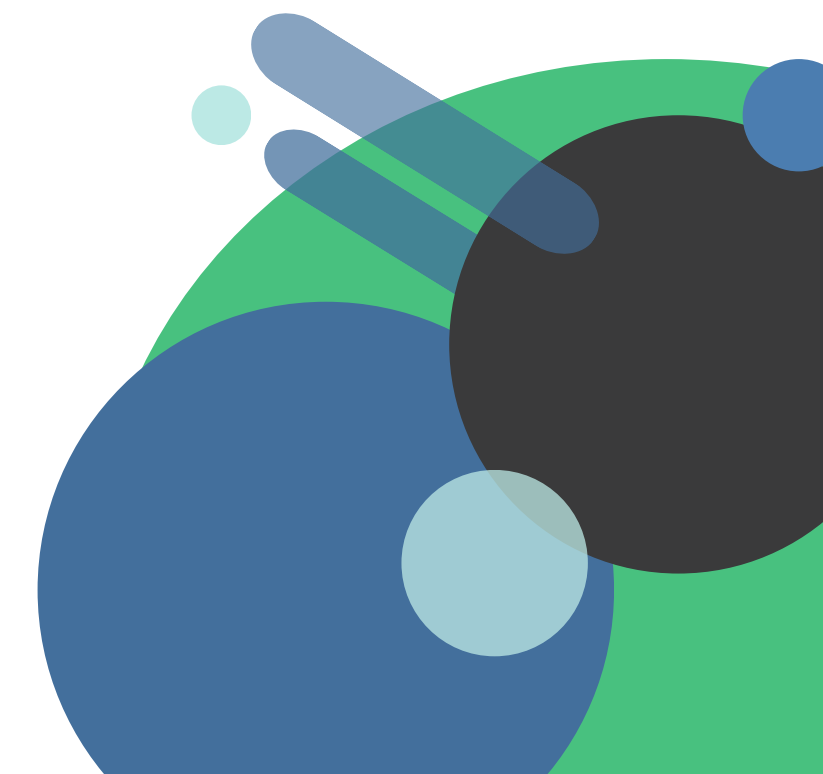
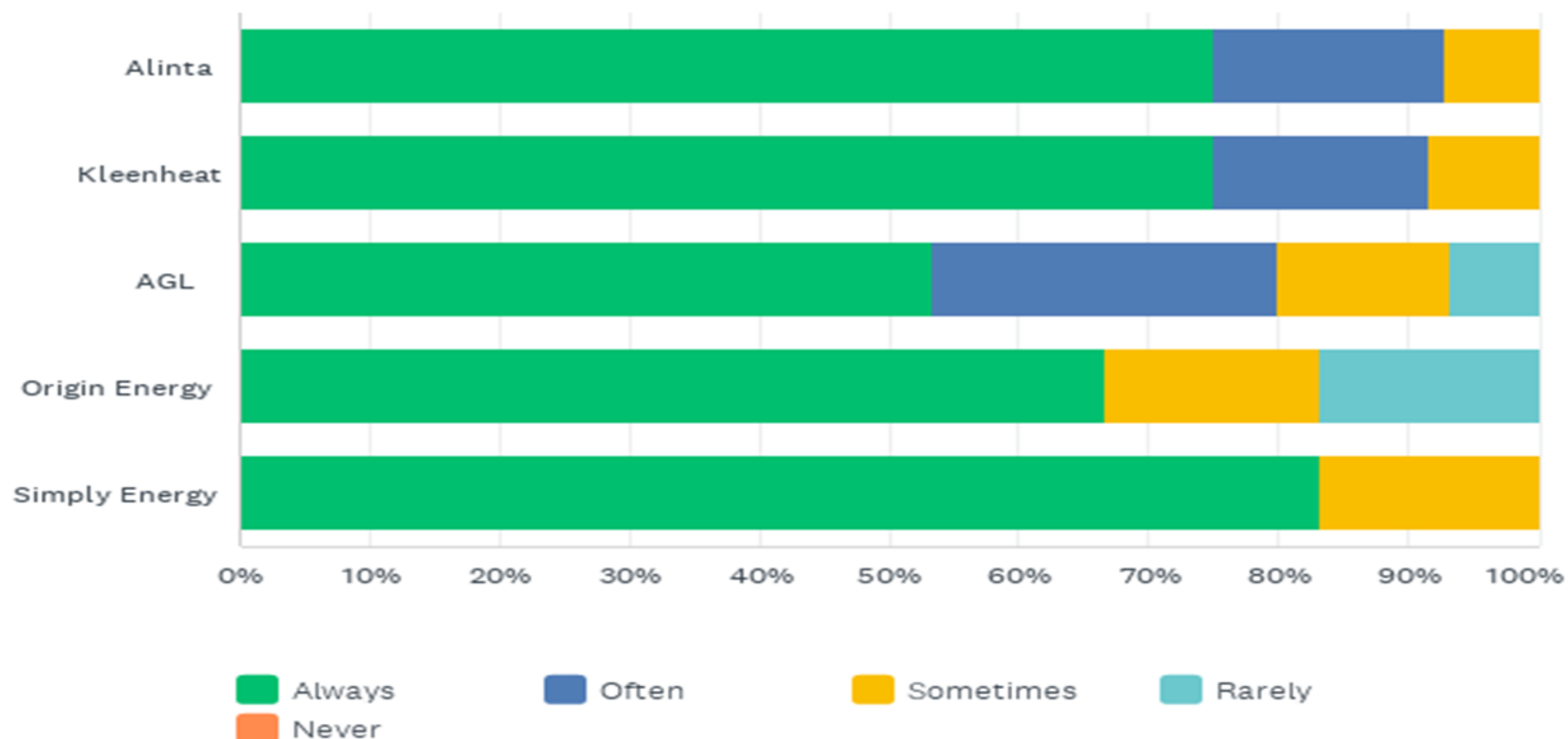


## Likelihood to clearly and efficiently communicate to residential customers the terms and conditions of an agreed payment plan

	ALWAYS	OFTEN	SOMETIMES	RARELY	NEVER	TOTAL
Alinta	75.00%	17.86%	7.14%	0.00%	0.00%	
	21	5	2	0	0	28
Kleenheat	75.00%	16.67%	8.33%	0.00%	0.00%	
	18	4	2	0	0	24
AGL	53.33%	26.67%	13.33%	6.67%	0.00%	
	8	4	2	1	0	15
Origin Energy	66.67%	0.00%	16.67%	16.67%	0.00%	
	4	0	1	1	0	6
Simply Energy	83.33%	0.00%	16.67%	0.00%	0.00%	
	5	0	1	0	0	6



## Likelihood to clearly and efficiently communicate to residential customers the terms and conditions of an agreed payment plan



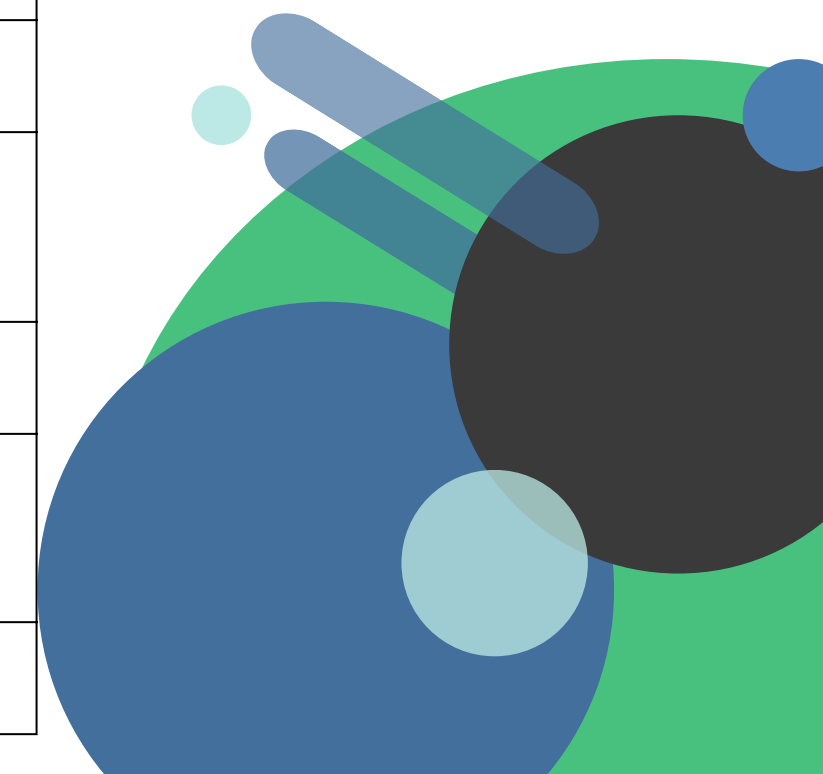
## Likelihood to effectively respond when residential customers are unable to adhere to a payment extension or payment plan e.g. by offering or revising a payment plan or adapting the minimum payment

- The survey found that gas retailers do not always effectively respond when payment extensions or plans cannot be adhered to.
- 50% of Financial Counsellors report that Alinta **always** effectively responds when a customer is unable to adhere to a payment plan - the highest rating overall.
- Respondents noted that gas retailers could be more proactive and encouraging of customers to contact them when they are struggling to keep up with a payment plan - an unhelpful tone in gas retailers' communications can make customers feel fearful about reaching out to discuss the issue.

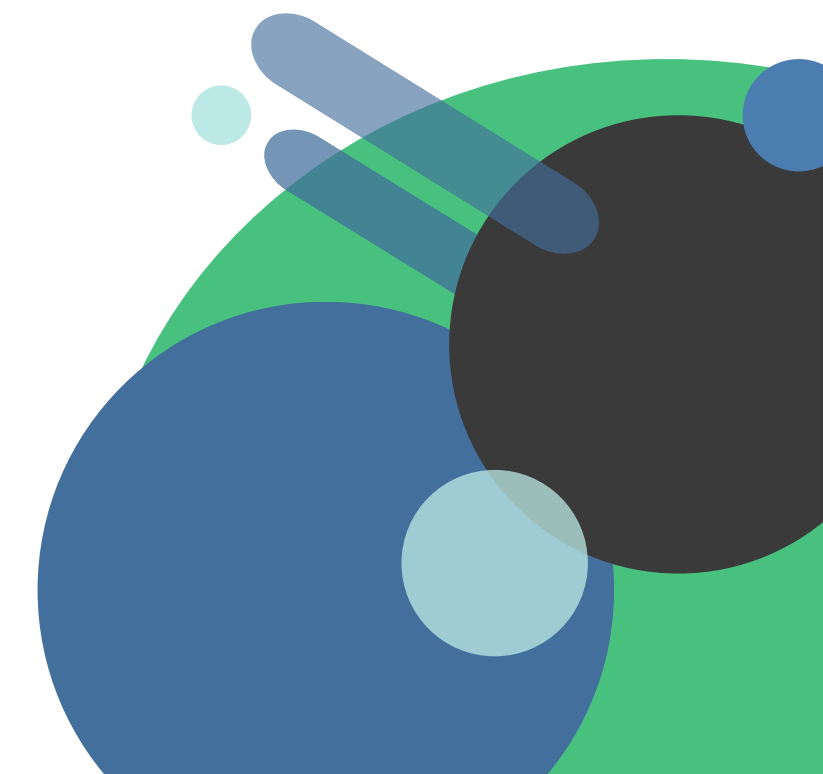
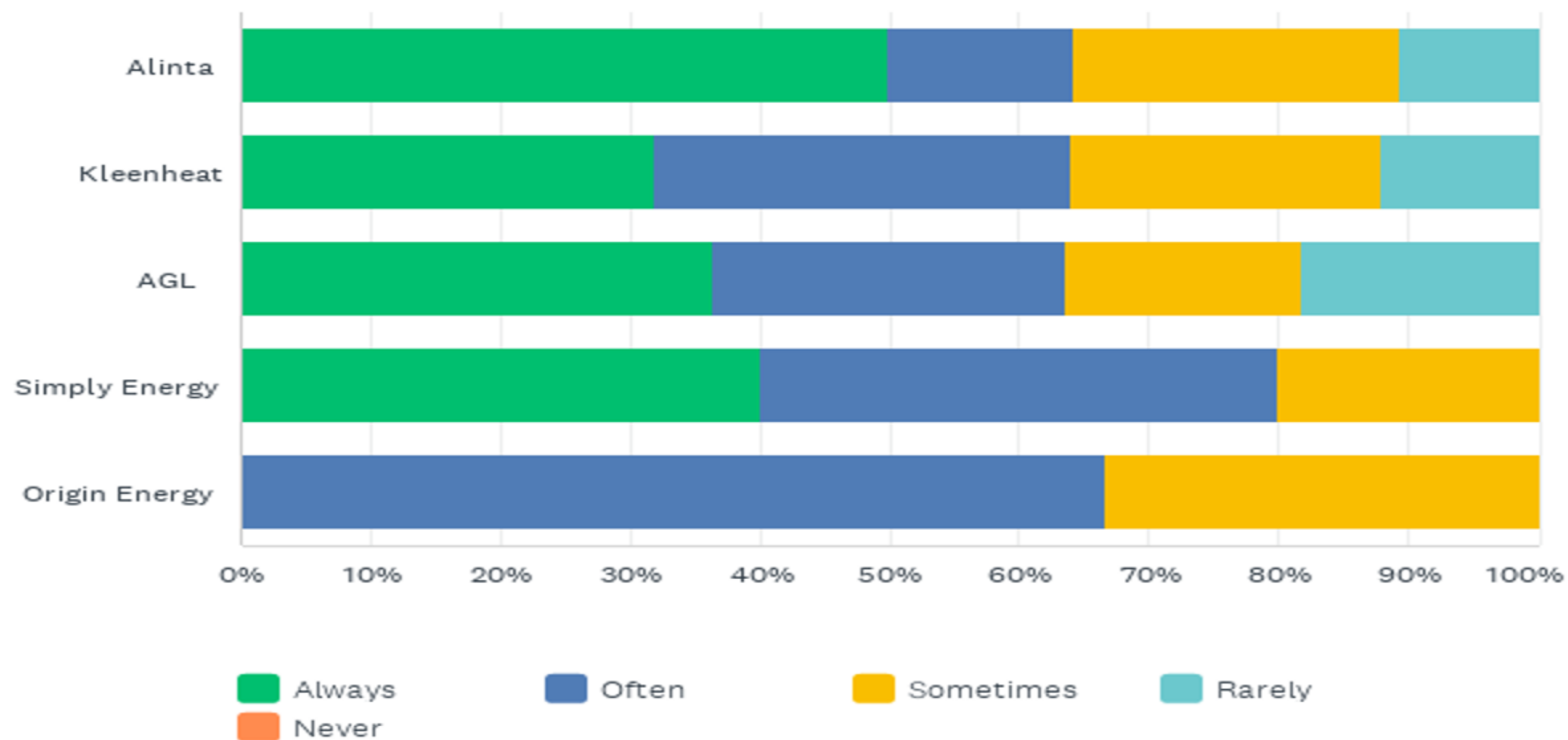
*If the customer contacts the retailer, yes. If not, the letters that are sent are often not obvious that the retailer is there to support the client. Most times the client is too afraid to call as the letters sound threatening or don't provide any options.*

## Likelihood to effectively respond when residential customers are unable to adhere to a payment extension or payment plan e.g. by offering or revising a payment plan or adapting the minimum payment

	ALWAYS	OFTEN	SOMETIMES	RARELY	NEVER	TOTAL
Alinta	50.00%	14.29%	25.00%	10.71%	0.00%	
	14	4	7	3	0	28
Kleenheat	32.00%	32.00%	24.00%	12.00%	0.00%	
	8	8	6	3	0	25
AGL	36.36%	27.27%	18.18%	18.18%	0.00%	
	4	3	2	2	0	11
Simply Energy	40.00%	40.00%	20.00%	0.00%	0.00%	
	2	2	1	0	0	5
Origin Energy	0.00%	66.67%	33.33%	0.00%	0.00%	
	0	2	1	0	0	3



Likelihood to effectively respond when residential customers are unable to adhere to a payment extension or payment plan e.g. by offering or revising a payment plan or adapting the minimum payment



## Likelihood to advise residential customers assessed as experiencing financial hardship of their rights and options e.g. payment methods, different tariffs, concessions, financial assistance and financial counselling

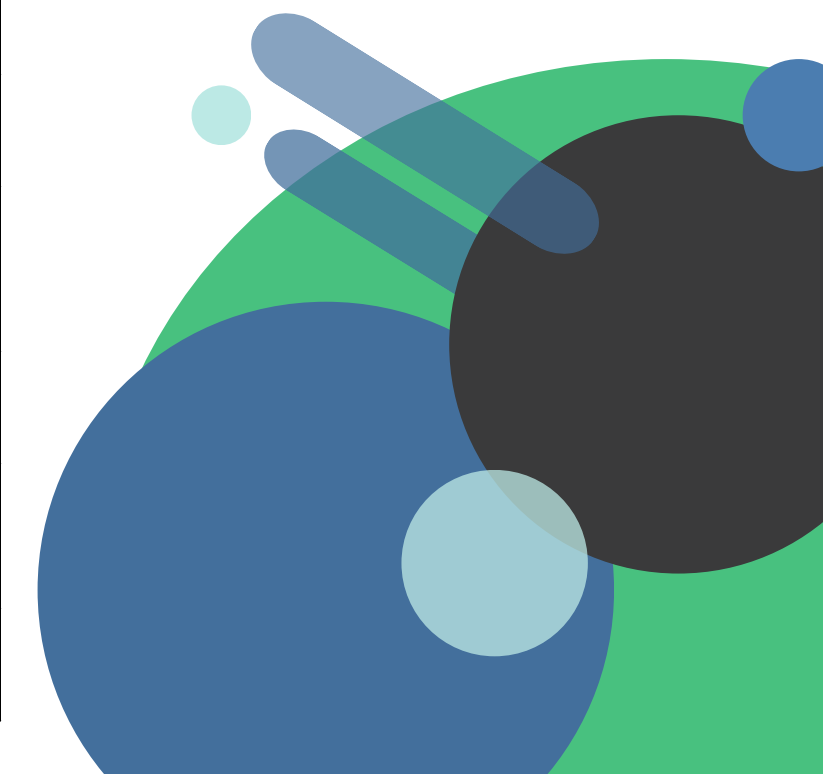
- The survey found that gas retailers do not always advise customers of their rights and options.
- Alinta and Kleenheat are the most likely to **always** offer this advice (44% and 39% respectively).
- More proactive promotion of financial counselling services by gas retailers would be beneficial.
- Another important aspect to communicate is different payment options to assist with budgeting e.g. pre-payments and bill smoothing.

*I don't get any referrals from clients whose gas retailer has suggested they see a financial counsellor.*

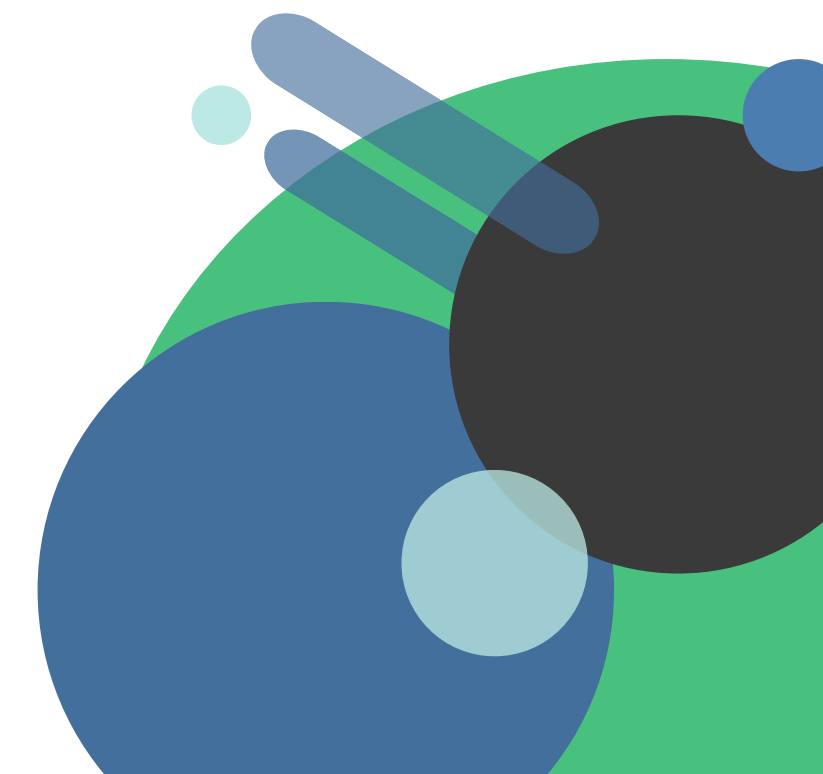
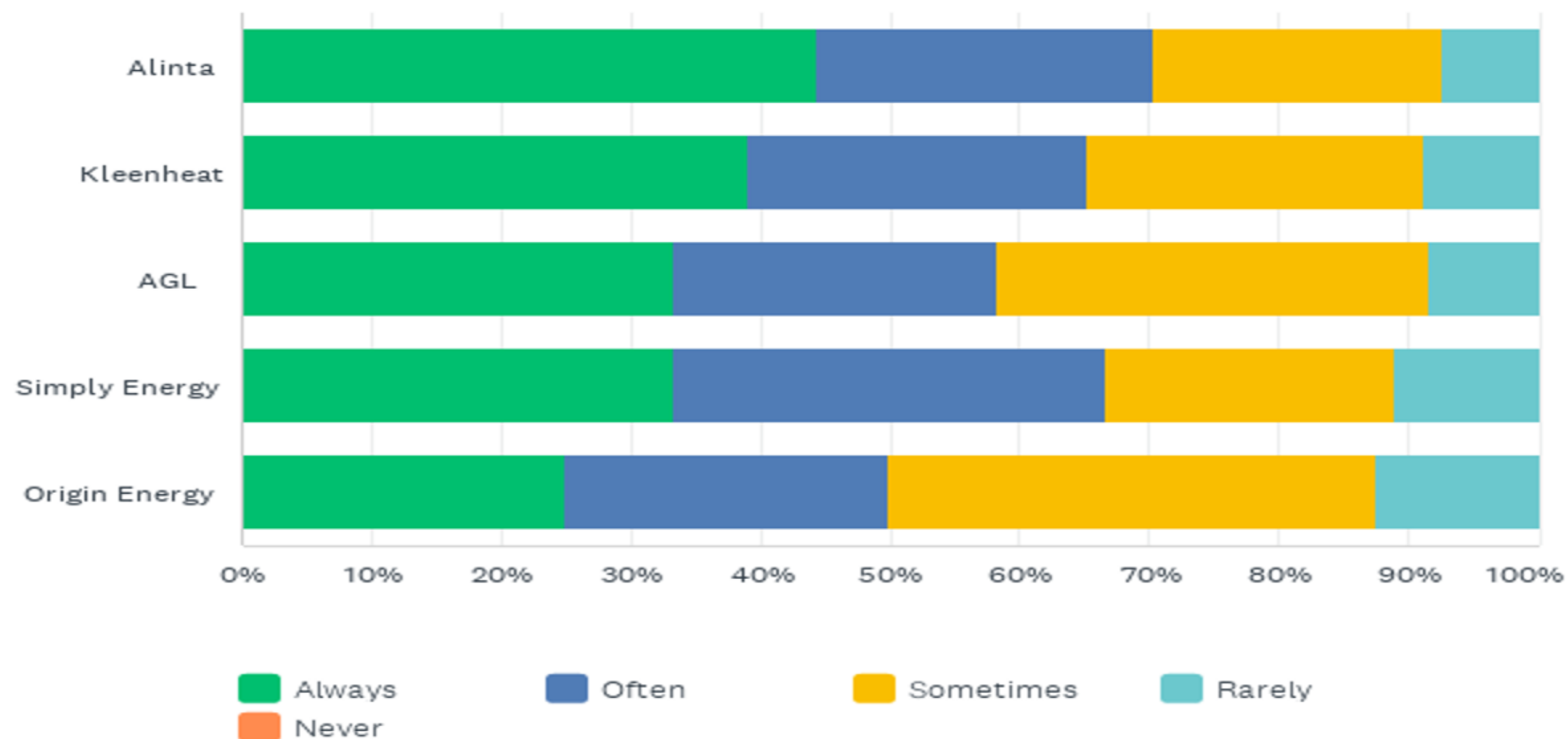
*Make it more obvious to clients what their usage is and suggest obviously that they could pay a fortnightly amount so that by the time the bill came it was almost paid!!!! Most clients don't know they could make fortnightly payments rather than waiting for the bill to arrive.*

## Likelihood to advise residential customers assessed as experiencing financial hardship of their rights and options e.g. payment methods, different tariffs, concessions, financial assistance and financial counselling

	ALWAYS	OFTEN	SOMETIMES	RARELY	NEVER	TOTAL
Alinta	44.44%	25.93%	22.22%	7.41%	0.00%	
	12	7	6	2	0	27
Kleenheat	39.13%	26.09%	26.09%	8.70%	0.00%	
	9	6	6	2	0	23
AGL	33.33%	25.00%	33.33%	8.33%	0.00%	
	4	3	4	1	0	12
Simply Energy	33.33%	33.33%	22.22%	11.11%	0.00%	
	3	3	2	1	0	9
Origin Energy	25.00%	25.00%	37.50%	12.50%	0.00%	
	2	2	3	1	0	8



Likelihood to advise residential customers assessed as experiencing financial hardship of their rights and options e.g. payment methods, different tariffs, concessions, financial assistance and financial counselling

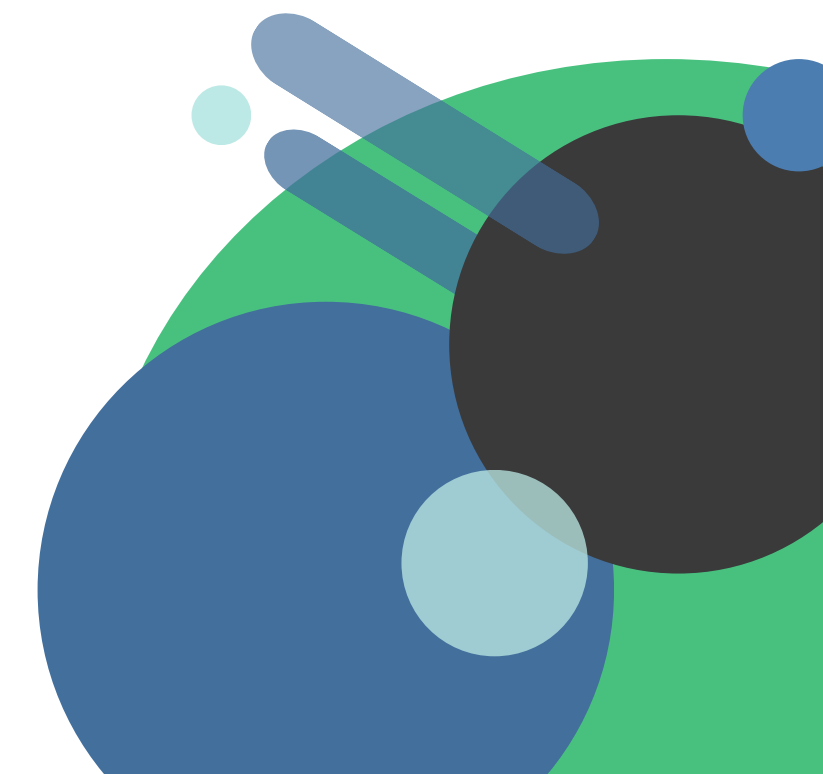




## Likelihood to offer residential customers assessed as experiencing financial hardship a reduction of their bill or outstanding debt

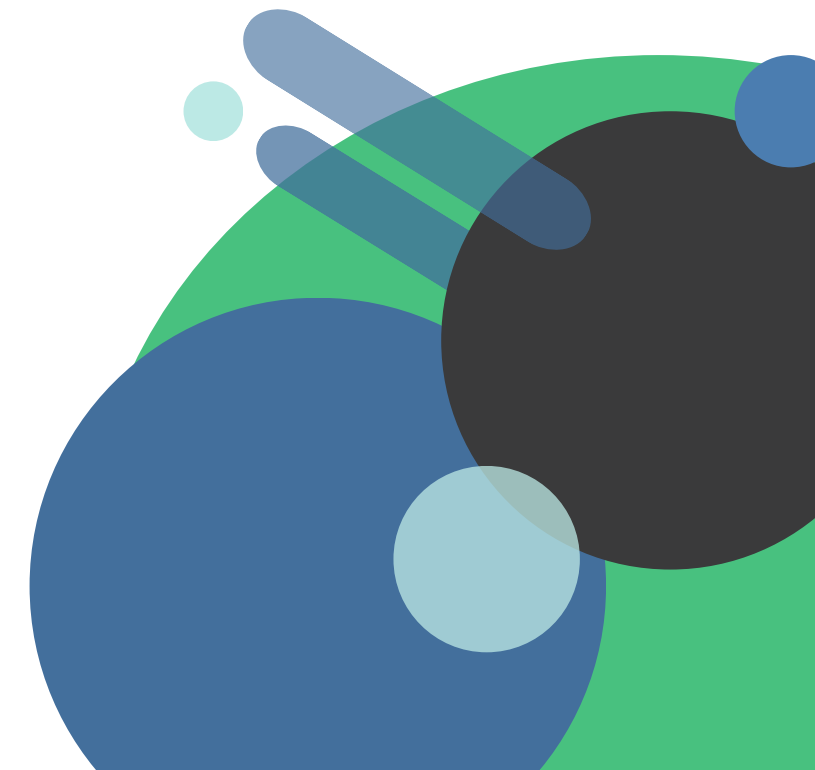
- The survey found there is a relatively low likelihood for bills or debts to be reduced across all gas retailers.
- Retailers typically **rarely or never** offer debt reduction, in particular Origin (100%) and Simply (83%) - however caution should be taken with these results due to the particularly small sample size for these retailers.
- Kleenheat and Alinta are the most likely to **always or often** offer this (25% and 23% respectively).

*Only Alinta has reduced my clients' bills by waiving overdue fees. I've not experienced the others reducing bills.*

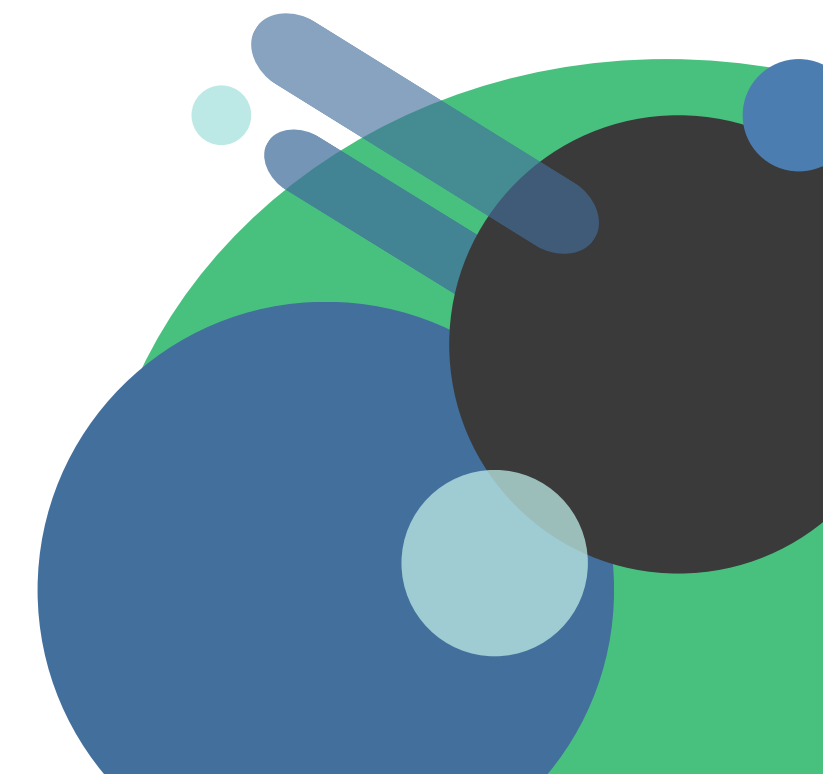
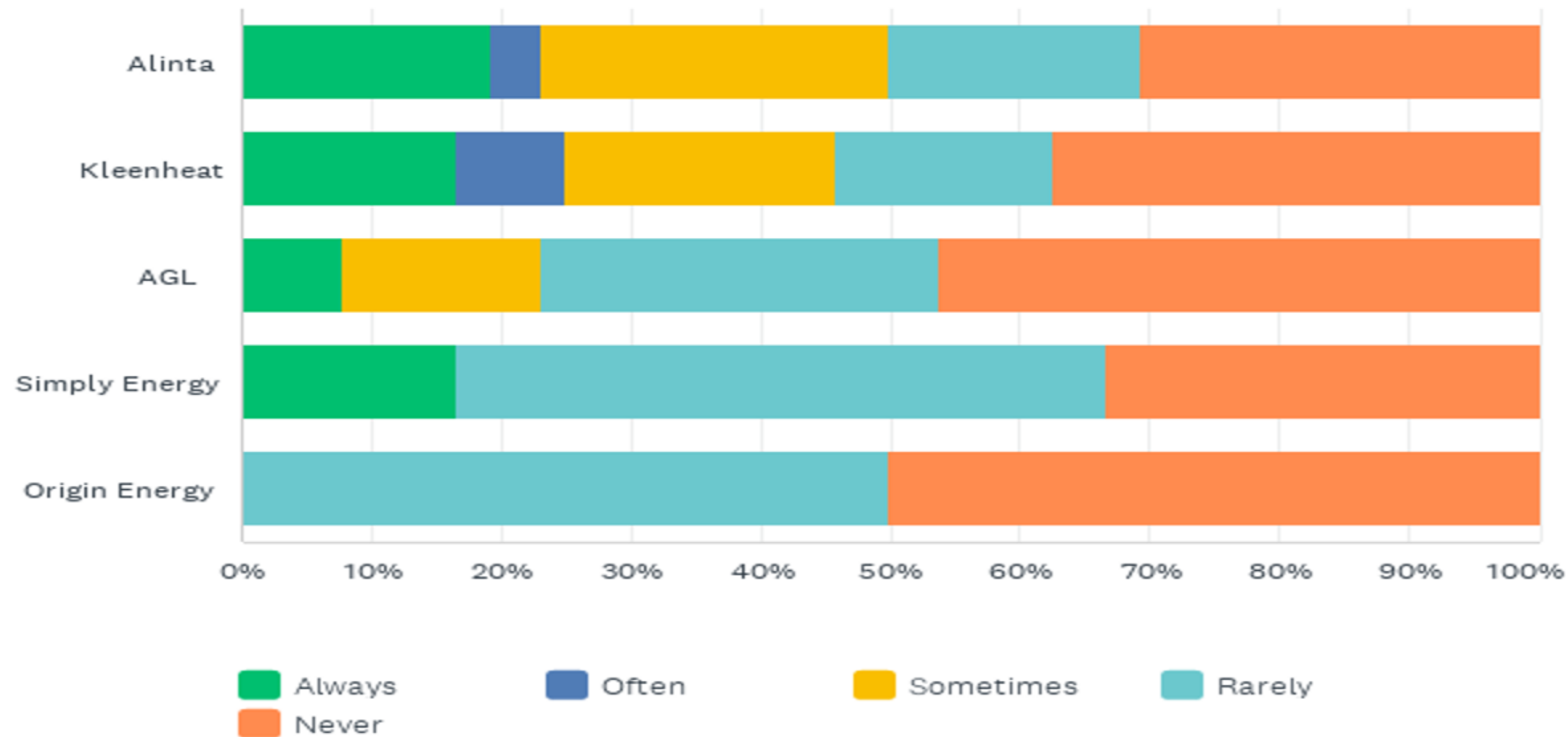


## Likelihood to offer residential customers assessed as experiencing financial hardship a reduction of their bill or outstanding debt

	ALWAYS	OFTEN	SOMETIMES	RARELY	NEVER	TOTAL
Alinta	19.23%	3.85%	26.92%	19.23%	30.77%	
	5	1	7	5	8	26
Kleenheat	16.67%	8.33%	20.83%	16.67%	37.50%	
	4	2	5	4	9	24
AGL	7.69%	0.00%	15.38%	30.77%	46.15%	
	1	0	2	4	6	13
Simply Energy	16.67%	0.00%	0.00%	50.00%	33.33%	
	1	0	0	3	2	6
Origin Energy	0.00%	0.00%	0.00%	50.00%	50.00%	
	0	0	0	3	3	6



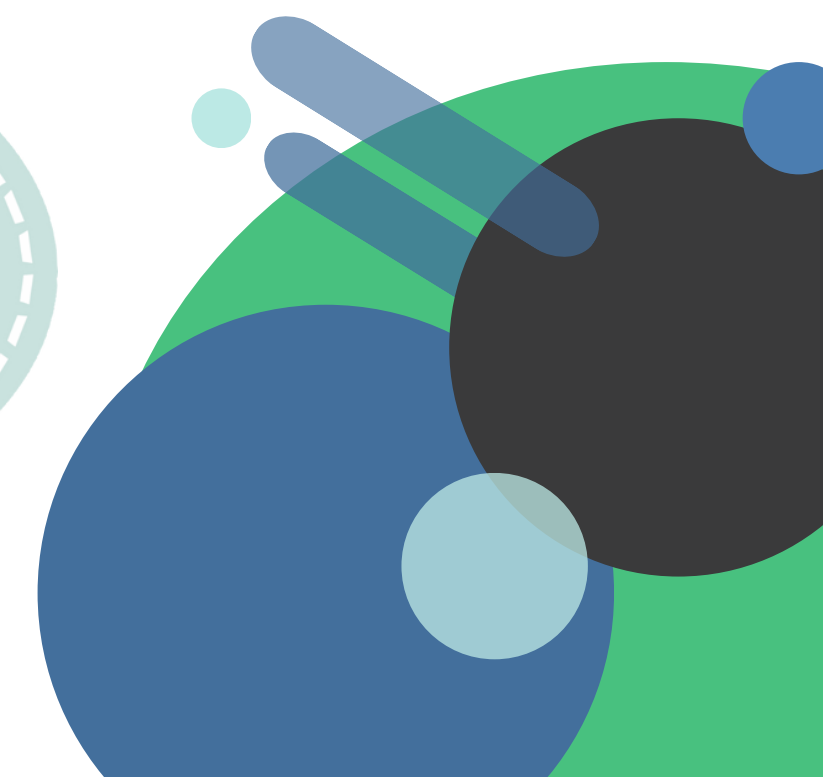
## Likelihood to offer residential customers assessed as experiencing financial hardship a reduction of their bill or outstanding debt



## Circumstances in which gas retailers will reduce a bill or outstanding debt

- For all gas retailers, the most common circumstance in which they will reduce a bill or outstanding debt is domestic violence.
- However it was noted that the Compendium does not mention domestic violence and how gas providers deal with customers in this situation.
- The second most common circumstance is death.
- Other circumstances mentioned were:
  - Health issues, including terminal illness
  - Extreme financial hardship (no income)
  - Severe financial hardship combined with illness
  - Relationship breakdown

*Alinta will partially waive bill in domestic violence / extenuating circumstances in my experience*



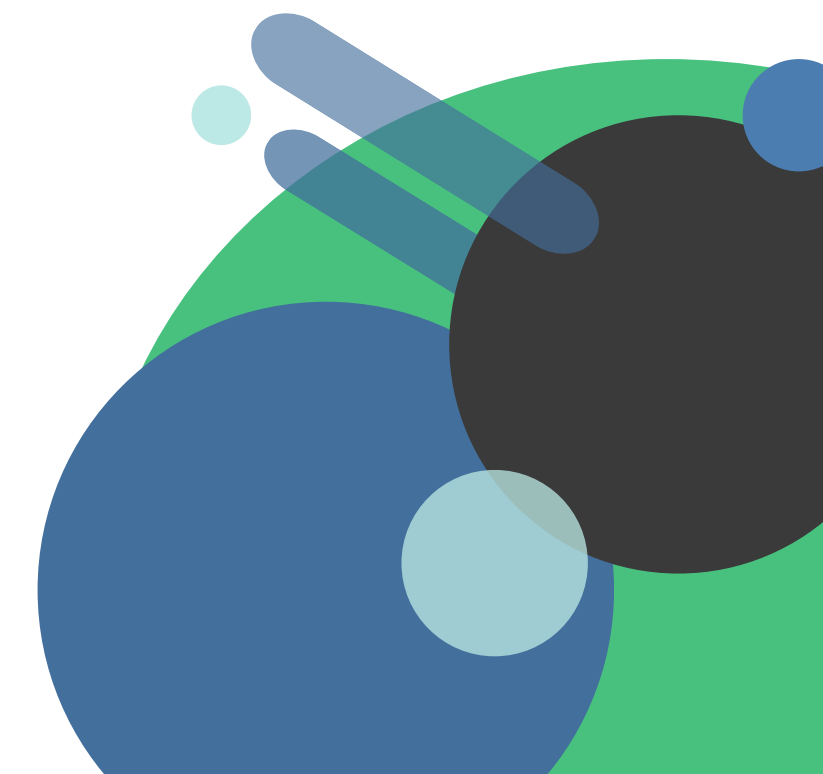
## Likelihood to offer case support teams to customers experiencing financial hardship

- The survey found that some gas retailers are more likely to offer case support teams.
- Alinta and Kleenheat are the most likely to offer this type of customer support (95% and 81% respectively).
- The quality of case management approaches was discussed by respondents.
  - Synergy is felt to offer a 'gold standard' approach that focus group participants would like to see gas retailers emulate. This includes a financial counsellor portal through which they can act on behalf of a client e.g. monitoring payments and grant applications, ensuring everything stays on track and the customer accesses all available supports e.g. financial assistance.

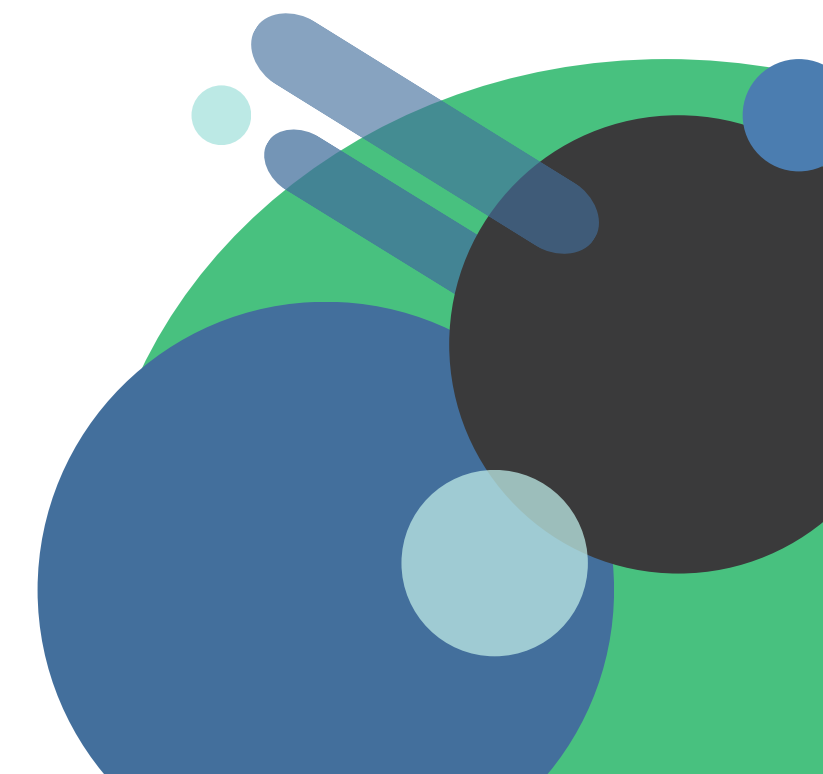
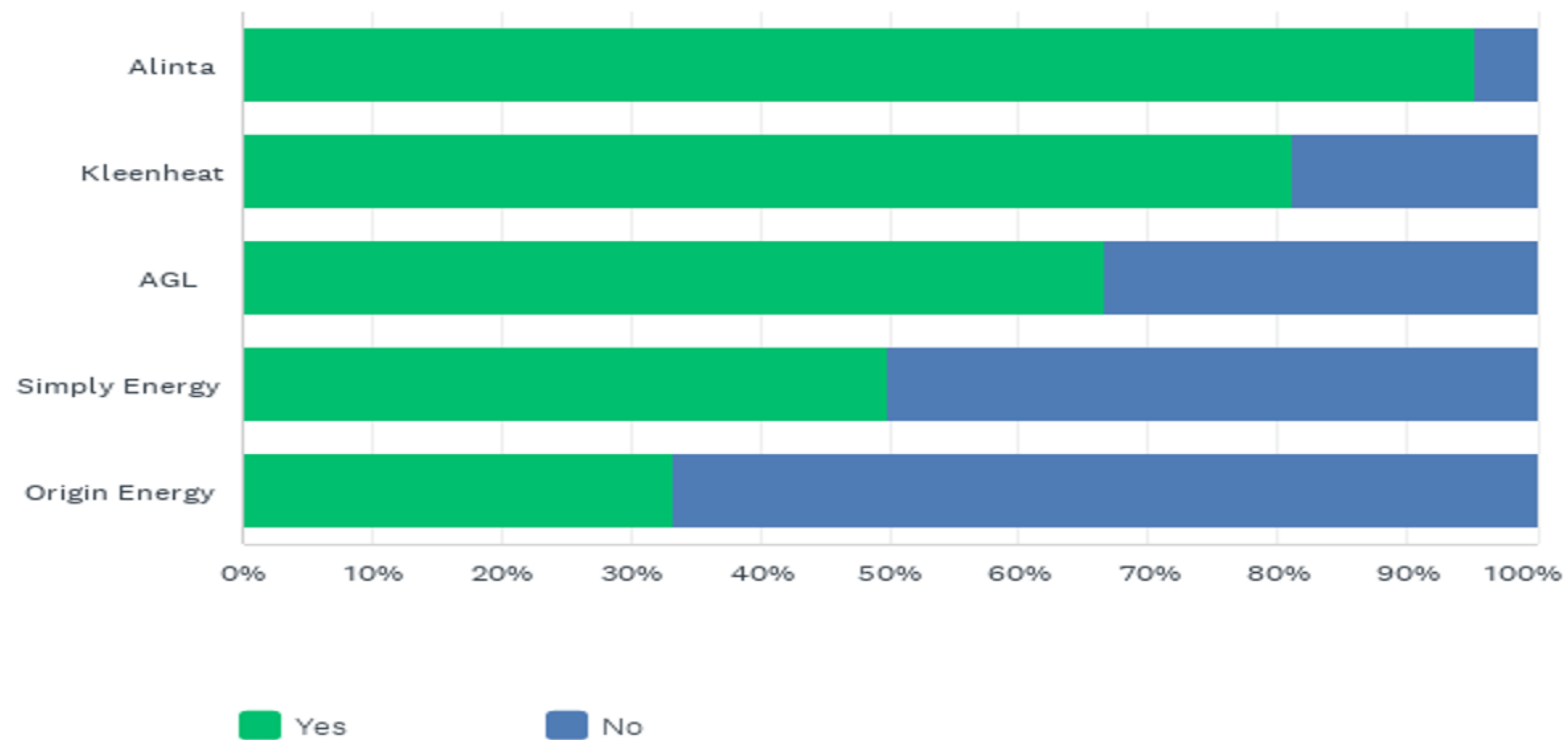
*Ideally the same support that Synergy offer in their case-management teams would be ideal for vulnerable community members.*

## Likelihood to offer case support teams to customers experiencing financial hardship

	YES	NO	TOTAL
Alinta	95.24%	4.76%	
	20	1	21
Kleenheat	81.25%	18.75%	
	13	3	16
AGL	66.67%	33.33%	
	6	3	9
Simply Energy	50.00%	50.00%	
	2	2	4
Origin Energy	33.33%	66.67%	
	1	2	3

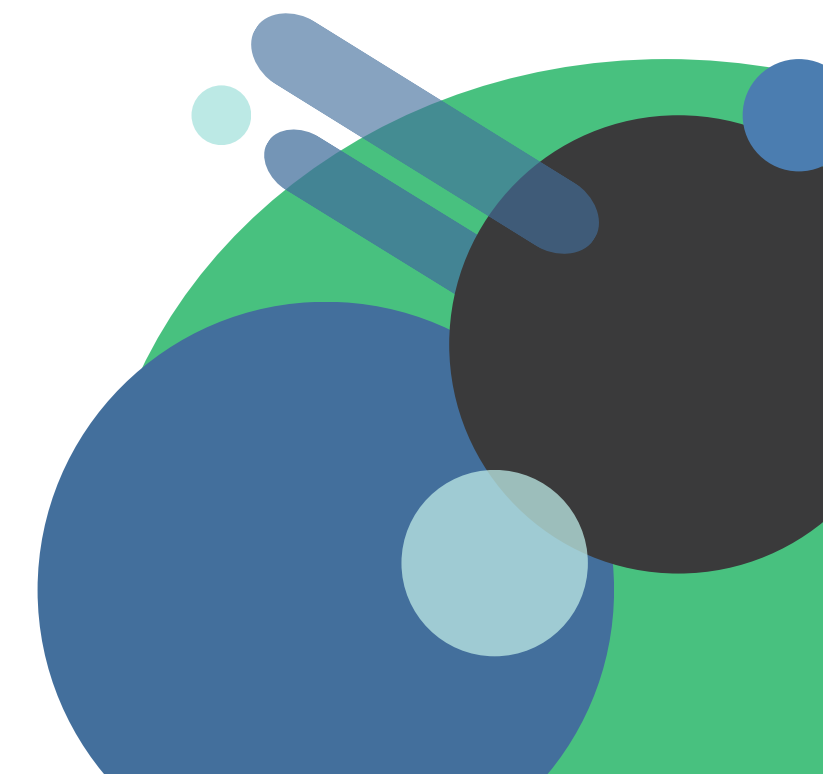


## Likelihood to offer case support teams to customers experiencing financial hardship



## Likelihood of gas retailers to allow their customers to set up payments through Centrepay

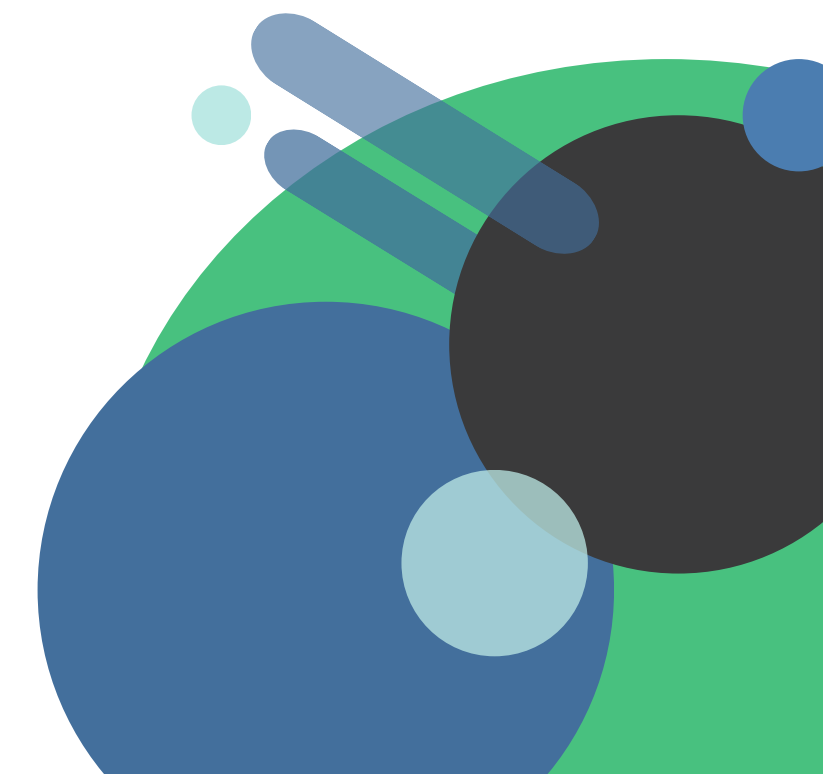
- The survey found that gas retailers do not always offer payments via Centrepay.
- Alinta and Kleenheat are the most likely to always offer this payment option.
- Focus group participants suggested that discounts on direct debit payments be offered to customers paying by Centrepay.





## Likelihood of gas retailers to allow their customers to set up payments through Centrepay

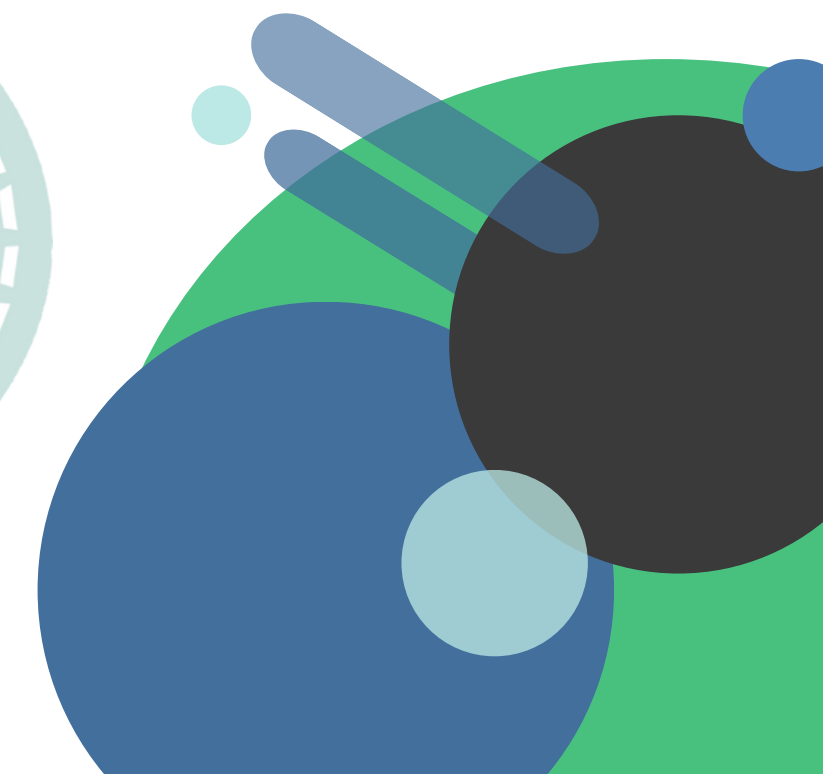
	YES - ALWAYS	YES - SOMETIMES	NO - NEVER	TOTAL
Alinta	93.10%	6.90%	0.00%	
	27	2	0	29
Kleenheat	77.27%	18.18%	4.55%	
	17	4	1	22
AGL	60.00%	30.00%	10.00%	
	6	3	1	10
Simply Energy	33.33%	50.00%	16.67%	
	2	3	1	6
Origin Energy	40.00%	40.00%	20.00%	
	2	2	1	5



## Additional improvements suggested by financial counsellors qualitatively...

- Offer greater transparency with gas usage to avoid bill shock - especially where there is a sudden increase in usage.
- Ensure gas retailers have policies for clients experiencing Family and Domestic Violence.
- Offer support and education on energy efficiency.
- Offer incentives to encourage customers on payment plans
  - For example matched payments / credits.

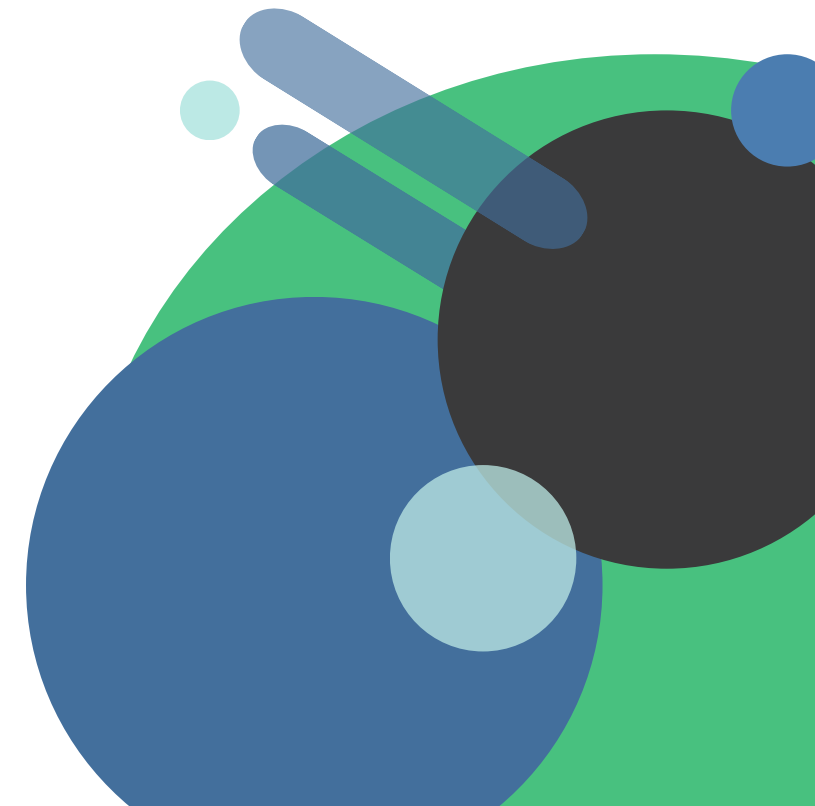
*Make it more obvious to clients what their usage is and suggest obviously that they could pay a fortnightly amount so that by the time the bill came it was almost paid!!!! Most clients don't know they could make fortnightly payments rather than waiting for the bill to arrive.*



# Recommendations

## It is recommended that Gas Retailers:

- Make financial hardship support, rights and options more visible and accessible to customers e.g. on websites and in other communications.
- Ensure that customers experiencing financial hardship receive empathy and compassion from gas retailer customer service staff - for example through staff training and performance monitoring.
- Provide a case management approach that emulates Synergy's current case management program. This includes continuity of support and introducing a financial counsellor portal where payments and grants can be monitored.
- Ensure that all payment options are clearly communicated to customers that support budgeting e.g. pre payments, bill smoothing.
- Offer customers who pay their gas bills through Centrepay the same discounts that are offered to direct debit customers.



# Recommendations

## It is recommended that the ERA:

- Publish statistics in its annual energy reports outlining the number of instances gas retailers provide customers in financial hardship a reduction of fees, charges and/or debt due to the customer being financial hardship. This includes the number of customers offered this assistance, along with the average dollar value of each reduction of fees, charges and/or debt offer that a retailer provides.
- Amend the Compendium to include a specific obligation on gas retailers that if a customer has consented (either by indicating this over the phone to the retailer or in written form) to the financial counselling service acting on their behalf, then that financial counselling service is able to obtain information from the retailer to assist their client without the client needing to be present.
- Create a simple way for financial counsellors to report suggested breaches of the Compendium to the ERA e.g. email.
- Add a requirement for gas retailers to have policies for customers experiencing Family and Domestic Violence, as well as regular training for staff so they have an understanding of the impact and the importance of keeping the customer safe.

