

# Getting it right

Engaging with vulnerable customers  
(and responding to their needs)  
during tariff reform



# of Social Service

*Task body for social and community service sector*

Support and resource the sector

Advocate on social policy...

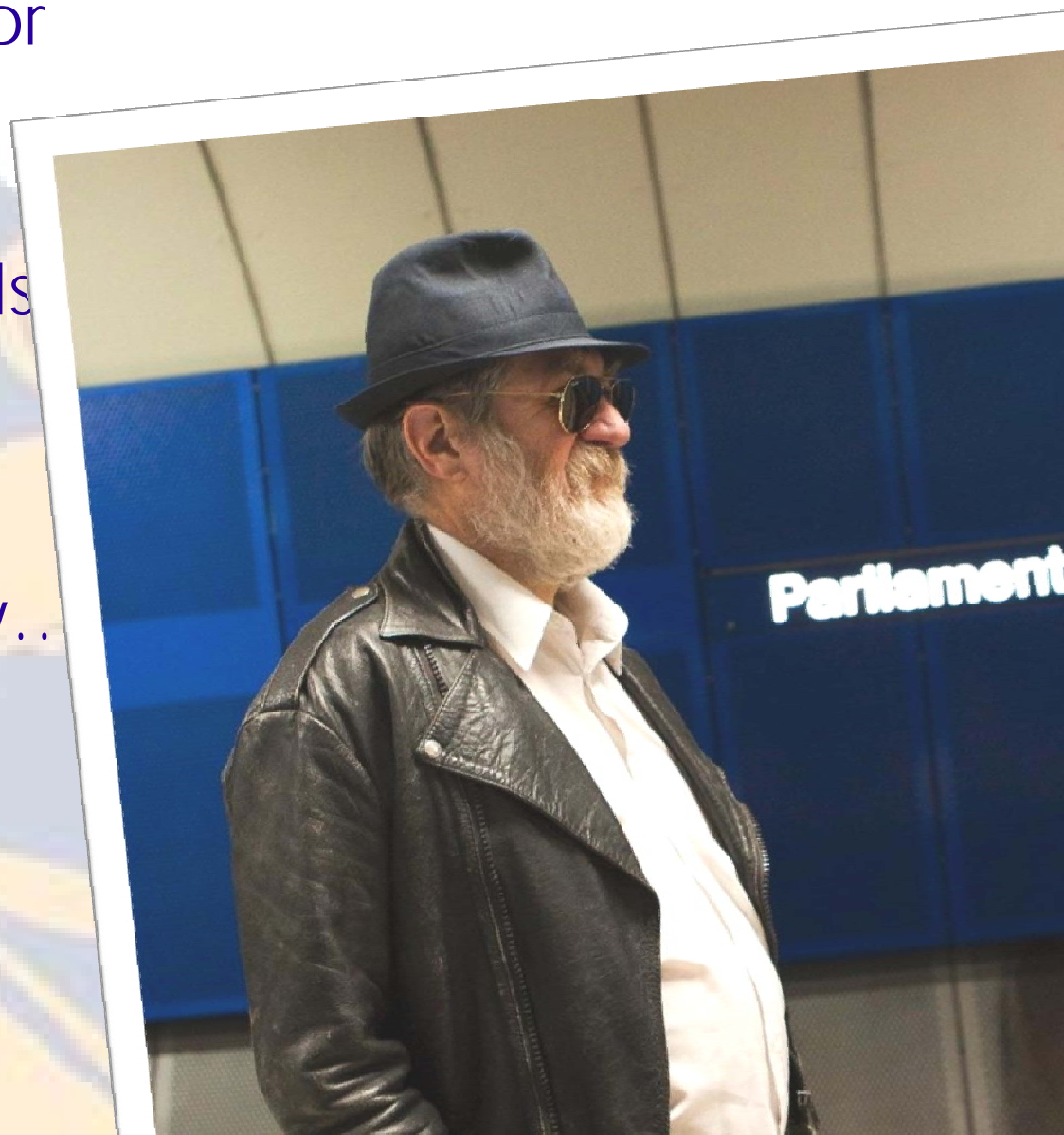
...in the interests of vulnerable  
and disadvantaged households

*water (and energy)*

Affordable, reliable access...

...to enough water and energy..

...for quality of life at the  
community standard



# Different households...

## Typical middle-income household

Fortnightly income \$3000

Mortgage \$1000

Groceries \$400

Quarterly water bill \$200

\$1400 for everything else  
for the rest of the fortnight

(\$100 per day)



# Different households...

Single parent, two kids

Fortnightly income \$1256

Rent \$650

Groceries \$300

Quarterly water bill \$138

\$168 for everything else  
for the rest of the fortnight

(\$12 per day)



# A living wage?

*Single age pensioner*

\$374 per week

*Single parent with two kids*

\$628 per week

*Single unemployed person*

\$306 per week

*Single disability support pensioner*

\$434 per week

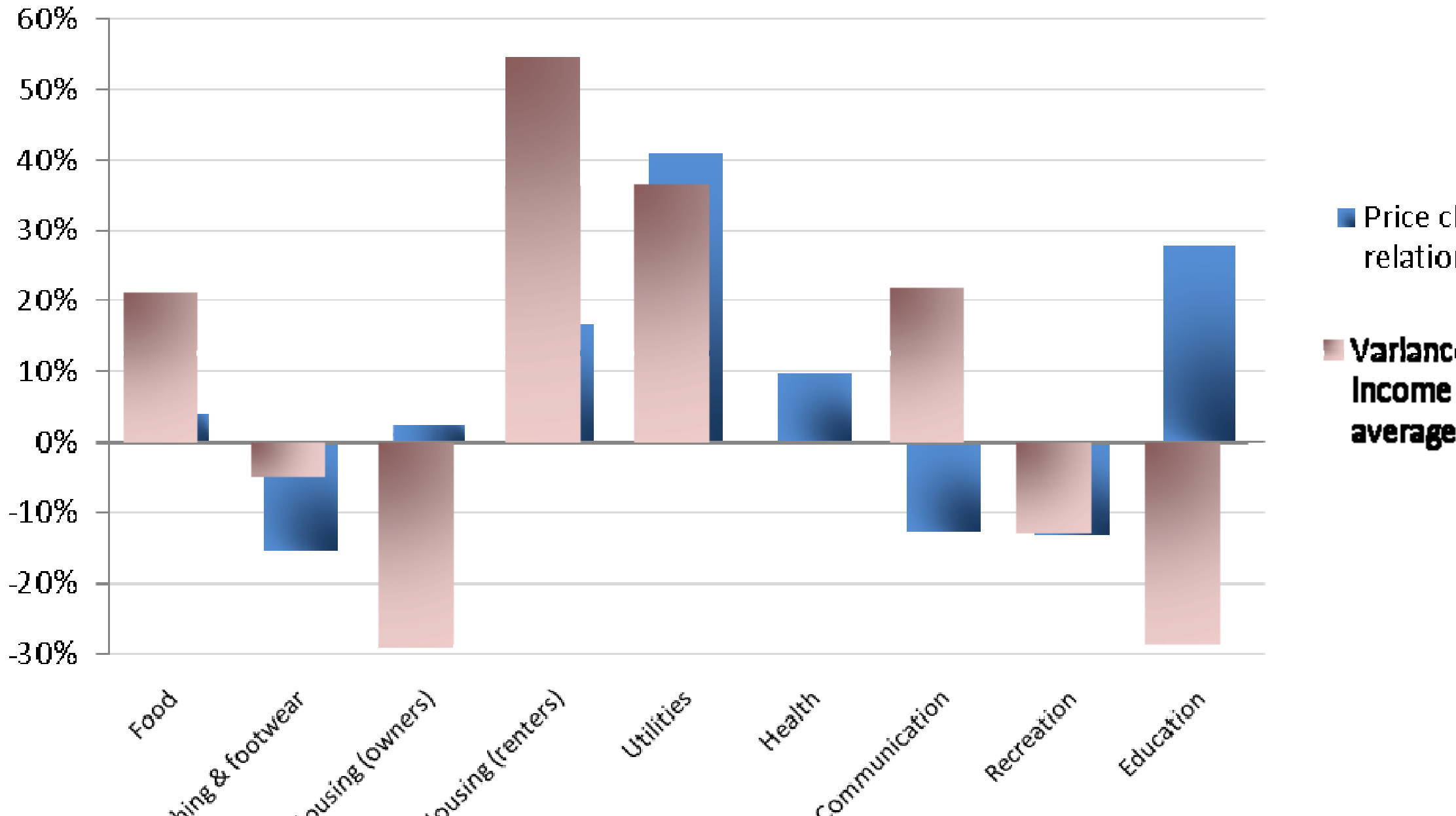
*Low-paid unskilled worker*

\$590 per week



# Changing prices, different impact

## Real impact of price changes on low income Australians



# Substandard housing

## *Dodgy rentals*

No insulation, inefficient fixtures, no fixed heating, draughts, damp, and mould, no locks, unsafe electrics: no quality standards

## *Public housing*

All of the above

## *Low-income homeowners*

Aged pensioners, sole parents, older unemployed people: can't afford maintenance

## *Cheap and old housing stock*

Prefab, demountable, deteriorated



# Substandard housing

VCOSS conducted a survey of 116 low cost rental properties across 54 suburbs in metropolitan Melbourne and Geelong. Teams of volunteers including staff from VCOSS and the Tenants' Union of Victoria surveyed the properties using a checklist of basic housing standards.

Overall we found that fourteen percent of the properties surveyed were uninhabitable. This means that the property had two or more of the following characteristics:

- No heating
- Visible lack of weatherproofing (big holes or cracks in floors or roof, broken windows etc.)
- Visible and extensive mould
- No or only some deadlocks on external doors and no safety switch



# Tariff changes – who's vulnerable?

## *Tenants*

- More likely to be low-income
- Lack of control over efficiency
- Lower bills but very sensitive to usage changes

## *Low-income homeowners*

- Fixed costs onerous
- Lack ability to address efficiency issues and faults

## *High volume users*

- Sensitive to a shift to higher variable component

## *Low volume users*

- Disadvantaged by high fixed costs



# tariff changes – what's on the agenda

## *Greater weight to variable charge*

- Cost impost on tenants and high volume users
- Increase cost-effectiveness of efficiency improvements

## *Handing fixed charge to tenants*

- Dilutes the price signal
- Increases inequity

## *Fully variable tariff*

- Risk of bill shock for some; benefit for others

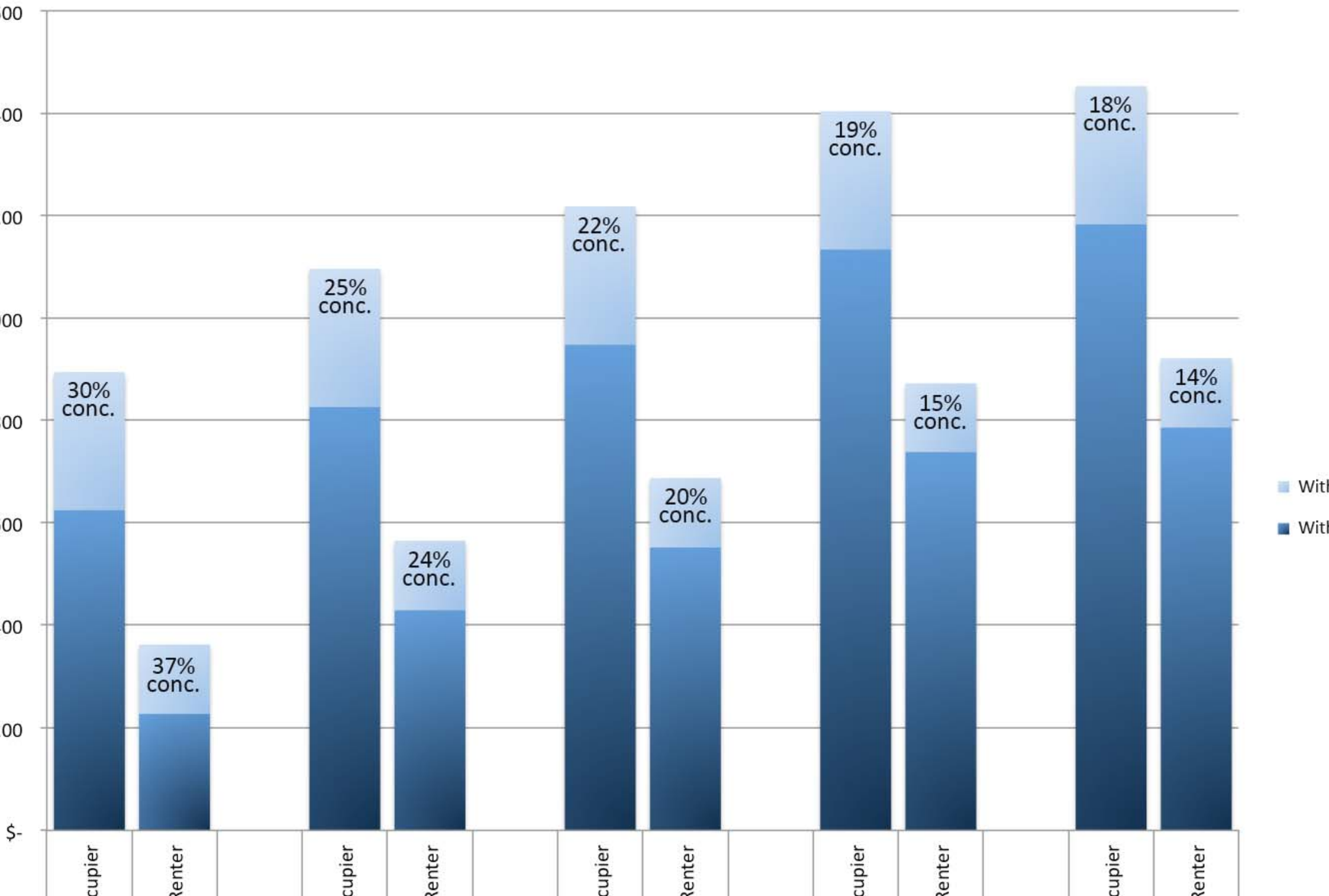
## *Security of supply tariff*

- Inequitable
- Potential to undermine restrictions

## *Community/environmental tariff*



# Concessions...

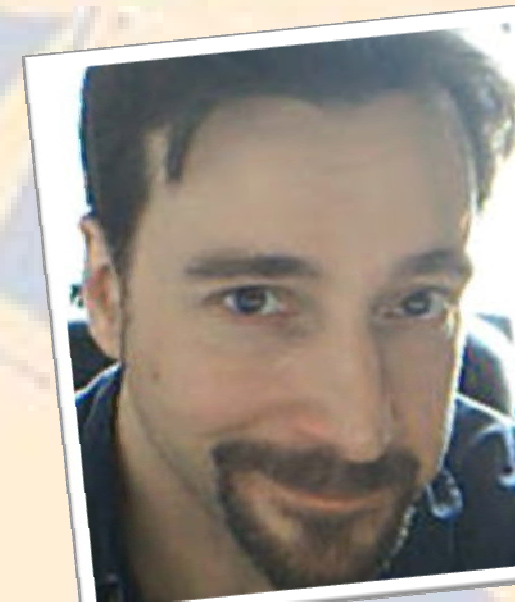


# Customer engagement...



“Sometimes when the bill arrives I don’t even open it... I know I can’t afford it... I just put it in the drawer... a few weeks or a month or so down the track, if I have some spare money, that’s when I’ll take it out and pay it”

“Since I’ve been in the hardship program it’s been great... instead of the call centre I have one guy who I can call and he’s always really helpful. If I can’t pay by the due date I just call up and we work something out together”



# HOW? And What?

## Identify the groups

You already know who they are (mostly)

Focus groups are great

- *Inform/educate as well as learn*
- *Provide incentives*

Some people will never engage (or can't be identified)

- *Customer advocates*

The customer in hardship *already* feels powerless

## What information?

What it means financially

- *"Bring your bills"*

How it will change with usage changes



# Thank you

## For more information...

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