Supporting Vulnerable Customers Report

Project 10TR13 - 001

July 2013
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Executive Summary

This executive summary is based on the findings from the Supporting Vulnerable Customers work, as undertaken by GA Research and Kreab Gavin Anderson on behalf of Melbourne’s four water retailers and the Smart Water Fund. The key aims of this project were to gather intelligence to help shape effective and innovative strategies to address current and future challenges in relation to financial hardship and vulnerability. The work involved a literature review, qualitative in-depth interviews with 20 key stakeholders from the water, energy, finance and social service sectors, and 16 qualitative in-depth interviews with customers, followed by a quantitative survey with a representative sample of n=1,326 members of the broader Melbourne community who were the main bill payer in the household. The findings were presented to a gathering of stakeholders in a two-day innovation workshop designed to generate solutions to support vulnerable customers, which could in turn be piloted.

Key Findings from the Research

- While hardship is a commonly understood term across the water industry and other utilities, there is not an established vocabulary around vulnerability. In turn, there are established policies, frameworks and support services for those experiencing hardship, but a general lack of suitable mechanisms for identifying and supporting vulnerable customers to help them avoid falling into serious difficulty.

- Stakeholders reported a marked rise in people identifying as being in hardship, with a particular increase in non-traditional instances, such as people on ‘middle incomes’, with a mortgage. They also spoke of an increased aggression, apparently from customers who have not experienced financial difficulty before and who are unhappy about it, and unsure of the support mechanisms to assist them with managing their bills. They also spoke of noticeably more people presenting with mental health issues. These are in turn having an effect on the way that frontline staff are trained, and themselves supported to cope with the more challenging nature of hardship.

- This research has shown that most people are vulnerable to experiencing financial hardship, and that many factors are converging to increase vulnerability in the community. This includes the ongoing effects of early traumas in life including bullying, more recent events such as a health issue or reduction of income in the household, having a new baby, or more commonly, rising social expectations and the associated costs, along with utility price increases and other household costs rising.

- The key indicators of financial vulnerability centre around people’s financial commitments; especially as affected by employment, children and housing, as well as health and wellbeing. The customer survey found that those with the greatest levels of risk are renters, followed by mortgagees, those with children, and those without a full time employee in the household. Somewhat unexpectedly, younger customers were the most vulnerable while older customers tended to be more secure in their financial situation and less likely to be experiencing any difficulty with their water bill.
Executive Summary cont’d

Customer Segmentation

- Pivotal to this study was a segmentation of the community to better understand the nature and extent of vulnerability and risk, and whether different groups had different preferences in terms of bill payment support options.

- A basic segmentation was produced in the first instance which revealed key demographic indicators of risk: housing commitments (renting and having a mortgage), having children and having no-one in full time employment within the household.

- However, it was important to develop a segmentation that also took people’s payment and support preferences into account. The final segmentation presents a spectrum of vulnerability, from the low risk “Mature, secure” and “Hi-tech young Joneses” segments, through to the highest risk “Vulnerable families, handle with care” – this being the non-traditional vulnerable customer. A brief introduction follows:

<table>
<thead>
<tr>
<th>Segment name</th>
<th>% of customers</th>
<th>Level of vulnerability</th>
<th>Key characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mature, secure</td>
<td>20%</td>
<td>Low</td>
<td>An older age profile, probably owns their own home outright, most likely of all segments to be retired. More financially secure, so they don't tend to have a need or interest in financial assistance.</td>
</tr>
<tr>
<td>Hi-tech young Joneses</td>
<td>27%</td>
<td>Low</td>
<td>This segment has similar demographics to Vulnerable families, but is not likely to be struggling financially. However, tech-savvy and quite interested in technological support and engagement options. They also have lower confidence in managing money so may be interested in confidence boosting information.</td>
</tr>
<tr>
<td>Lower risk, smooth operators</td>
<td>10%</td>
<td>Lower</td>
<td>A fairly small segment, most defined by a keen interest in bill smoothing. Otherwise a fairly ‘average’ customer with a slightly older age profile. Majority aren’t having difficulty paying any household bills (63%), although they are not seeing much value from their water company. Very interested in fortnightly or monthly instalments instead of quarterly bills; ‘smoothed’ payments should appeal to and help them.</td>
</tr>
<tr>
<td>Medium risk, water watchers</td>
<td>15%</td>
<td>Medium</td>
<td>Mostly middle aged, probably no full time worker at home, and most likely of all groups to have experienced some kind of personal difficulty in the last year. Most concerned about environmental issues and most likely to feel they don’t have control over their water bills, so water efficient solutions may appeal, especially if coupled with financial assistance such as bill smoothing and no-interest loans.</td>
</tr>
<tr>
<td>Vulnerable families, handle with care</td>
<td>27%</td>
<td>High</td>
<td>The most vulnerable and financially stressed segment, with the greatest need and desire for sensitive support. The youngest of the segments, likely to be in a higher risk housing situation (i.e. renting or a new home owner), with children. Far more interested than others in support but the least aware of what is available in this regard, and the most embarrassed to ask.</td>
</tr>
</tbody>
</table>
Executive Summary

Prevalence of Vulnerability

- The water utilities collectively have around 10,000 customers in their hardship programs, and 100,000 utilising payment plans; equating to fewer than 1% of all customers. Some stakeholders were expecting these numbers to rise following the July 1 price increase, both in terms of people who can’t pay, and those not paying until they receive a final notice.

- When combining the two medium and high risk segments, in effect a substantial four in ten - 42% - of Melbourne households are particularly vulnerable to financial hardship. This is clearly far larger than the proportion of customers currently receiving support with their water bills, representing a significant opportunity for the retailers to extend their support to a broader range of customers.

- It is important to note that income did not play a key role in the segmentation, rather, vulnerability stems from the level of one’s commitments and expenses outweighing income.

- More than half of all survey respondents (53%) reported having experienced significant financial difficulty in the past; 27% within the last three years, while 16% were currently experiencing this.

- In addition to financial commitments, the research found a link between significant trauma in people’s formative years and later financial vulnerability and difficulties – particularly emotional trauma from bullying, the illness or death of a family member, relationship breakdowns or personal health problems or mental illness. There was a common pattern of people struggling academically as a result of their personal trauma, and this having negative impacts on their study and career prospects, in turn limiting their earning ability.
  - This finding has implications for front line and support staff in terms of understanding the linkages between previous trauma and financial hardship. Clearly it is important for all customers to be treated with the appropriate level of respect, understanding and compassion, while there should be a heightened level of sensitivity given to those who are having difficulty paying their bill on time.

Financial and Bill Management Behaviours

- In terms of managing money, customers were quite confident in their knowledge and skills. Just over eight in ten respondents (82%) gave a high confidence rating of 8 or more out of 10. However, confidence in understanding how water and sewerage prices are structured was quite mixed, with an overall average confidence rating of 5.4 out of 10.
  - Vulnerable and younger customers are not as confident in managing money, while the lowest risk Mature, secure segment was significantly more confident and had a better grasp on water price structures than others.

- While the majority of customers felt optimistic about managing money (55%), three in ten felt stressed (29%) and almost half did not feel optimistic (45%). The highest risk Vulnerable families group was significantly more likely to say they felt stressed (40%) and least likely to be optimistic (48%), suggesting they need more careful handling and support to help them feel more positive and overcome this pessimism barrier.
After housing (mortgage/rent), water is one of the highest priority bills along with other essential utilities such as energy, phone and internet.

People were less likely to be struggling with the water bill than other bills. In total, 15% of survey respondents were having difficulty paying their water bill, compared with energy bills at 23% - this being the bill people were most likely to be having difficulty with.

However, those who are struggling to pay the water bill are likely to be in serious difficulty overall. On average, customers were having difficulty with 1.5 household bills, while those who were struggling with their water bill were having difficulty with an average of 6 bills, and they were much more likely to be experiencing significant financial difficulty (52% vs. 16% of all respondents). This finding should provide important context for customer service personnel, in that there should be a suitable level of empathy and sensitivity demonstrated in customer engagement – their difficulty with the water bill is probably the ‘tip of the iceberg’.

The majority of customers were able to pay the water bill by the due date at least once in the last year (91%). However, only 65% of all customers indicated that they had paid on time every time. More than a third of customers (35%) also did other things, pointing to a degree of inconsistency in water bill payment behaviours.

Of further concern is that most customers who reported having difficulty with their water bill had not used alternative payment arrangements (87%), and two thirds (65%) didn’t know what help was available.

More than one in three customers (36%) were not entirely confident they would be able to pay their water bill on time in the coming months. This was much higher among Vulnerable families (61%), falling to 28% of the Mature, secure segment. Around one in three people (35%) also had one or more instances of not paying the water bill on time in the last year, suggesting an on-going behavioural trend.

This means that at least one in three customers may not pay on time during the course of the year. However, it should be noted that customers were not told of the extent of the coming water price rise in the survey, while qualitative participants were not really anticipating this and were shocked to hear of it, saying it would be harder to afford and some worried that they couldn’t reduce their water use. This suggests that even more customers are likely to be unable to pay on time in future, which is something the retailers should strive to arrest.

This is also likely to increase customer frustration because many people really don’t like to receive overdue notices or owe money. Most people said they try to pay by the due date, because it is the responsible thing to do, and it doesn’t feel good to be in debt.
Some of the standout attitudes measured in the survey were that the majority of customers felt they didn’t have much control over the cost of their bills (61% nett agree), didn’t know what support was available for customers experiencing difficulty with their bills (58% nett agree), and felt that alternative payment arrangements wouldn’t really make a difference to their situation (58%).

These results mean there is a large proportion of customers who could benefit from assistance with their water bill but are currently missing out because they don’t even know what is available. This suggests that a priority action would be to communicate with customers and other stakeholders more actively about support options – what is available, how it has genuinely helped others, and how to access it.

Another quite significant attitudinal barrier is also evident, with two in five (41%) agreeing they would be too embarrassed to ask for help. The most embarrassed are in the Vulnerable families segment (49%). This is a ‘silent barrier’, and a double edged sword; the customers most in need of financial relief are the most embarrassed to ask for help, and so are the least likely to be detected because of the systemic and reactive approach from the water industry that requires customers to self-identify or be referred from another agency. These results suggest that strategies are needed to address the stigma associated with asking for help.

It should be noted that many vulnerable customers keep their struggle to themselves and find ways to make sacrifices elsewhere; some seek more income or a second (or third) job, some reach out to family and friends. Meanwhile, very few use financial counselling services – largely because they don’t know what they involve or cost, and to a lesser extent because they don’t identify as someone who needs them, or wants to be seen using them.

Accessing Support & Associated Preferences

In terms of support options, in-depth interview participants were most interested in short-term payment extensions, a free water audit and retrofit for inefficient appliances, discounts for paying early, and Utility Relief Grants. Another popular form of support was a payment arrangement that allowed customers to nominate an amount and schedule that they could meet, and then if they do so for three consecutive payments, the water company then matches the fourth payment, thus encouraging and facilitating regular payment behaviour.
In the quantitative survey, the **most popular support options were discounts for switching to e-billing** (51% of all respondents gave a solid rating of 7 or higher), **using a secure online portal** (45%), **receiving a free household water audit** (43%), and **more frequent payments** (41%). The **Vulnerable families segment was substantially more interested** in taking up most of the options than other segments.

Many customers also felt that the range of support options would actually help them to pay their water bill on time in future; 45% felt it was at least quite likely to help them (a likelihood rating of 6 or more out of 10).

**Around half of those surveyed (48%) would appreciate their water company contacting them** to offer help or support with the bill, and a similar proportion thought the water company should be doing more to help people in their situation (45%). These results reflect quite an openness to the water companies reaching out and being more proactive in offering support. There may be flow-on benefits from this, as some customers said that if they had a positive experience from this ‘breaking of the ice’, they may **prioritise the water bill** over others.

The preferred contact methods for informing customers about support services included a mix of traditional and non-traditional channels. Email was the most preferred (40% - unprompted), followed very closely by a flyer, brochure or letter in the mail (38%) and then on the bill itself (30%). A fairly substantial one in five (19%) also indicated they would appreciate a phone call.

In turn, **the standout preference for customers requesting help in paying the bill was via telephone** (57%). However, one in four (25%) mentioned email, and a similar 19% said an online form would better suit them. The results suggest it is **important to cater for a range of contact preferences**, and to expect an increase in phone calls when prices rise.

The tone of communications was also seen as **important** in helping to overcome the barrier of embarrassment, as well as privacy fears and cultural sensitivities; it should be implemented with **dignity, privacy, respect and sensitivity**.
### Executive Summary cont’d

#### Barriers and Drivers to Customers Accessing Support

- The diagrams below summarise the key barriers and drivers to people taking up support, drawn from the qualitative and quantitative research.
- The main barriers included: largely, a lack of awareness of what is available, followed by feelings of pride, embarrassment, fearing the consequences, or having a sense that the support wouldn’t really help their situation. For some, not understanding the support options is a barrier while others would not think of asking, whether through a perceived lack of relevance, or that one may not be eligible or worthy of support. Some others are also forgetful or too busy to set aside time to find out more and take action.
- These barriers are exacerbated by the systemic barrier whereby the water industry (and other similar industries) is largely reactive and requires people to self-identify as being in need of help. What this results in is the most vulnerable being the least likely to access support because they are not only the most embarrassed to ask, but they are also the least likely to be aware of what is available.
- Conversely, the main drivers to customer accessing support included being aware of what is available, believing it is relevant and one is eligible, having the ability and knowledge of how to access it, having an attitude of willingness to ask (even if it is embarrassing) and then following through with this. In some cases following through will also involve overcoming laziness, forgetfulness, being too busy, and feelings of pessimism.
- **On balance, the barriers currently outweigh the drivers**, reflecting on the relatively small number of people using the various support options compared with the proportion of vulnerable customers who could benefit from doing so.
Executive Summary cont’d

Outcomes from the Innovation Workshop

- The two-day innovation workshop on the 5th and 6th of June, 2013 involved more than 45 stakeholders from the water, energy, government, finance and social service sectors. Following introductions, participants received a one-hour presentation on the research findings and were then asked to reflect upon the research and work through agreeing upon an articulation of the problem, the vision, criteria for determining success, and the preferred solutions to achieving the vision. A key outcome was to agree upon a new and innovative program that could be piloted to support vulnerable customers. The key outputs are summarised below.

**PROBLEM:** The lack of a targeted and collaborative strategy that identifies, engages and supports customers who are vulnerable or in hardship

**VISION:** Water should not cause financial stress (as an industry or for customers who are vulnerable or in hardship)

**Criteria for determining progress towards the vision:**
1. Solutions are quick and easy for everyone to access
2. Improved affordability
3. Improved water efficiency
4. Industry application
5. Customers self identify (and early)
6. Customers value the water services they receive
7. Customers have control

- Many different solutions were debated over the course of the workshop and are detailed within this report. The final set of solutions was developed on day two, with the final preferred ideas shown in rank order below. Workshop participants noted that all solutions had merit and could potentially be pursued.

1. Outreach – outlined below
2. Infographic – a visual cue to de-stigmatise support and prompt contact
3. Smartphone Application – a tool for learning about support and managing bills
4. Water Cares Campaign – scenarios showing vulnerable customers getting help

**Outreach**

- Develop ways to proactively engage with customers rather than rely on them self-identifying (given this is embarrassing for those most in need).
- Develop an algorithm that helps flag vulnerable customers. Triggers might include: NOT on a payment plan, two consecutive 'pay on final' bills, missing payments altogether or erratic payment patterns.
- Profile the customer and attempt to classify their segment, using available information – e.g. bill payment history, whether they have a concession, water usage patterns, age of premises, owner or renter, Google Earth etc.
- Try the best contact and engagement methods with carefully crafted messaging; test this first with qualitative research. Ask the customer’s preferred contact method, request additional information to refine profiling/sSupport (e.g. if they have children, a mortgage, any full time employees). Follow-up as needed, ask for feedback.
- Analyse results of trials. Adjust the process as necessary.
The framework below outlines the recommended action plan for the Vulnerable Customer Taskforce in response to this project, with segment specific recommendations on the next page. These recommendations stem from both the customer research and the innovation workshop.

As context to this, we offer the following suggested definition of vulnerability for further consideration: A person who is at heightened risk of suffering financial hardship due to internal (i.e. family and financial commitments, employment, housing stress, health and wellbeing) or external (i.e. economic situation, interest rates, population growth, environmental), as well as chronic, acute or recurring circumstances.

### Industry Consistency
- All of the water utilities should work together to develop a common industry standard for identifying and supporting customers in vulnerable and hardship situations
- This should be a strategic and outcomes-focused approach which looks at broad business ramifications and predictions
- Include common criteria for measuring and monitoring performance & assessing impact
- Consider incorporating an accreditation system
- Agree on internal systems to be developed and determine the level of investment needed
- In time, the industry should invite other utilities and sectors to help develop the standards

### Customer Data
- Develop systems to analyse known customer data and identify likely vulnerability and hardship
- Extra household data to collect as indicators of vulnerability:
  - Mortgage holder?
  - Children at home? Ages?
  - Any full time employees?
  - Non-English background: Preferred language?
- Also note whether customers have particular emotional and mental states when in contact
- Measure and monitor the response to support offerings
- Share & discuss the analysis with frontline staff to help them understand, identify and better support vulnerable customers
- Adjust customer engagement based on analysis of the response to targeted actions

### Solutions & Products
- Ensure a wide range of solutions is available to meet the interests and needs of different customer segments
  - NB: The most vulnerable will be interested in the most intensive, and widest range of support
  - Ensure support options are also promoted to new customers
- Prioritise popular support:
  - Discounts for e-billing
  - Bill smoothing and individual payment plans
  - Secure online portal
  - Household water audits
  - Translated information
  - No interest loans for appliances
  - Mobile services – apps, SMS
- Keep developing customer service practices & training, using social service providers
- Help customers to overcome pessimism, through tangible actions and inspiring examples

### Communications
- The primary aim should be to raise awareness of what is available to help customers manage their water bill, who qualifies and how to access it
  - Explain financial counselling
  - Tone to be sensitive to individual customer situations – demographic, social & cultural
- Ensure communications break down stigmas related to asking for help – i.e. fear, embarrassment, pride, irrelevance, unworthiness
- Develop, test and pilot a proactive outreach program with dedicated, trained personnel, inviting customers to ‘help us help you’
- Use a wide variety of communications channels to target and welcome different customers, across both traditional and new channels (e.g. email, SMS, apps, social media)
## Recommendations by Segment

<table>
<thead>
<tr>
<th>Segment name</th>
<th>Support Priorities</th>
<th>Communications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mature, secure</strong></td>
<td>▪ Essentially this segment does not need additional support&lt;br&gt;▪ They should be the lowest priority for targeted initiatives, although it may be worth offering them assistance / tips for transitioning to online payment&lt;br&gt;▪ However, still retain the popular post office payment option</td>
<td>▪ Use traditional communications channels – most prefer to look at inserts with the bill, and to a lesser extent on the bill itself – e.g. could be a step-by-step guide to shifting to online payment and setting up an online portal&lt;br&gt;▪ Maximise the use of technology in communications&lt;br&gt;▪ Most prefer to look at inserts with the bill, and to a lesser extent on the bill itself – e.g. could be a step-by-step guide to shifting to online payment and setting up an online portal</td>
</tr>
<tr>
<td><strong>Hi-tech young Joneses</strong></td>
<td>▪ As they are quite interested in technological engagement options, consider offering / promoting an online self-service portal, an SMS bill reminder service and a smart phone water app – they were among the most interested in these technology related services&lt;br&gt;▪ Also consider developing information and self-analysis tools to help boost their confidence in managing money</td>
<td>▪ Use more traditional communications channels – most prefer to look at inserts with the bill, and to a lesser extent on the bill itself – e.g. consider a step-by-step guide to online payment and setting up bill smoothing&lt;br&gt;▪ Use a mix of inserts with the bill and email when offering help&lt;br&gt;▪ Messaging should provide practical water saving guides and case studies&lt;br&gt;▪ Communications should also tap into their heightened environmental concern – e.g. environmental benefits associated with water efficiency</td>
</tr>
<tr>
<td><strong>Lower risk, smooth operators</strong></td>
<td>▪ Promote bill smoothing and carefully explain the steps for doing this via different channels – in person, phone, online&lt;br&gt;▪ Find ways to demonstrate better value for money, including explaining how prices are structured and services delivered</td>
<td>▪ Use more traditional communications channels – most prefer to look at inserts with the bill, and to a lesser extent on the bill itself – e.g. consider a step-by-step guide to online payment and setting up bill smoothing&lt;br&gt;▪ Some may respond to outbound email communications offering help</td>
</tr>
<tr>
<td><strong>Medium risk, water watchers</strong></td>
<td>▪ Offer help with water efficiency – such as no-interest loans, and household water audits&lt;br&gt;▪ Also offer billing support such as bill smoothing&lt;br&gt;▪ Focus on explaining how they can better control bills</td>
<td>▪ Use a mix of inserts with the bill and email when offering help&lt;br&gt;▪ Messaging should provide practical water saving guides and case studies&lt;br&gt;▪ Communications should also tap into their heightened environmental concern – e.g. environmental benefits associated with water efficiency</td>
</tr>
<tr>
<td><strong>Vulnerable families</strong></td>
<td>▪ Ensure support is offered in the most sensitive ways possible for this segment as they are the most vulnerable&lt;br&gt;▪ Target these customers as a priority for the outreach pilot program, as they are most in need and least likely to ask&lt;br&gt;▪ Offer and carefully explain the full suite of support options</td>
<td>▪ Most preferred form of contact from the retailer to offer help is via email – will need to request their address; as with Hi-tech young Joneses this would need to happen proactively for existing customers&lt;br&gt;▪ May also read inserts with the bill, which could outline all of the options&lt;br&gt;▪ Develop and promote a secure online self-service portal and forms&lt;br&gt;▪ Conduct research to ensure communications are suitable and sensitive</td>
</tr>
</tbody>
</table>
Introduction
Background

In October 2012 the Melbourne metropolitan water retailers submitted their five-year water plans to the Essential Services Commission (ESC) setting out the expected costs of delivering services, their planned capital works programs, the forecast volumes of water and the levels of service to be delivered to customers. Each retailer also proposed prices that would raise the revenue required to recover its expected costs.

In April 2013, the ESC released a draft decision of its water price review. The table below shows the price increase amounts, which took effect from July 1 after being finalised in late June 2013.

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Current Average Annual Water Bill (2012/13)</th>
<th>ESC Decision: Average Price Increase</th>
<th>ESC Assessed Average Demand</th>
<th>Average Bills Based on ESC Decision (2013/14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City West Water</td>
<td>$848</td>
<td>19.2%</td>
<td>150kL/yr</td>
<td>$991</td>
</tr>
<tr>
<td>South East Water</td>
<td>$863</td>
<td>22.8%</td>
<td>150kL/yr</td>
<td>$1,058</td>
</tr>
<tr>
<td>Yarra Valley Water</td>
<td>$949</td>
<td>24.6%</td>
<td>155kL/yr</td>
<td>$1,143</td>
</tr>
<tr>
<td>Western Water</td>
<td>$975</td>
<td>2.3% p.a.</td>
<td>180kL/yr</td>
<td>$997</td>
</tr>
</tbody>
</table>

The Melbourne water industry is aware that more and more customers have been experiencing or are vulnerable to financial hardship, and that the number of customers seeking financial assistance will likely rise as a result of the price increases.

A Vulnerable Customer Taskforce was formed comprising senior managers from Melbourne’s four water retailers – City West Water, South East Water, Yarra Valley Water and Western Water, as well as CEOs from three social service organisations – Good Shepherd Youth and Family Service, Kildonan Uniting Care and AMES.

The role of the Taskforce is to identify, prioritise, guide and progress industry-wide programs that support vulnerable customers and front line staff, and add value to existing programs.

GA Research and Kreab Gavin Anderson were commissioned to conduct a consultancy project to help the Taskforce develop effective strategies that can address current and future challenges relating to financial hardship and vulnerability.
Objectives

- The overall aim of this consultancy was to provide the Melbourne metropolitan water industry with **intelligence that will help shape effective and innovative strategies** to address current and future challenges in relation to financial hardship and vulnerability.

- The key research questions to help develop these strategies were:
  - What are the emerging needs and trends in both traditional and non-traditional (or vulnerable) customers experiencing hardship in Melbourne?
  - How prevalent is vulnerability among customers? To what extent does this apply beyond water? How do customers prioritise their household bills?
  - What do customers do when they need assistance? To what extent are customers aware of what support is available?
  - What are the drivers and effects of the rising cost of living and increases in utilities / water bills specifically?
  - What are the best practice approaches to supporting customers in need?
  - What support options appeal to different customers? What are the preferred ways to communicate these?
  - What are the barriers to people reaching out and asking for help, and how might these barriers be overcome?

- Another objective was to **define and segment customers** based on financial hardship and vulnerability and their support preferences.
Methodology Overview

The chart below provides an overview of the methodology used for this consultancy. A detailed methodology is included in Appendix 1.

**Literature Review**
- More than 40 local and international items reviewed – reports, newsletters, papers, strategies etc, from a variety of different sources, including the steering council and other stakeholders, local and international publications
- Building on existing knowledge and filling in information gaps

**Stakeholder Interviews**
- 13 in-depth qualitative interviews with 20 key stakeholders from the water, energy, finance and social service sectors
- Approximately one hour each, covering a range of topics including the definition of hardship and vulnerability, emerging trends, the effects of hardship, identifying vulnerable customers and ideas for better supporting them

**Customer Research**
- 16 in-depth qualitative interviews with customers across the four retail areas, approximately one hour each, conducted in-home or at GA Research offices in Melbourne
- A survey of n=1,326 customers (main bill payer). Mixed method approach used to reach a broad range of people: n=887 telephone, n=308 online, n=132 face-to-face intercepts
- Quotas set by retailer, age, home ownership. Final data weighted to reflect ABS data

**Analysis & Customer Segmentation**
- A ‘commitment based’ macro segmentation identified using automatic interaction detector (AID) techniques
- A more complex segmentation was conducted using tree analysis, latent class modelling and cluster analysis to identify segments based on the individual customer situation, payment and support preferences

**Innovation Workshop**
- Two day workshop held on the 5th and 6th June in Melbourne
- More than 45 stakeholders attended, representing the water, energy, government, finance and social service sectors
- Discussion of the research outcomes and formulation of ideas and strategies to support vulnerable customers
This project was conducted in compliance with AS: ISO20252 guidelines. In preparing this report we have presented and interpreted information that we believe to be relevant for completing the agreed task in a professional manner.

It is important to understand that we have sought to ensure the accuracy of all the information incorporated into this report. Where we have made assumptions as a part of interpreting the data incorporated in this report, we have sought to make those assumptions clear.

Similarly, we have sought to make clear where we are expressing our professional opinion rather than reporting findings. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making.

The qualitative results from the stakeholder interviews have been reported in a separate section, while the results from the qualitative research have been combined with the quantitative survey results to help provide additional context and meaning. Please note that qualitative findings included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population.

For quantitative survey results, the base (number and type of respondents) and the actual survey questions are shown at the bottom of each page. Weighted results are shown throughout the report, unless otherwise specified. Any statistically significant differences reported between different groups of respondents (e.g. males vs. females) are at the 95% confidence level. The reader should assume that significant differences did not exist between sub-groups for each question if not reported here. Results may not always total 100% due to rounding.

Throughout this report quotes and charts are colour coded to represent responses from the three different participant types:

“Stakeholder interviews.”
“Qualitative customer interviews.”
“Quantitative customer survey.”

At the start of each main customer research section there is a summary of key findings.

Headline-style findings are also provided throughout the report at the top of each page, along with key findings and implications in bold blue font for those seeking key take-outs.
Literature Review Findings
Introduction

This section of the report details the findings from the literature review undertaken as an early part of the project.

Prior to this research, a considerable body of research and knowledge surrounding customer hardship and vulnerability already existed. An important objective of this project was to ensure that past learnings and knowledge were built upon in a water-relevant way, rather than be duplicated. To this end, GA Research undertook an extensive literature review of relevant works to guide the development of this project.

In addition to sourcing a variety of local, national and international studies addressing customer hardship, a number of stakeholders who participated in the interview process provided resources for inclusion. In all, more than 40 documents were reviewed. A bibliography of the documents reviewed is included in the appendices.

The literature review findings cover:
  
  - Current statistics regarding poverty in Australia;
  - Key definitions;
  - Current hardship programs available among the Melbourne water retailers;
  - Demographic, social and economic risk factors for financial hardship;
  - Attitudes towards money management;
  - Current challenges facing vulnerable customers specific to water utilities;
  - An attitudinal segmentation of non-payers in the U.S. Water industry;
  - Two examples of best practice hardship programs in the water sector, and examples of initiatives;
  - Benefits of hardship programs; and
  - Knowledge gaps to be filled by this research and consultancy program.

Poverty in Australia: the current situation

- Poverty in Australia remains a persistent problem with an estimated 2,265,000 people or 12.8% of all people and 11.4% of all Melburnians currently living below the internationally accepted poverty line (Poverty in Australia, Australian Council of Social Service (ACOSS), 2012).

- The broad causes of poverty are inter-related and have been broadly defined as an individual's personal situation regarding the following combination of factors: work and income; housing situation and costs; education; health; access to services; inter-generational dependence on government income support; access to transport; utilities usage; and the availability of affordable food.
An established hardship language exists, but not for vulnerability

Key definitions

Throughout the literature review a number of key terms were defined, as shown below:

- **Poverty** – a condition which can be measured through the use of “poverty lines” (pre-determined income levels for various types of individuals). However, there are differing opinions on how to measure poverty (there are two Henderson Poverty Lines for example).

- **Poverty line** – a simple way to measure poverty that is used by governments and bodies like the OECD is the number of people living below a poverty line; though as mentioned, there are different poverty lines – e.g. the aforementioned ACOSS report uses two (p6): 50% of the median household income for all households (as used by the OECD), and 60% of median income. By comparison, the Henderson Poverty Lines are income levels designated for various types of income units, where “If the income of an income unit is less than the poverty line applicable to it, then the unit is considered to be in poverty” (Poverty Lines: Australia, June Quarter 2012, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, September 2012). The Henderson poverty lines are based on a benchmark income established by the Henderson poverty inquiry in 1973; this was the disposable income of $62.70 for the December quarter 1973, which was deemed the required income to support the basic needs of a family of two adults and two dependant children. Poverty lines for other types of family are derived from the benchmark using a set of equivalence scales. The poverty lines are updated to using an index of per capita household disposable income.

- **Deprivation** – when people are unable to afford essential items, such as secure housing, food, heating, or a bed for each member of the household. ‘Multiple deprivation’ is when households lack 3 or more of a list of 20 essentials items.

- **Disposable income** – dollars per week, after tax and including social security payments.

- **Utility stress** – a general term referring to difficulty paying gas, electricity or water bills.

- **Fuel poverty** – a stricter definition than ‘utility stress’, ‘fuel poverty’ refers to energy expenses being more than 10% of the total after tax income.

- **Economic exclusion** – exclusion from access to markets because of lack of income or lack of employment.

- **Financial hardship** – Low income and low wealth plus high expenses relative to income. This condition may be indicated by factors such as the inability to make rent or mortgage payments; inability to pay for utilities; inability to purchase adequate food; and inability to receive medical treatment. Financial difficulty is less pronounced than hardship and results in, for example, occasionally going without meals, struggling to pay for utilities, selling possessions or seeking help from community organisations.

- Of interest is the fact that there is currently no operational definition of ‘vulnerable’ or ‘vulnerability’ as it refers to utility customers, while a few stakeholder organisations were working on developing a definition. Some documents describe the term as those at risk of experiencing genuine financial stress or difficulty due to moderate increases in their utility bills. Another water-specific definition describes vulnerability as “those who will struggle to afford to pay for and maintain access to water, and who are less likely to have the knowledge, confidence and resources to ensure their interests and rights are protected”.


Summary Framework of Current Hardship Programs

Regulatory drivers

- Regulatory drivers are important as they provide guidance to Boards and senior management about required processes, systems and actions. Responses generally include structures and resources to meet legal requirements. The most specific reference to customer hardship is the Essential Services Commission’s (ESC’s) Customer Service Code. The Code derives from the Water Act, the Essential Services Commission Act, the Water Industry Regulatory Order and the ESC Customer Service Code. Water utility customer charters must be consistent with the ESC Customer Code.

- The Code requires water utilities to have a Hardship Policy, which includes provisions for: internal hardship assessment processes; staff training; exemption for customers in hardship from legal action, restriction, debt recovery costs, interest; payment options relating to a customer’s capacity to pay; information on URGs and other assistance programs; information about dispute resolution including the Energy and Water Ombudsman of Victoria; information on water efficiency; making the policy available to customers. The ESC has also introduced a Guaranteed Service Level relating to Hardship processes which also provides some drivers to water utilities.

Overview of retailers’ hardship programs

- The key elements of the four retailers’ hardship support frameworks are tabled below and over the page. Retailers are shown in no particular order and their names are not disclosed for confidentiality purposes.

- For context, around 10,000 customers are currently in the hardship programs and 100,000 are utilising payment plans, equating to fewer than 1% of all customers.

<table>
<thead>
<tr>
<th>Components</th>
<th>Retailer 1</th>
<th>Retailer 2</th>
<th>Retailer 3</th>
<th>Retailer 4</th>
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<tbody>
<tr>
<td>Policies and Procedures</td>
<td>• Policy reviewed every 2 yrs&lt;br&gt;• Procedures to be reviewed</td>
<td>• Board Hardship Policy supported by hardship work procedures&lt;br&gt;• Reviewed every 2 yrs&lt;br&gt;• Procedures under continuous review</td>
<td>• Board Hardship Policy supported by procedures dealing with payment difficulties and residential hardship</td>
<td>• Board Hardship Policy supported by hardship work procedures&lt;br&gt;• Policy reviewed every 2 yrs&lt;br&gt;• Procedures under continuous review</td>
</tr>
<tr>
<td>Board Reporting</td>
<td>• Hardship costs reported quarterly to Board Committee</td>
<td>• As above</td>
<td>• Hardship costs reported quarterly</td>
<td>• Hardship costs reported every 4 months to Board Audit Committee&lt;br&gt;• GM Customer and Community Relations periodically briefs Audit Committee and Board on hardship</td>
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### Summary Framework of Current Hardship Programs cont’d

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<th>Components</th>
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<tr>
<td><strong>Customer Support Hardship Identification</strong></td>
<td>• Self-identification &lt;br&gt; • Referrals from other teams or external social service, counselling and welfare agencies</td>
<td>• Most enter the hardship program through referrals, from the Customer Contact Centre, debt collection, and other external agencies &lt;br&gt; • Staff trained to look for a wide range of indicators of hardship</td>
<td>• Self identification &lt;br&gt; • Referrals &lt;br&gt; • All hardship program customers are personally managed - if contact cannot be made, a personal visit ensues to offer help &lt;br&gt; • Staff look for some indicators</td>
<td>• Each customer in hardship program is personally managed &lt;br&gt; • Quite a wide range of characteristics and indicators identified &lt;br&gt; • Payments and communications monitored</td>
</tr>
<tr>
<td><strong>Front Line Staff Training</strong></td>
<td>• Staff trained in hardship assistance programs to sensitively engage with customers &lt;br&gt; • Program delivered to all customer contact staff, credit and assist team through social service partnership – regularly reviewed and updated</td>
<td>• Program delivered to all customer contact staff at induction, with regular refreshers &lt;br&gt; • Training also covers domestic violence, addictions and mental health issues, self protection &lt;br&gt; • Program is shared with external partners &amp; reviewed regularly and updated, drawing on advice from social service partner, which also provides CALD support &lt;br&gt; • Case studies workshopped &lt;br&gt; • Site visits</td>
<td>• Contact centre scripts on affordability form part of the ongoing training &lt;br&gt; • Credit staff training in financial hardship, taking a non-judgmental approach</td>
<td>• Staff training is fundamental to a culture of detecting “something is not quite right here” &lt;br&gt; • Training includes: &lt;br&gt; o Customer support training to all new staff (external or internal) &lt;br&gt; o Training repeated every 2 years &lt;br&gt; o Tip sheets (with conversation starters)</td>
</tr>
<tr>
<td><strong>Customer Support Incentive Programs</strong></td>
<td>• Numerous programs to help customers in hardship – e.g. payment plans such as Centrepay, budget plans, debt waivers after a period of time, free plumbing assistance to repair leaks and minimise water use, access to free financial counselling &lt;br&gt; • Personalised service; every hardship customer is assigned to one Assist team member</td>
<td>• The Customer Support Team offers a number of options and programs to assist customers in financial hardship. &lt;br&gt; • A flagship program is ‘Arrange and Save’ scheme: customers nominate an amount they can reasonably afford to pay, then gives a bonus credit to the value of one payment for every five payments the customer makes in full and on time. &lt;br&gt; • Discretionary debt waivers</td>
<td>• Special needs program to fix leaks, install appliances free of charge to customer in financial difficulty or hardship &lt;br&gt; • Considering water audits for customers with high usage, low incomes or on pensions</td>
<td>• A key element is incentivising customers to self manage payments &lt;br&gt; • Programs include: &lt;br&gt; o Pay and save plan (flexible and most popular – similar to Retailer 2’s Arrange and Save) &lt;br&gt; o Household size relief plan &lt;br&gt; o Utility Relief Grant supplementary bonus &lt;br&gt; o Water audit bonus &lt;br&gt; o Debt waivers &lt;br&gt; o WaterTight plumbing assist &lt;br&gt; o Considering appliance assistance where tenant / owner issues</td>
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# Summary Framework of Current Hardship Programs

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</table>
| **Marketing of Customer Assistance and Customer Segments** | • Payment plan advice and support options on the bill & website  
• Community education at events, presentations, partnership with migrant education service provider  
• Bring your bills days  
• Story book developed for use at libraries | • Concessions and other payment advice on all bills  
• Very prominent Customer Support notice on all final reminder notices  
• Promotion of support options on customer inserts and website  
• Customer Support Team brochure and welcome kit  
• Promotion through Messages on Hold  
• Face to face outreach promotion e.g. Bring your Bills Days  
• Cross referral programs | • Hardship details on website  
• Payment options on bills  
• Brochure sent following two notices, detailing hardship and financial counselling | • Small assistance notice on all bills  
• Very prominent Customer Support notice on all final reminder notices  
• Periodic discussion of customer support in customer newsletter  
• Assistance promotion to new families via a book placed at maternal health care centres  
• Website promotion  
• Social media promotion |
| **Shared Resources**               | • Funded financial counsellors  
|                                  | • Funded financial counsellors in place  
• Cross utility referral pilot program underway | • Partnership with a local legal centre on ‘bring your bills’ days  
• CALD community project  
• Piloting programs with social service providers to identify common issues and monitor outcomes | • Regional financial counsellors in place  
• Cross utility referral pilot program underway  
• Internally by multitasking as discussed in staffing |
| **Customer Relationship Management System** | • Billing system flags customers as part of the assistance program and their case manager  
• An area for development | • Excel spread sheet database  
• Billing system flags customers in the program and their case manager  
• An area for development | • Billing system flags customers in the program  
• Reports are run  
• Customers are managed individually | • Customer Relationship Management system flags customers in customer support program.  
• Considered very good at an individual level but not at a system level  
• An area for development following definition of key measures |
The risk factors are many and varied

A number of socio-economic and demographic factors can be indicators of vulnerability and hardship, and people may move in and out of hardship as they progress through life’s various stages and experiences. Many people also typically experience a combination of these factors. The broad groups identified as being at increased risk of financial vulnerability are shown below, indicating that a potentially very large proportion of the community is at risk of having difficulty with paying their bills and falling into hardship.

### Demographic Factors
- Single parents (especially with children aged under five years)
- Families (especially with children aged under five years)
- Single person households
- Those living in regional areas
- Women
- Indigenous people
- Older people
- Recently arrived migrants, refugees, and those not ‘culturally adjusted’
- The ‘doubly disadvantaged’, e.g. older rural dwellers
- Disabled individuals and carers, especially those relying on water for medical equipment

### Social Factors
- People in domestic violence situations
- People suffering from general health issues
- People suffering from mental illness
- People suffering alcohol, drug or gambling addictions
- Those experiencing a family crisis such as illness, income / job loss, divorce or death
- Those with inter-generational dependence on social security payments
- Those with lack of access to transport

### Economic Factors
- The unemployed or those with changed or insecure employment
- The underemployed – those who can't get enough work
- Retirees who don’t own their own home
- Those whose main source of income is a social security payment
- Renters
- Home buyers experiencing mortgage stress (spending more than 30% of disposable household income on mortgage repayments)
Emotions are an important part of money management

Aroutines towards money management

Throughout the literature review a number of consumer behaviours and attitudes towards managing money were identified:

- Understanding people’s **emotional states** is crucial to understanding financial decision-making;
- People on low incomes are often very good money managers, however their **lack of financial and social resources** still often means they experience financial stress;
- Financial decisions can be impacted by both an individual’s **personality**, and their **social environment**;
- Many in hardship first pay essential bills and debts, then seek emergency relief assistance for more ‘discretionary’ costs like food and clothing;
- **Women are more likely to ask for financial assistance**, perhaps because they are more likely to be managing family budgets and juggling expenses, while **men tend to be more proud** and embarrassed to ask for help;
- Older people are less likely to ask for financial assistance, often due to pride or **shame at needing help**, or due to prior **experience in coping with less**;
- Some people can **experience financial hardship temporarily**, while for others it can be a **chronic and long-term condition**;
- Many **do not consider themselves to be ‘in hardship’**, even when using hardship program initiatives;
- Most people are motivated to **do the right thing**, and want their actions to reflect their personal values and responsibilities;
- People need to feel involved and able to make changes to their situation; they need to feel **in control** of a situation and this requires more than just information and incentives; and
- Financial hardship can be compounded by the **lack of access to affordable financial products and services** which could assist people at risk of financial hardship in planning for and coping with a financial crisis.
Water customers face unique challenges e.g. limited ability to influence water bills, having to self-identify & fear of the water being cut off

Key challenges faced by vulnerable customers specific to water utilities

- The affordability of water is an increasingly significant challenge. The overall cost of living, when measured by the Consumer Price Index (CPI), has increased 34% since 2000 (Indicators of inequality, Australian Council of Social Service, 2011, p4). Of this, water and sewerage had the largest proportional increase, rising by 90% since 2000, followed by electricity at 87%. Melbourne’s mid-2013 water price rises will compound this challenge, where those on low incomes already spend a disproportionate amount on essential services such as water. Furthermore, customers do not have the option to ‘shop around’ for better prices as the water market is non-competitive.

- While the water industry is seen to do a good job of managing hardship amongst its customers, especially when compared with the energy sector, the literature suggests there is currently a low level of awareness and understanding of the hardship programs available to water customers, and that navigating the service offering and accessing the hardship program can be problematic (Customers of water and energy providers in financial hardship: a consumer perspective, Hall & Partners Open Mind, 2011). Self-identification is required to enter hardship programs, and in many cases social embarrassment, shame or a refusal to recognise the problem prevents people from self-identifying (Utility Debt Spiral, Committee for Melbourne, 2004).

- Negative prior experiences accessing hardship programs can lead to negativity and prevent customers from proactively managing their financial problems. Call centre operators rushing calls, being inconsistent or inflexible, keeping inefficient records or following rigid scripts are all cited as examples of poor customer service experience. (Customers of water and energy providers in financial hardship: a consumer perspective, Hall & Partners Open Mind, 2011). In addition to this, there are increasingly complex technology requirements to access customer service teams, including a need for computers and the Internet to access web services, or for some customers a need to call a water utility on a mobile phone to resolve an issue, which may incur high call costs – especially if a customer has to wait on hold.

- Effective communication with water utilities can be made difficult due to illiteracy or language barriers. In some cases, there is a lack of cultural understanding of various groups such as Indigenous Australians or new migrants (Victorian Aboriginal experiences of energy and water, Consumer Utilities Advocacy Centre, 2011).

- Many vulnerable customers attempt to manage bills by managing consumption, including using less water in the attempt to reduce their bills. This can result in frustration and confusion when it does not result in reduced bills, due to high fixed service charges. Vulnerable customers may also prioritise the water bill over other necessities such as food.

- However, some customers are accruing debts as their unpaid water bills mount overtime, which is a systemic issue stemming from the water retailers’ more lenient approach, especially compared with electricity retailers. There is also a fear among some customers of being cut-off or restricted from supply.
Case Study: An Attitudinal Segmentation of Non-payers

A Non-Payer customer segmentation from the United States

- In 2010, the Wisconsin Public Service Corporation (WPSC) segmented non-paying water customers (*Best practice in customer payment assistance programs*, Water Research Foundation & I.S. Environmental Protection Authority, 2010).

The study identified the following segments:

1. Those who **know exactly what they are doing**, and will pay if faced with a threatened termination of service
2. Those with sufficient resources to pay, but who **lack the money management skills** to make their money go as far as it should
3. Those who are **in transition**; either moving into or out of poverty
4. Those who **lack enough resources** to pay their bills and are **angry**
5. Those who **lack enough resources** to pay their bills and who **blame themselves** for their situation

- This segmentation highlights the importance of ascertaining a customer’s attitudinal and emotional state in determining how best to deal with their situation. Based on this study, the WPSC identified the relative time, effort, and resources devoted to collections, based on customer payment characteristics, as an exponential cost curve. This cost curve identified that accounts which cost the company most to recover also tended to be accounts where customer resources were most limited.

- The utility then divided its collection activities into three groupings:
  1. For roughly **80%** of accounts in arrears, the utility devoted virtually **no account management activity** – rarely if ever issuing a reminder. These accounts were deemed **not worth the expense** of attempting to recover the debt. Accounts which did not exceed a specific dollar amount, or a specific age fell into this category. These tended to be the accounts of those who fell into the last three segments; customers in transition, or who lacked the resources to pay.
  2. For **15%** of accounts in arrears, **traditional collection activity** was pursued, escalating to the termination of service for non-payment if appropriate. Many of these customers fell into segment 1; and
  3. For the remaining **5%**, the utility provided **“Customer Assistance Advisors”** to help link non-paying customers with community resources such as financial counsellors. These customers tended to be from segment 2.

- The WPSC ultimately added seven new Customer Assistance Advisors to their Customer Service team in order to handle the needs of non-payers more efficiently and effectively.
Elements of Best Practice Hardship Programs

Water-specific recommendations for initiatives and activities to assist vulnerable customers

One of the often cited papers in this review (Guiding principles for supporting utility customers experiencing financial hardship, Committee for Melbourne Debt Spiral Prevention Project, 2006) suggested that four key elements of a best practice hardship program include information provision, operating protocols and customer engagement, staff training and a water efficiency focus. This approach is an internally based and tactical program, focusing on the types of support which may be offered to customers; examples are shown below and on the next page, under the four program element headings.

<table>
<thead>
<tr>
<th>Information Provision</th>
<th>Operating Protocols and Customer Engagement</th>
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<tbody>
<tr>
<td>- Create an informative, respectful and engaging environment</td>
<td>- Provide targeted assistance within a respectful environment</td>
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<tr>
<td>- Implement hardship program awareness raising initiatives and education</td>
<td>- Offer tailored payment arrangements for customers in different circumstances – e.g. different block tariffs for different sized households</td>
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<td>- Provide a financial counselling service or links to outside providers</td>
<td>- The guaranteed service level, as determined by the ESC</td>
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<tr>
<td>- Make public a direct telephone number to hardship teams</td>
<td>- A specialist team should determine operating protocols</td>
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<tr>
<td>- Provide links to concessions, government assistance, non-government support services and dispute resolution services</td>
<td>- An effective hardship policy requires the support of management and a 'whole of business' approach</td>
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<tr>
<td>- Conduct home visits where it has been difficult to contact a customer by phone or in writing</td>
<td>- Clearly communicate the hardship policy to customers, with a clear articulation of the rights of customers experiencing financial hardship</td>
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<tr>
<td>- Ensure customers remain connected to supply</td>
<td>- Ensure customers remain connected to supply</td>
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<tr>
<td>- Customer relationships must be relational not just transactional</td>
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</tr>
<tr>
<td>- Customer service staff must be good listeners, show empathy, be consistent, provide a range of options, proactively offer options, keep good records and not make threats</td>
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</tr>
<tr>
<td>- Develop a protocol for referral of customers experiencing hardship between utilities and relevant social service organisations (for example from energy to water and vice versa)</td>
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</tr>
<tr>
<td>- Provide individual customer managers offering tailored programs for individual households</td>
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<tr>
<td>- Provide a free same day call-back service to prevent people accruing high mobile bills while waiting on the phone</td>
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<tr>
<td>- Ensure continuous review of the hardship policy and program</td>
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<tr>
<td>- Engage in early intervention and take steps to help prevent and address non-payment before considerable debts are accrued</td>
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</tr>
<tr>
<td>- Remove any fees or charges for not paying bills, provide utility relief grants, incentive plans, partial or complete waiver of debt in some cases and suspensions of debt collection activity when a customer is in the hardship program</td>
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**Comprehensive Staff Training**

- Ensure all staff on the customer front line are versed in the hardship policy and sensitively engage with customers
- Utilise relevant industry and community expertise
- The use of empathetic and non-judgemental language is crucial
- Provide training for all staff on the causes of financial hardship, identification of customers in hardship, including proactive identification, how to talk to customers in hardship, literacy and access issues, and when referral to the 'hardship program' is required
- Provide cultural awareness training for all staff

**Water Efficiency Focus**

- Recognise that managing consumption and therefore managing cost is important to assist customers in hardship
- Assist with provision of water-wise appliances and retrofitting programs – increasing prices mean customers in financial stress are unable to afford to replace inefficient appliances
- Provide links to water efficiency programs and behaviour change programs
- Free water efficiency audits for eligible customers
- Free repair of internal plumbing systems for eligible customers
- No interest loans scheme to borrow for emergency purposes i.e. to buy a water efficient washing machine
- Water efficiency performance rating systems
- Mandatory disclosure of water efficiency performance (for those in the private rental market)

Through discussions with the project working group and the in-depth interviews with other stakeholders, it was apparent that the water industry has adopted many of these support tools and approaches, albeit to different degrees and in different ways.
An alternative way of looking at hardship programs is to consider initiatives through the following lens developed in the USA by the Water Research Foundation and EPA (Best practice in customer payment assistance programs, Water Research Foundation & U.S. Environmental Protection Authority, 2010).

### Strategies to shrink the bill
- Through the database, target high users in low income areas, or those who have missed bills, and approach them with water usage education programs, retrofit programs, water-saving equipment or rebates towards buying water efficient equipment.
- Avoid adverse trade-offs between utility bills and other household necessities by introducing a threshold level for water bills as a % of monthly household income for vulnerable households.
- “Lifeline rate” of water: a rate structure that includes a quantity of water necessary for basic human needs at a much lower rate than more discretionary water consumption.

### Strategies to shrink the overdue caseload & arrearages
- Prevention strategies – encouraging customers to take up non-water related programs such as Federal Food Stamps and the Low Income Home Energy Assistance Program in order to free up income for paying water bills.
- Targeted intervention – identifying and tracking customers having trouble paying their bills. The Pennsylvania Utility Commission tracks confirmed low-income customers to then proactively contact them and offer assistance if they miss a bill before more serious arrearages mount.
- Voluntary opt-in charge for hardship funding program – instead of a mandatory fee for hardship programs, allow customers to opt-in and make an extra contribution to help those in need. Other funding models for hardship programs include a “Round-up” program (round up the bill to nearest agreed amount) and “Add-a-dollar” fund (allows customers to choose to pay $1-$5 extra for hardship programs per bill).
- Arrearage forgiveness – for some customers in legitimate hardship, the best strategy may be to write-off the arrears and give the customer the opportunity of becoming a responsible/reliable payer in future.

### Strategies to shrink costs of collection
- Undertake a cost benefit analysis of the collections program and take appropriate actions as guided by this analysis.
A robust hardship program has many benefits

Benefits for Retailers

Across the review it was apparent that implementing a robust hardship program can have multiple benefits for retailers, including:

- Increasing customer goodwill and improving reputation through demonstrating corporate social responsibility;
- Improving staff morale by providing solutions for customer service staff to offer customers;
- In some cases, hardship program measures may cost retailers less than pursuing debts, which may lead to a positive financial outcome for the organisation;
- Meeting requirements imposed by the government shareholder on water utilities that are not transparently set out in codes;
- Assisting with the development of a strong working relationship with the ESC;
- Providing social benefits to the community; and
- Improving relationships between water retailers and social agencies.

Knowledge Gaps

While there is a significant amount of insight available into hardship and utility customers, the key knowledge gaps relative to this consultancy include:

- How metropolitan Melbourne water customers are currently segmented in terms of their experiences with financial vulnerability and hardship and their support preferences;
- Further examples of innovation and best practice initiatives specific to the Victorian water industry;
- A workable definition of a “vulnerable customer” as it relates to the water industry (or other utilities for that matter); and
- A program of initiatives specific to the water industry which can address the individual needs of different groups of people facing, or being particularly vulnerable to, hardship.
Stakeholder Interviews
Introduction

- This section of the report summarises the key findings from the stakeholder interview process.
- In all **13 stakeholder interviews** were conducted with **20 individuals from the water, energy, finance and social service sectors**; some of these being paired interviews. The project working group identified the target individuals, which GA Research recruited to participate via email and telephone.

- This summary includes key findings on the following topics:
  - **Definitions and contributors** to hardship;
  - **Observed trends**, including the emergence of non-traditional groups experiencing financial hardship;
  - Perceptions of the water sector’s **current performance** addressing hardship;
  - **Best practice examples** of organisations supporting vulnerable customers from the water sector and beyond; and
  - Ideas for initiatives **moving forward**.

- It should be noted that the findings were highly consistent with those of the literature review, indicating that stakeholders were well versed in current thinking and approaches to hardship.
Vulnerability & hardship: increasingly complex problems

The key findings from the 13 qualitative in-depth interviews undertaken with stakeholders were highly consistent with the findings from the literature review, and many stakeholders provided additional documents for inclusion within the literature review.

Definitions and Contributors to Hardship

- Stakeholders commonly described financial vulnerability and hardship as an **increasingly complex issue**, with a range of converging factors. They quite consistently defined “hardship” as being **willing to pay but unable to do so**. However “vulnerability” and “at risk of hardship” are **not well defined concepts** and are regarded as quite subjective and qualitative. Some stakeholders were in the process of defining these latter concepts while some did not see a point in doing so. Instead they spoke of **vulnerability being evident across the entire spectrum of the community** – in some ways manifesting for different reasons and in different ways, for different groups. Several stakeholders noted that each individual experiencing hardship has their **own unique combination of factors** that have led them to that situation. In addition, some customers experience long-term hardship, whilst for others it is a temporary situation; e.g. due to illness, recent job loss etc.

- While some stakeholders questioned whether hardship was increasing or if **service providers were getting better at reaching out to the community**, others said that it appeared to be a combination of both. Some also said that there was definitely an increase in hardship and vulnerability to hardship, particularly those from organisations working across a wide range of sectors.

- The most commonly cited factors contributing to increased financial vulnerability were **changes in the labour market and less stable employment**, economic conditions, physical and mental health issues, relationship breakdowns, and a major factor was the **rising cost of living** in Melbourne. Some also spoke of the burden of **rising lifestyle expectations** and keeping up appearances (e.g. private schooling, household technology, status cars), where people were increasingly living beyond their means.

“I still have the same customers I had 10 years ago. You help them but a lot of them continually fall over and the customers know me by name now...I’ve been to properties where there are families with three generations who have been unemployed.”

“There’s a different trend in the middle class. Before it was predominantly welfare based; that was the cycle they would stay in, and couldn’t manage their bills. Over the years we’ve seen a high portion of middle income, McMansions, two cars, private schools, then there’s one trigger and it [hardship] can steamroll. Losing their job, sometimes leads to alcohol abuse, gambling etc. They're our most difficult customers.”

“No one is in a situation of being in trouble with their water bills but cruising with their power bills. If you’re struggling with water, you’re struggling across the board. If you make it easier for people to get the assistance they require, it will have a positive impact.”

“Hardship isn’t just financial, it can also be about not having access to essential services...that’s why we talk about households who are disadvantaged rather than low income. In some ways we try and avoid defining it because it is subjective and that’s a blunt way of doing it, and then you end up not capturing the people you’re trying to.”
**Non-traditional groups are emerging in hardship situations; many are angry, ashamed and don’t know where to turn for help**

- Many of the stakeholders had observed a sharp **increase in mental health issues**, and some had also seen an increase in **aggression and anger** among customers calling in. The mental health issue was explored further in the customer research. There was a sense that this was more common among males than female customers.

- The increased anger and aggression was attributed largely to the **emerging groups of customers** (e.g. working poor, squeezed middle class, new parents, new home owners, recent retirees etc) who were **experiencing financial difficulty often for the first time in their adult lives** and were frustrated and often seeking to hide their situation (and embarrassment) behind other reasons for calling. This was seen as **not fitting with their self-image**, and many were still trying to keep up appearances.

- In addition, many in these newly emerging groups are either unsure of where to go or what help may be available, or were **ineligible for support**. One of the biggest barriers to accessing hardship programs mentioned by stakeholders was simply the lack of awareness of what help is available. Unlike traditional customers in hardship, non-traditional customers don’t tend to know ‘the system’ and this adds to their nervousness and frustration.

- These two factors are important considerations for training and support of customer service staff in developing trust and rapport, as it was noted that **this increase in angry and aggressive customers** could have negative impacts on the emotional well-being of front-line staff. Protecting the **mental health and well-being of customer-facing staff** is an important consideration, and organisations should ensure they have **adequate programs in place to train and support staff** in dealing with increasing numbers of difficult interactions with customers.

- Another issue raised was that people experiencing hardship can have difficulty seeing their way out of the situation, and can experience a **sense of pessimism, especially as their debt mounts**. It was suggested that front line staff could also play a role here, in terms of helping customers to foster a more optimistic outlook while exploring solutions and working with them to rise out of hardship.

“We’ve seen a dramatic increase in new cases. We used to get 70 customers into the hardship program per month and get 70 back to mainstream. Now it’s 300 into the program per month, and only 100 back to mainstream, and 20 through to credit.”

“We work with counselling to sort out their issues. One customer was 75 and didn’t even have a pension. The counsellor had to take him to Centrelink to get a discount. He was too proud. He was mowing lawns to get by.”

“One of our key roles is to be really on guard about the health of our co-workers, so we have a whole lot of quality assurance frameworks around front line staff.”

“There’s a lot more aggression. We’ve aligned that aggression to the middle class. A lot of male clients who have lost their jobs, refuse to ask for help, but tell us what we need to do for them. ‘It’s not my fault, you need to fix it.’ Maybe it’s the demographic, maybe its the media, maybe people feel more entitled.”

“It’s less about who (is in hardship) and more about the barriers to accessing the hardship services.”
The water industry is seen to ‘play nice’ with those in hardship – but is it missing out on engagement opportunities?

- The water industry is currently seen to be **doing a good job** in managing hardship, aided by the lack of competition in the sector. Many we spoke to acknowledged that this lack of competition allows the water industry to be **far more lenient with customers than the energy industry**. The water industry typically does not restrict water supply except in the most extreme cases where a customer is able to pay but not willing, and after long periods of time, while energy companies promptly disconnect customers in the event of non-payment. Some stakeholders noted that this **prompt disconnection has the effect of forcing customers to engage with the problem and take action** in order to restore their electricity supply, whereas customers can ignore their non-payment of their water bills for a significant period of time with no negative repercussions. This lenience in the water sector can have the negative impact of **allowing bills to accrue until they are at unmanageable levels** and need to be written off, at greater cost to the company.

- One stakeholder noted that the lack of competition in the water sector also means there are **no negative competitive repercussions from offering a robust hardship program**, whereas in the energy sector it is not in the best interests of the company to offer too much in terms of hardship programs. If a particular energy company offered a generous hardship program, it would encourage more customers experiencing financial difficulties to move to that company, and would end up costing the company more.

- There is a strong sense among stakeholders that **the hardship challenge facing the water industry will increase significantly with the coming price rises**, and the **costs of managing hardship will increase** at a time when the industry is trying to reduce costs. In addition, there may be **flow-on effects such as increased non-payment in other sectors** such as energy, finance and telecommunications, which could negatively affect the water industry’s reputation with other sectors.

“The typical restriction case for water will be that the company has tried for a long time, say two years; the customer has not paid, they’ve sent reminders, gone out there, tried to call and only after that length of time will they proceed with restriction...With electricity, disconnection can come after a month or so. On one hand it’s brilliant that the water industry is really trying, but on the other hand electricity gets more engagement because they’re disconnecting sooner...Water companies are good in that sense they really do make a lot of effort but two years is a long time to go without any formal engagement.”

“For the water industry, it will be interesting to see what the flow on effects of the rising price of water will be, and the pressure this will put on customers in meeting their other payment obligations. I would have thought that if customers are late on their water bill they are probably late on everything.”

“The water industry can play nice together, in the energy space everyone is competing for the same dollar...the challenge (for the water industry) is that managing hardship will become more expensive. The thing that’s one factor in causing greater hardship is that massive increase in water prices – it means they’re making cuts across their organisations to reduce costs as much as possible and this is an area that might suffer as a result. It will be challenging. I hope they rise to the challenge.”

“Water is one of the sectors that does very well in the number of complaints we receive. Some water companies don’t restrict as part of their policy. We might see one complaint every year about a particular water company, and the circumstances were quite dire for them to restrict in the first place.”
Many ideas for initiatives exist, including moving away from requiring customers to self-identify

- Stakeholders had many practical and creative examples and suggestions for initiatives which could improve their current hardship programs. Many of these are detailed in the best practice hardship program section of the literature review, and others are shown in the box.

- Some stakeholders in the water industry were considering moving away from relying on self-identification towards proactively contacting customers who could be vulnerable to hardship. It is widely recognised that self-identification is a significant systemic barrier to accessing assistance, due to its reliance on customers firstly recognising that they have a problem, and then being willing to admit to it, then actually asking for help.

- The use of language in the hardship space is considered very important and should be carefully considered in the development of any communications. “Hardship”, “case” and “financial” are some words which were thought to have negative connotations and scare some people off. More appropriate words were thought to be: “difficulty”, “individual / person / family / household / community”, “save” and “money”.

- Several stakeholders felt that one of the greatest challenges facing those designing hardship programs is the need for recognition of the individual circumstances that cause people to fall into financial hardship, combined with the pragmatic requirement to develop cost-effective solutions which will assist a large number of people.

Examples of effective / innovative initiatives implemented or under consideration

- Piloting proactive customer contact programs to interrogate billing data and offering help and information about available support services to customers who appear more vulnerable.

- Targeted communications to customers likely to be experiencing financial difficulty – e.g. new parents, new home owners, new migrants, renters. Specific examples included a durable, coffee table style ‘Water Book’ for new mums about water efficiency and billing options and for those with limited English, cartoon-style communications.

- Culturally responsive communications that maximise the use of visual information for those from non-English speaking backgrounds.

- A communications campaign, similar to the water usage communications during the drought, educating consumers about support services.

- Referrals to social service providers for financial counseling and other more specialised support services.

- A dedicated one-stop-shop retail offering, that does not have a welfare look and feel, and helps people to manage all of their bills (e.g. Good Money Community Finance Hubs – www.goodmoney.com.au), while also offering no-interest and low-interest loans for things like water efficient appliances.

：“We’re looking at running a couple of pilots. Calling people up and telling them about the options, a mail out for customers who look like they’re at risk. It saves us money in collection costs...we’re looking at cost effective prevention techniques.”

：“There’s expressed and implied hardship and a lot of organisations require you to express it...it’s really important that the hardship program is business as usual...One of the awful things is that you require people to say ‘I am a screw up’ before you offer them assistance.”

：“All you can do is empower [customers experiencing hardship] with the information they need and give them a choice. We don’t solve anything but we try and give them alternatives of what they can do. It’s very complex.”

：“Unfortunately the biggest trend is the tendency to equate vulnerability with hardship. It’s a paradox. There’s a drive to recognise individual circumstances of people, but then telling us all people fit into these circumstances, doesn’t connect with me. We’re told to listen and respond to the needs of individuals, then told to develop homogenous solutions for low income people.”
Customer Research
Introduction

- This section of the report details the findings from the customer research, incorporating both the qualitative in-depth interviews and the quantitative survey.

- We step through the results in the following order, with the start of each section summarising the key findings:
  - **Respondent profile** – including both personal and household characteristics;
  - **Segmenting customers** – a segmentation of customers in terms of support needs and preferences by level of vulnerability, including profiling and comparisons of the segments, which is further expanded upon throughout the report;
  - **Past experiences** – exploring personal difficulties and the effects of these upon one’s current financial situation; bill payment history; and whether customers have experienced significant financial difficulty;
  - **The current situation** – employment security; how bill payments are prioritised and where water fits in with those priorities; the extent of current difficulties with paying the water bill and other household expenses; whether they are experiencing significant financial difficulty; feelings regarding managing money; and bill payment methods; and
  - **Future needs and expectations** – likelihood of paying the bill on time; level of concern about future water and sewerage prices and environmental issues relating to water; attitudes regarding the water bills, payment options and support; levels of interest in various support options; ideas for better supporting customers; preferred communication channels; and barriers to seeking out support with the water bill.
Respondent Profile
Quantitative survey respondent characteristics show a good mix of demographics within the sample. To ensure representativeness, quotas were set for age and gender, as outlined in the methodology section. Final data was weighted to reflect actual population proportions and ensure that survey results accurately reflect the opinions of customers (main bill payers) across the greater Melbourne region.

**Respondent Profile**

- **Age group (unweighted):**
  - 18 to 24: 5%
  - 25 to 34: 18%
  - 35 to 44: 18%
  - 45 to 54: 21%
  - 55 to 64: 18%
  - 65 and over: 21%

- **Gender (unweighted):**
  - Male: 37%
  - Female: 63%

- **Marital status:**
  - Married: 55%
  - Single, never married: 18%
  - Couple / defacto: 10%
  - Divorced: 7%
  - Widowed: 6%
  - Separated: 3%
  - Other: 1%

- **Country of birth:**
  - Australia: 69%
  - Overseas: 31%

- **Any full time employees in the home?**
  - Yes, 54%
  - No, 46%

- **37% of respondents** were themselves employed full time; in total **59%** were employed.

- **83% of those born overseas** indicated their preferred language is English.

Base: All respondents (n=1,326).

S4. Are you aged under or over 40 years? And would that be…? / S7. RECORD GENDER
D11. Which of the following best describes your marital status?
D3. Were you born in Australia or overseas? IF OVERSEAS: In which country were you born? / D6. What is your preferred language? (n=391: born overseas)
D12. What is your current employment status? / D15. What is your partner or spouse’s current employment status? [MULTIPLE RESPONSE]
Household Profile

- Household characteristics show a good mix of demographics within the survey sample. Quotas were set for home ownership and location (by retailer), and final data was weighted to reflect actual population distribution to ensure survey results are representative of households in the greater Melbourne area.

**Number of occupants in household**

- 1: 20%
- 2: 33%
- 3: 16%
- 4: 20%
- 5 or more: 11%

**Average = 1.7 adults + 1 child**

**Own or rent? (unweighted)**

- Own outright, 42%
- Mortgage, 30%
- Rent / public housing, 28%
- Own outright, 42%

**Claimed water usage**

- Low, 42%
- Medium, 48%
- High, 6%
- Don’t know, 4%

**Household income**

- Less than $20,000: 11%
- Between $20,000 and $34,999: 12%
- Between $35,000 and $59,999: 17%
- Between $60,000 and $99,999: 20%
- Between $100,000 and $199,999: 18%
- $200,000 or more: 3%
- Don't know: 4%
- Prefer not to say: 16%

**Household receives government support or income**

- Yes, 44%
- No, 56%

**Proportion of income from the government, if receiving any: average = 53%**

*Base: All respondents (n=1,326).*

D1. Including you, how many people live in your household? / D9. Do you have any children living in the household?

S5. Do you own or rent the home where you live? / D8. Would you say your household's total water use (not per person) is low, medium or high?

D16. Does your household receive any government payments or income support, such as a pension, family payments, Newstart, youth or study allowance? D17. Thinking about your total income, roughly how much of it, in percentage terms, comes from the government? (n=588)

D20. Finally, which of these brackets best describes your household's total annual income, before tax, including any government payments?
Segmenting Customers
Introducing the Segments

What is segmentation?

- In basic terms, segmentation is about dividing a community, market or customer base into groups of individuals that are similar in specific ways, relevant to marketing, communications and other engagement activities. Segmentation allows organisations to target groups and more effectively and efficiently allocate resources.

- Effective segmentation needs to focus on identifying customer groups in ways that you can work with. This might include:
  - Demographics – e.g. age, gender, location;
  - Behaviours – e.g. water use, bill payment history, product / service purchases;
  - Value – e.g. revenue and costs to maintain; and
  - Where these are known, attitudes and psychological profiles.

- There are three primary challenges in creating a segmentation:
  - Selecting the optimal factors to use in dividing customers into groups;
  - Identifying the best statistical algorithms to use; and
  - Presenting the results in a usable manner.

Approach used in this project

- Pivotal to this study was a segmentation of the community to better understand the nature and extent of vulnerability and risk, and whether different groups had different preferences in terms of bill payment support options, communications etc.

- A basic segmentation was produced in the first instance which revealed key demographic indicators of risk. These indicators are: housing commitments (renting and having a mortgage), having children and having no-one in full time employment within the household. This basic segmentation resulted in eleven segments and could be used for its predictive abilities.
  - For example, if unemployment rises, this will increase the size of the higher risk sub-segments without anyone in full time employment.
  - Hardship would also increase for those with a mortgage if interest rates were to rise, while hardship would decrease for those who own their own home outright and don’t have children because they are the oldest segment and tend to have the largest savings.
However, it was important to develop a segmentation that also took people’s payment and support preferences into account.

The final segmentation solution used Latent Class Modelling, which provides diagnostics on the significance of variables in the formation of clusters, and the K-means algorithm. This resulted in five distinct segments as shown in the adjacent chart. The segments have been named to reflect their dominant characteristics.

This segmentation presents a spectrum of risk, from the low risk “Mature, secure” and “Hi-tech young Joneses” segments, through to the highest risk “Vulnerable families, handle with care”.

The low risk segments together represent almost half of the community (47%), with a fairly small lower risk segment in the middle (10%), and then the medium and highest risk segments – effectively the most vulnerable customers – represent a substantial two in five households (42%). This is clearly far larger than the proportion of customers currently receiving support with their water bills, representing a significant opportunity for the retailers to extend their support to a broader range of customers.

One of the unexpected outcomes of this segmentation was that the most vulnerable customers were the youngest overall, while older customers – whom some stakeholders expected to be the most vulnerable – tended to emerge as relatively financially secure.

Having said this, there were still some customers in all segments who were experiencing financial difficulty, confirming the qualitative finding that most people are vulnerable to some degree.

Also of note is that there were no significant differences in income across the segments, while one’s financial commitments and personal wellbeing remain the greatest indicators of risk.

The key characteristics of each segment are summarised on the following pages, based on statistically significant differences.
Medium risk, water watchers (15%)

- This is the second most vulnerable group overall, who may be best served by water efficient solutions.
- Mostly middle aged (68% are aged 35-64).
- Probably no full time worker at home (56%).
- Most likely of all groups to have experienced some kind of personal difficulty in the last year (48%), including using a charity for food (8%).
- Second most likely to be having difficulty paying one or more household bills (45%).
- If experiencing significant financial difficulty (18%), most likely to think it will be on-going (69%), and yet they are quite positive and optimistic about managing money.
- Majority not embarrassed to ask for help (59%).
- Most concerned about water-related environmental issues (56% gave a concern rating of 8+).
- Most likely to feel they don’t have control over their water bills (77% agree strongly or somewhat).
- Generally second most likely to use support options - most interested in a no-interest loan for water efficient appliances via their water bill (73% highly interested, rating of 7+), quite interested in bill smoothing (54%) and second most interested in a household water audit (45%).
- Fairly likely to think such support would actually help.
- Preferred contact: brochure (48%), or email (37%).

Vulnerable families, handle with care (27%)

- This is the most vulnerable segment, with the greatest need and desire for sensitive support.
- Youngest age group (33% are aged under 35), and most likely to have children (54%).
- Likely to be renting (33%) or a new home owner (34% had taken out a mortgage since 2010).
- Most likely to have been born overseas (39%, especially India and Sri Lanka) and with temporary residency status (15%). Double the average likelihood of moving to Australia in the last ten years (20% vs. 10% on average).
- Having the most financial difficulty of all segments, despite above average incidence of having a full time worker in the household (64%). They are the most likely to be having difficulty paying one or more household bills (54%) and experiencing significant financial difficulty (24%).
- Quite stressed about managing money (40%), and the least optimistic (48%).
- Most likely to report being a medium (57%) or high water user (9%).
- More likely than other segments to be having difficulty paying their water bill (21%). Most likely to have had a reminder notice (25%), requested an extension (13%), or queried the bill amount (16%) in the last 12 months. Second most likely to use BPay for the water bill (48%) and most likely to use direct debit (21%).
- Least likely to be able to pay their next water bill on time (54% were extremely likely) and most concerned about future water prices (72% highly concerned).
- Most likely to feel their water company should be doing more to help them (66%).
- Far more open than others to an offer of help (73%) – but also most embarrassed to ask (49%) and most unaware of options available to help customers pay their bill (66%); hence the need to handle this segment with care; they will need the most help and encouragement.
- Far more likely to use most of the support options than all other segments, especially the more intensive forms such as an education program, financial counselling, and a household water audit. Also the most likely by far to feel the support options could actually help them pay their bills on time (70% gave a likelihood rating of 7 or higher vs. 40% on average).
- Preferred form of contact: email (53%), phone call (25%), SMS (23%). They are very comfortable with using the internet.
Lower Risk Segments Overview (58%)

Lower risk, smooth operators (10%)
- This is a fairly small segment that is most defined by a keen interest in bill smoothing. Otherwise a fairly ‘average’ customer.
- A slightly older age profile: 46% are aged 55+.
- Most likely of all segments to have been born in Australia (77%).
- Evenly divided between having a full time worker in the household and not (51%: 49%).
- Majority aren’t having difficulty paying any household bills (63%).
- Not seeing much value from their water company – 14% gave a rating of 0 vs. 4% on average. Proportion having difficulty with the water bill in line with the average (15%).
- Most likely to pay at the Post Office (34%); quite a few don’t have a credit card (27%), less comfortable than most in using the internet.
- Very interested in fortnightly or monthly instalments instead of quarterly bills; 72% highly likely to use – ‘smoothed’ payments will help address this segment’s needs.
- Preferred contact: brochure (40%), email (28%) or on the bill (28%).

Hi-tech young Joneses (27%)
- This segment has similar demographics to Vulnerable families, but is not likely to be struggling financially. They are however, quite interested in technological support options.
- Second youngest (27% are aged under 35, just 20% are 55+).
- Probably renting (32%), or a new home owner (31% had taken out their mortgage since 2010).
- Second most likely to have kids at home (50%).
- Most likely to have a full time employee at home (67%), probably not getting any government support (63% are not).
- Least confident in financial management skills, perhaps reflecting their lack of experience, but least embarrassed to ask for help (32% were). Few expect more help from their water company (31%), possibly because they were the second most financially secure segment – the solid majority were having no difficulty with any expenses (68%) and few were currently experiencing significant financial difficulty (13%).
- They are highly tech-savvy and most interested in online communications and support; 50% prefer email contact and they were the most likely to say they would look on the website (13% unprompted). They were particularly interested in discounts for switching to e-billing (65% highly likely to use), using a secure online portal (53%), a mobile phone app (42%), and an SMS bill reminder service (39%).
- Could probably reduce their water use – just 37% felt they couldn’t. Online services could be used to help with this.
- Most likely of all groups to prefer a language other than English (27%).

Mature, secure (20%)
- In a nutshell, this segment is not really seeking or needing help with the water bill.
- Older aged (64% are aged 55+ and 45% are 65+), more likely to be a single person household (33%) and most likely of all segments to be widowed (12%).
- Most likely of all segments to be retired (44%) and getting the aged pension (34%).
- Tend to own their home outright (67% vs. 43% average).
- Least likely to be having difficulty paying any bills (just 24% yes to any, 12% the water bill).
- Far more confident in managing money than others; 44% ‘extremely’ so.
- Second most likely to pay their water bill at the Post Office (28%).
- Least comfortable using the internet.
- Most likely to say they are low water users (53%).
- Least concerned of all segments about future water prices (50% highly concerned) or water-related environmental issues.
- Don’t need or want contact or help with the water bill, with very low levels of interest in any of the support options offered.
How do the segments compare at-a-glance?

The table below provides an at-a-glance view of the results across the segments for some of the key survey questions. The survey results are outlined in more detail in the following sections of this report. This table shows quite clearly the demographic differences and ‘spectrum of vulnerability’ across the segments, with the results on key vulnerability measures typically highest among Vulnerable families.

<table>
<thead>
<tr>
<th>Selected Results from Survey</th>
<th>Total</th>
<th>Mature, secure</th>
<th>Hi-tech young Joneses</th>
<th>Lower risk, smooth operators</th>
<th>Medium risk, water watchers</th>
<th>Vulnerable families</th>
</tr>
</thead>
<tbody>
<tr>
<td>n=1,326</td>
<td></td>
<td>271 (20%)</td>
<td>340 (27%)</td>
<td>149 (10%)</td>
<td>201 (15%)</td>
<td>348 (27%)</td>
</tr>
<tr>
<td>Paying off a mortgage</td>
<td>30%</td>
<td>16%</td>
<td>29%</td>
<td>27%</td>
<td>33%</td>
<td>40%</td>
</tr>
<tr>
<td>Renting</td>
<td>25%</td>
<td>15%</td>
<td>31%</td>
<td>21%</td>
<td>17%</td>
<td>32%</td>
</tr>
<tr>
<td>Have one or more children at home</td>
<td>44%</td>
<td>27%</td>
<td>50%</td>
<td>38%</td>
<td>45%</td>
<td>54%</td>
</tr>
<tr>
<td>Have at least one full time employee in the household</td>
<td>54%</td>
<td>34%</td>
<td>67%</td>
<td>51%</td>
<td>44%</td>
<td>64%</td>
</tr>
<tr>
<td>Age – two most populous age groups per segment</td>
<td>35-54: 44%</td>
<td>55+: 64%</td>
<td>35-54: 53%</td>
<td>35-54: 41%</td>
<td>35-54: 47%</td>
<td>35-54: 47%</td>
</tr>
<tr>
<td>Currenty having difficulty paying the water bill</td>
<td>15%</td>
<td>12%</td>
<td>10%</td>
<td>15%</td>
<td>14%</td>
<td>21%</td>
</tr>
<tr>
<td>Struggling with at least one household bill or expense</td>
<td>39%</td>
<td>24%</td>
<td>32%</td>
<td>37%</td>
<td>45%</td>
<td>54%</td>
</tr>
<tr>
<td>Average no. of bills / expenses having difficulty paying</td>
<td>1.5</td>
<td>0.9</td>
<td>1.1</td>
<td>1.2</td>
<td>1.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Currently experiencing significant financial difficulty</td>
<td>16%</td>
<td>10%</td>
<td>13%</td>
<td>14%</td>
<td>18%</td>
<td>24%</td>
</tr>
<tr>
<td>Feel stressed about managing finances</td>
<td>29%</td>
<td>19%</td>
<td>24%</td>
<td>32%</td>
<td>31%</td>
<td>40%</td>
</tr>
<tr>
<td>Likelihood of paying the water bill on time in coming months (ave / 10)</td>
<td>8.8</td>
<td>9.3</td>
<td>8.8</td>
<td>9.0</td>
<td>8.8</td>
<td>8.6</td>
</tr>
<tr>
<td>Concern about water prices over the next few years (rating 7-10)</td>
<td>61%</td>
<td>50%</td>
<td>58%</td>
<td>64%</td>
<td>62%</td>
<td>72%</td>
</tr>
<tr>
<td>Concern about environmental issues to do with water (rating 7-10)</td>
<td>64%</td>
<td>55%</td>
<td>61%</td>
<td>61%</td>
<td>69%</td>
<td>70%</td>
</tr>
<tr>
<td>I would appreciate my water co. contacting me to offer help (net agree)</td>
<td>48%</td>
<td>32%</td>
<td>37%</td>
<td>44%</td>
<td>53%</td>
<td>73%</td>
</tr>
<tr>
<td>Average support items highly likely to use (rating 7-10) to use / 10</td>
<td>3.3</td>
<td>0.4</td>
<td>3.0</td>
<td>1.6</td>
<td>3.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Likelihood of support helping to pay the water bill on time (ave / 10)</td>
<td>5.1</td>
<td>1.8</td>
<td>5.6</td>
<td>3.8</td>
<td>5.1</td>
<td>7.4</td>
</tr>
</tbody>
</table>
Past Experiences
Past Experiences – Key Findings

- An important part of the research was to explore people’s backgrounds to provide context to their current situation and future intentions. In the qualitative research we asked participants to draw a timeline of their life and to describe their childhood, including where they were born, what their parents and siblings were like, how far they went with their education and what their earlier working years were like. We also explored their goals and aspirations earlier in life and what had helped and hindered them in achieving their goals so far. In the quantitative research we measured the extent to which customers had a recent difficult experience, including any significant financial difficulty. We also collected data on water bill payment history, including any alternative payment arrangements customers had.

- The rationale of the timeline exercise was to explore whether formative experiences had affected participants either positively or negatively, and whether these experiences had impacted their current financial situation. This exercise revealed that there was a link between significant trauma in people’s formative years and later financial vulnerability and difficulties, particularly emotional trauma from bullying, the illness or death of a family member, family breakdown or personal health problems or mental illness. There was a common pattern of people struggling academically as a result of their personal trauma, and this having negative impacts on their study and career prospects, in turn limiting their earning ability. This was further supported in the quantitative research.
  - This finding has implications for front line and support staff in terms of understanding the linkages between previous trauma and financial hardship. Clearly it is important for all customers to be treated with the appropriate level of respect, understanding and compassion, while there should be a heightened level of sensitivity given to those who are having difficulty paying their bill on time.

- The quantitative research showed that many customers had experienced one or more traumas in the last year (37%), and this was most likely to be a significant health issue (19%), a reduction or loss of income (18%) or a mental health issue (9%).

- A large proportion also admitted to having experienced significant financial difficulty in the past (43%, or just over four in ten households) and almost a third had faced this within the last three years (31%). However the qualitative research revealed a ‘relevance barrier’ to accessing support in that while some in financial difficulty recognise their situation, others prefer to ignore it, feel that others are worse off, or simply not identify with being in hardship.

- The majority of customers were able to pay the water bill by the due date at least once in the last year (91%). However, only 65% of all customers indicated that they had paid on time every time. This means that more than a third of customers (35%) also did other things, pointing to a degree of inconsistency in water bill payment behaviours in that they didn’t always pay on time. For example, one in five indicated that they had received at least one reminder bill over the same period (19%) and 7% had requested an extension. One in ten queried the amount of their water bill (10%) and a small proportion indicated they had used an alternative payment arrangement (6%). The most commonly used payment arrangements were fortnightly or monthly instalments.
  - These could be useful statistics for front line staff to keep in mind when helping to re-assure customers having difficulty that they are not alone and that there are other customers who are on payment plans or receiving various other forms of support from their retailer.
A link exists between early emotional trauma and later financial difficulties

- In the qualitative research we asked participants to draw a timeline of their journey through life to date, with all of the ups and downs they had personally experienced (an example is shown on the next page), and to describe what had helped and hindered them in achieving their goals in life.

- Many participants had experienced some of the demographic signifiers of vulnerability uncovered in the literature review, such as being raised in low-income families or in single parent families. However these demographic circumstances were not identified as things which had especially held participants back in life.

- Most participants had also experienced a significant emotional trauma at some point, which they felt had caused them problems with progressing in life. These traumas had often occurred in the teenage years, sometimes earlier, and included mental or physical abuse, divorce and relationship breakdown (both their own or their parents), death or illness of a family member, personal injury or illness, and mental health issues.

“I dropped out at year 12 because of bullying. I was the fat gay kid. I enjoyed school other than that. I feel that if my schooling was a bit different I would have achieved things quicker or better. If I wasn’t so bullied, that would have given me more opportunity to learn and focus on my studies.”

“I went to school until year 12, I was very bright but didn’t get a commonwealth scholarship because I missed 3 months in year 12 because of a car accident.”

“My father was killed when I was four by a horse. I don’t remember my father ever being in the house. I think I remember the accident from hearing people talk.”

“I guess from my childhood, that’s hindered a lot of things. But nothing has really stopped me. You find a way and you just do it.”

“When I was about 13 my parents got divorced, I went through a lot of depression, almost had a mental breakdown. At that stage I don’t think I cared much about my life, I had so called friends who would use me. I got to a point when I snapped out of it and turned my back on all the so called friends and started a new life all on my own. Males are always pretty stubborn to seek help, no matter what it is...When I suffered depression no one knew, not even my friends. People can be reluctant to go to the doctors, I am as well...My family helped me; they took me to a psyche hospital and I was there for a couple of months. I basically didn’t want my life to continue. The police arrested me, I ended up in jail, I wanted them to arrest me, otherwise I might have ended my life, or worse.”

“At school I was academically ok, but I was pretty sickly; physically not good at sport and I was picked on. At year 10 something happened, the culmination of the bullying caught up with me. I only passed with a bit of creative accounting from the teachers. From then on the depression started to sink in and I started to drink alcohol (for 10 years). When I went into the workforce I went in as an unskilled labourer and I lost a lot of jobs because of the drinking. I didn’t turn up most times and when I did turn up I couldn’t do anything... Because of the drinking I went broke. I had a nervous breakdown and ended up in hospital. It’s now 32 years since I’ve drank. Then when my dad died, that was the lowest point.”
Bullying was a surprisingly common early trauma among some of those experiencing significant financial difficulty later in life

- Bullying was a notable and unexpected trauma that many participants experienced in their formative years, and in turn commonly mentioned as having had very negative repercussions. Many we spoke to who had experienced bullying felt that it had had a profound effect on their life through jeopardising their education, confidence and self-esteem, and negatively impacting future employment prospects and relationships.

- While some participants appeared to have been resilient to bullying, some did not. For example, one participant described themselves as ‘a sickly child’, who was bullied because they weren’t good at sport, which also led to poor education outcomes and employment opportunities, mental illness, alcoholism and eventually bankruptcy. Another participant had been driven to establish a new life and sever all connections with ‘friends’ who had taken advantage of them both emotionally and financially. They had earlier suffered from the breakup of their parents, which led to a breakdown and hospitalisation.

- A timeline example is shown below from a young person who had just moved out of their family home for the first time, and into a rental property with their partner. The point in their life at which things started to trend down was when they started being bullied at school, and this had also negatively affected their ability to focus on their school work, which affected their grades and in turn their future study and career prospects to a degree.

- There is some relevance for customer service staff here, in that they may well be speaking with someone who has suffered quite significantly from bullying or other forms of abuse. This may have implications for the ways in which they should relate to customers – i.e. demonstrating more empathy, needing to be ‘gentler’ with some customers, and not demonstrating any behaviours that may be perceived by customers as forms of bullying in themselves, which could add to the customer’s vulnerability.

“Birth, childhood is pretty easy breezy. I had a good life family-wise. My grades were good.”

“Older years it goes down, teenage years. Emotional issues and bullying. It isn’t really easy I guess. When I reflect back it was a low point. Teachers even look down at you. I was bullied in primary school too, but I shrugged it off at the time. I don’t really think about the effects. Low self esteem of course… I don’t doubt the bullying from primary school led to the emotional issues in high school.”

“Things picked up in year 11 and 12. I figured out what I wanted to do with my life. Got into the course I wanted. Meeting my partner, sorting out our stuff and moving in together.”
Staff should bear in mind that customers having difficulty paying their water bill are likely to have recently had some kind of personal difficulty

Survey respondents were asked if they had experienced a range of difficulties over the last 12 months, using a prompted list.

Although the majority (63%) indicated they hadn’t experienced any such difficulties in the last year, almost four in ten (37%) had experienced at least one recent difficulty, and this was most likely to be a significant health issue (19%), a reduction or loss of income (18%), or a mental health issue (9%).

The two highest-risk customer segments were significantly more likely to have experienced at least one of these difficult experiences (Medium risk: 48%, Vulnerable families 41%), compared to the other three lower risk segments (nett 33%).

Through the qualitative research it also became apparent that most vulnerable customers had experienced a significant trauma in their early years - this is discussed further on the next page.

In fact, those currently experiencing significant financial difficulty were far more likely to have experienced at least one of these traumas in the past 12 months (62% experienced at least one recent difficulty).

Given this strong link between personal trauma and financial hardship, it will be important for front line and support staff to understand this linkage and to keep it in mind when dealing with customers, with the view of escalating support if necessary.

Furthermore, many customers won’t admit to having had such traumas, especially if not asked explicitly, so it is important that staff treat all customers with the appropriate level of respect, understanding and compassion.

Recent difficulties experienced (last 12 months)

- None of these: 63%
- A significant health issue: 19%
- A reduction or loss of income: 18%
- A mental health issue: 9%
- Going without food: 4%
- Using a community service org. for financial advice / assistance: 4%
- Using a charity for food or household items: 3%
- Water supply was restricted: 1%
- Your electricity or gas being suspended: 1%

NB: Most vulnerable customers had a significant trauma in their early years

37% had experienced at least one
While some vulnerable customers felt their financial situation was dire, others felt they weren’t doing too badly; an ‘irrelevance barrier’ to seeking support

- Qualitative research participants were asked about their current financial situation, and the things they felt had contributed to it. Consistent with the literature review, we found through the qualitative research that every participant currently experiencing financial hardship or vulnerability had a unique combination of circumstances and factors which had brought them there. These usually included a mix of demographic, social and economic factors. In particular, those who were experiencing significant financial difficulty had typically suffered a recent crisis such as losing their job, a major health issue, and/or a family breakdown.

- In some cases the difficulty was exacerbated by being ineligible for government support. For example, one participant had been unable to access any study allowance while at university, despite having left home for the first time and not receiving any financial support from their parents who lived in the country and were themselves not well-off.

- While some participants felt their current financial situation was bad, others felt they were not doing too badly, even though they admitted they were struggling to pay their bills and meet their financial obligations. There was a strong sense among many participants that other people were far worse off than they were, and more deserving of financial assistance. Some participants, particularly those with young families, had a sense that their financial difficulty was a temporary phase of their life, which would pass in time. However some people found it more difficult to see their situation improving, including older participants who had retired, those with young children, and those with health problems.

- Participants in need of assistance often sought to improve their financial situation by seeking more employment, cutting down on discretionary spending, or asking family or friends for assistance, and saw approaching their water company for assistance as a last resort.

“Not enough money, too many bills. Same as everyone else.”

“At the moment my situation is not too bad. I don’t have a credit card or anything. If I want anything I save up if I don’t have the cash for it. It’s the best way when you’re by yourself.”

“My financial situation is desperate, at times, not always. I have a lot of medical expenses and the rent is quite high too.”

“Yes I have had significant financial difficulty in my life, but if you sit low these times come and go.”

“We struggle, paying the mortgage, bills, kids are expensive – they are the first priority, kids first and us last.”

“Having a child...he hasn’t hindered me, it just took a lot longer than what I thought – a little bit of a setback, but not too much of an issue. Because I had a child and stayed at home with him rather than put him in paid care, I was home and not working and found it hard to get back into the workforce. That was a bit of an issue.”

“Teetering on borderline, I do have some credit card debts that I’m budgeting and trying to chop off, I’m waiting for the tax refund to come in so I can get that down.”

“Then my currently ex wife had a bit of a problem. Culturally what I could see is she had trouble adjusting to Australian society. She went through a phase of being dependent on alcohol and sleeping medications and always spent her time online and developed this relationship online and she decided to leave me and the kids. At that time we were at a point where we were supposed to be finishing the house we were building. I could not pay for the house, we had to let go of that and move to renting. My daughters were devastated.”

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Many customers had experienced significant financial difficulty, with three in ten having faced this in the last 3 years, including around one in six currently

Respondents were asked if they had experienced significant financial difficulty at some point. A large portion of customers admitted to having experienced significant financial difficulty in the past (43% or just over four in ten households).

- As a key indicator of risk, renters were significantly more likely to have experienced such difficulty in the past (50% compared with 40% of home owners).

Among those who had experienced significant financial difficulty in the past, there was a fairly even mix of timeframes at which they had experienced this difficulty with 31% of them having faced this difficulty within the last three years. This equates to 27% of the broader community having experienced significant financial difficulty within the last three years (including those currently in such a situation).

Almost half of those surveyed claimed to have never experienced significant financial difficulty (47%). This was more common among customers in the lowest risk segment – Mature, secure (56%).

These results illustrate the prevalence of financial difficulty. With the majority of households (53%) having experienced this at some point, the research suggests that a broad-ranging vulnerability support program may be warranted.

Base: All respondents (n=1,326).
Q2. Would you say you have ever experienced significant financial difficulty, either in the past or currently? [MULTIPLE RESPONSE]
Q4. Would you say that was within the last year, one to three years ago, four to ten years or longer than ten years ago? (n=478: experienced significant financial difficulty in the past but not currently)
Qualitative participants were asked about their typical water bill payment behaviour. Most participants felt that the water bill was generally fairly affordable and caused them less concern than energy bills or their rent or mortgage payments. Most participants were able to pay their water bill by the due date, and some were utilising tools such as instalment plans to smooth the impact of their bill.

A few participants spoke of occasionally using a bill extension for their water bill when it arrived at the same time as other significant household bills or expenses. It was generally felt that extensions were readily available from the water company on request.

Some of those who had made alternative arrangements indicated it was an embarrassing thing to have to do. This appeared most pronounced among unemployed or underemployed males, while some customers were also afraid of the potential consequences of such requests. In turn, many of these customers turned elsewhere for support, such as seeking to increase their income, and borrowing money from family or friends.

Few had ever been contacted by their water company regarding non-payment of the bill. An instance of this had occurred when a tenant had a leak that their landlord had promised to liaise with the water company about, but had failed to do so. Even though it wasn’t the tenant’s fault, they were still embarrassed about the situation.

These findings suggest that the non-threatening attitude of water companies means that some customers may be less concerned or fearful of falling behind in their water bill payments than other bills. As confirmed in the stakeholder research, while water companies may be seen as more approachable than other companies which threaten disconnection or eviction for non-payment, this has the negative effect of meaning that customers could incur significant debt before their water company engages with them, creating a problem that is far more difficult to solve than engaging with a customer early in order to prevent them falling behind in payments.
Although most customers were able to pay the water bill on time at least once in the last year, many also had instances of receiving a reminder, requesting an extension or other forms of help.

**Water bill payment behaviours – last 12 months**

- **Paid the bill by the due date**: 91%
- **Received a reminder bill or letter**: 19%
- **Queried the amount**: 10%
- **Requested an extension**: 7%
- **Used an alternative payment arrangement**: 6%
- **Received a call from the water company requesting payment**: 2%
- **Not paid a water bill**: 2%
- **Received other forms of help in paying the bill**: 1%

- **Customers where asked about their water bill payment history in the last 12 months, to further understand vulnerability.**

- The majority were able to pay the water bill by the due date at least once in the last year (91%). However, only 65% of all customers indicated that they had paid on time every time.

- More than a third of customers (35%) also did other things, pointing to a degree of inconsistency in water bill payment behaviours.

- Indeed some respondents had admitted to some inconsistency in managing finances (i.e. 63% thought they were consistent), sometimes forgetting, sometimes having other priorities – again reflecting a more relaxed attitude towards the water bill than other bills among some customers. For example, one in five customers indicated that they had received at least one reminder bill over the same period (19%) and 7% had requested an extension.

- One in ten customers had queried the amount of their water bill (10%). A small proportion indicated they had used an alternative payment arrangement (6%). The various methods used are outlined in greater detail on the next page.

- Very few customers admitted to receiving a call from their water company requesting payment (2%), not paying a water bill at all (2%) or receiving other forms of help paying the bill (1%). Of the 22 who hadn’t paid a bill, only 4 said it was because they didn’t have enough money to pay, while a few others forgot or someone else paid it.

- When comparing the five customer segments, the highest risk Vulnerable families group was the least likely to have paid the water bill on time in the last 12 months (87% vs. 93% among remaining segments) and were significantly more likely to have requested an extension (13% vs. 5%), or received a reminder bill or letter (25% vs. 17%).

- Households with high water usage were the least likely to have paid a water bill on time in the last 12 months (76%), as were those with a very low household income of less than $20,000 per year (79%).

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Q10. In terms of paying the water bill, in the last twelve months have you done any of the following? [MULTIPLE RESPONSE]
Q12. What sort of payment arrangement do you currently have for your water bill, if any?
Fortnightly and monthly payments or instalments were the most common alternative payment arrangements among the few using them.

Alternative payment arrangements currently have

- Fortnightly payments / instalments: 50%
- Monthly payments / instalments: 22%
- Quarterly payments / instalments: 14%
- Weekly payments / instalments: 7%
- Easypay card / EasyWay Paycard: 5%
- CentrePay: 3%
- Pay and Save: 0%
- Other: 1%
- Do not currently have a payment arrangement: 7%
- Don't know / can't recall: 2%

- Customers who indicated they had used an alternative payment arrangement in the past 12 months were asked what type of arrangement they currently had for the water bill.
- The most commonly used payment arrangement among these customers were fortnightly (50%) or monthly payments or instalments (14%).
- A smaller proportion of customers had a quarterly (14%) or weekly payment arrangement (7%).
- A small proportion of those who had used an alternative payment arrangement in the last 12 months, indicated they did not currently have a payment arrangement (7%).
  - This suggests that these customers were experiencing temporary financial difficulty in the past 12 months but had since resumed their regular payments.

“When it was one lump sum it was [difficult to pay] yes, when [my husband] first had his injury and I had to give up work to be with the kids, getting that big bill in one hit with other bills. [The retailer] suggested that back then, to make my life easier to make it monthly or fortnightly and it was really good. Now it’s not as difficult to pay.”
The Current Situation
The Current Situation – Key Findings

- A major element of the research was to understand customers’ current situation, including: financial situation and employment security, level of knowledge and skills when it comes to financial management, feelings about managing money, the hierarchy of household expense payments, and perceived value for money of water and sewerage services.

- More than half of the respondents in the survey indicated that they were working either full time, part time or casually (55%) and most felt at least reasonably secure in their jobs. The survey showed that lack of a full time worker in the household is a key indicator of risk – i.e. vulnerability to financial hardship (especially for the Medium risk, water watchers segment). It would be worthwhile for retailers to ask customers whether anyone in the household is employed fulltime to assist in identifying vulnerable customers at risk of significant financial difficulty.

- Customers were quite confident when it came to their knowledge and skills in managing money. Just over eight in ten respondents (82%) gave a confidence rating of 8 or more out of 10. Confidence in understanding how water and sewerage prices are structured was quite mixed with an overall average confidence rating of 5.4 out of 10.
  - The qualitative research suggested that vulnerable customers are not as confident in managing money. This was further supported by the fact that the lowest risk Mature, secure segment was significantly more confident and had a better grasp on price structures than others.

- While the majority of customers felt optimistic about managing money, three in ten felt stressed (29%) and almost half didn’t see themselves as optimistic (45%). The highest risk Vulnerable families group was significantly more likely to say they felt stressed (40%), suggesting they need careful handling and support to help them feel more positive and overcome this pessimism barrier.

- Value for money of services provided by the water company was generally seen to be fair (overall average rating of 6.1 out of 10). The research suggests that there is a relationship between a customer’s ability to pay their water bill and their perceived value rating. Similarly, the more people felt they understood prices, the higher their value for money rating. This means that improving understanding of prices and fostering confidence that customers can pay their water bill on time could enhance perceptions of value.

- After housing (mortgage and rent), water is one of the highest priority bills along with other essential utilities such as electricity, gas, phone and internet.

- Around one in six customers reported currently experiencing significant financial difficulty (16%) and this was most likely to be ongoing (55%).

- Just over one in seven customers were experiencing difficulty paying the water (15%). Customers who were having difficulty paying the water bill were experiencing this across 6 bills on average, compared with just 1.5 among all respondents, indicating it is the ‘tip of the ice berg’ and that customers who struggle with their water bill are probably seriously struggling financially.

- Customers are using a mix of traditional and non-traditional methods to pay their bills with BPAY (42%), the Post Office (19%) and direct debit (16%) being the most common. These results suggest that customer support methods will need to cater to a fairly broad range of payment channels.
Most people felt reasonably secure in their jobs, but some wanted more work – however the results suggest these are not key factors in vulnerability

- More than half of the respondents in the survey indicated that they were working either full time, part time or casually (55%). A similar proportion of households (54%) had at least one person in the household working full time.

- As discussed in the Segmenting Customers section of this report, the presence of a full time worker in the household (or lack of) is a key indicator of risk for financial hardship. It would be worthwhile for retailers to collect this information from customers to enable better targeting of those who may be at risk of facing significant financial difficulty.

- To understand its role in vulnerability, respondents were asked about job security. Those in the workforce generally felt secure in their employment (45% very secure, 37% fairly secure). Just over one in ten (11%) felt fairly (8%) or very insecure (3%). There were no significant differences by segment in terms of job security, suggesting this is more of an external factor and not a key driver of vulnerability.

- One of the findings from the literature review was that people experiencing hardship are often underemployed. Respondents who were working part-time or casually were therefore asked if they felt they had enough work. While three in five (59%) felt they had enough work, a third of these workers wanted more (33%). Contrary to expectation, those in the highest risk segment, Vulnerable families, were more likely than all other segments to say they would like less work (16% vs. 7% on average). This suggests that underemployment is also not a major factor in vulnerability.

**Job security (if currently employed)**

- Very secure: 45%
- Fairly secure: 37%
- Neither secure nor insecure / don't know: 8%
- Fairly insecure: 8%
- Very insecure: 3%

**Current amount of work (if working part time / casually)**

- Enough, 59%
- Not enough, would like more, 33%
- Too much, would like less, 7%

*Base: All respondents (n=1,326).*

D12. What is your current employment status? (n=1,326)
D13. Do you feel secure or insecure in your employment? (n=699: currently working)
D14. Do you feel you have enough work or would you like more or even less work? (n=311: currently working part time or casually)
Many vulnerable people have only basic financial knowledge ...and confusion exists as to the role of financial counsellors

- Among the qualitative research participants, confidence in managing money was not as high as among the quantitative respondents, reflecting the fact that unlike the broader community survey, those we spoke with in-depth were deliberately recruited from more vulnerable circumstances. Most felt their money management and budgeting skills were basic at best, and had learnt such skills through trial and error rather than being schooled in the use of financial tools. Others relied heavily on other people in the family to handle the household finances; for this reason we changed the target respondent in the quantitative survey to the main bill payer in the household.

- Many participants spoke of having difficulty managing their finances when they first became independent at a young age. While some had since improved their money management skills, they wished they had been educated in basic money management when younger.

- Other participants felt they were very good money managers, but the problem was that they had little income to manage, and what they had did not stretch to cover their basic expenses.

- A few participants had used financial counsellors; one after accruing significant credit card debt despite holding a well-paid job, another after staff at their university suggested it to assist with managing the costs of fees. One participant – a new migrant – undertook a financial literacy program that ANZ provides for the general community.

- Some confusion existed about the difference between financial counsellors and financial advisers. Some participants tended to group financial counsellors and advisers together, believing that they offer a service which must be paid for, and which necessitates having disposable income to invest or save. This finding has implications for the water industry when partnering with financial counselling services, and suggests that the service offering and any costs involved should be very clearly communicated.

“I got into financial difficulties in my late teens through wrong advice, I went bankrupt which stuffed my credit rating and caused a few problems later in life.”

“I don’t budget that well. I get a bit lazy. Possibly I don’t really understand that much (about finances) at all.”

“The financial adviser wanted to get me to invest in life insurance and make investments, whereas I wanted advice about how to do budgeting and better manage my money. He was probably five steps ahead of me, I just wanted the basics.”

“Being a guy I’m terrible with budgeting but I think I’m getting the hang of it. I was forced into it... I’ve never really bought into financial planning and things like that – had the notion that these are for people who have money.”

“I’m terrible. I rely on my husband a lot. I always say I should learn these things (money management) in case something happens. You can really benefit by knowing all these things... That would have been good to know when I was younger instead of flying by the seat of your pants.”

“Financial counselling helps you out, puts you in the right direction of where to go and source different people who can help you obtain stuff without too much of a cost.”

“I don’t budget that well. I get a bit lazy. Possibly I don’t really understand that much (about finances) at all.”

“Becoming an adult I found managing money really difficult. Young kids should be educated about that at school. I got paid monthly and I found that really difficult. I mismanaged it, I would spend it all when I got paid and then end up eating rice towards the end. Financially I was a bit of a wreck, I kept getting more and more credit cards… I worked out I needed to do a better job of it. It was a goal (it still is) to not have any debts.”
Managing the household’s finances is an emotive issue for many. While most bill payers were very confident about their knowledge and skills, many also felt stressed about managing money.

- Customers were quite confident when it came to their knowledge and skills in managing money. Just over eight in ten respondents gave a confidence rating of eight or more out of 10 (82%) and the overall average rating was 8.0.
  - The lowest risk Mature, secure segment was significantly more confident with their money management ability (average rating of 8.6 vs. 7.9 among remaining segments).
  - Confidence was significantly lower among: renters (average 7.5 out of 10, 72% giving a rating of 7 or more) and younger customers aged under 35 (average 7.5 out of 10, 74% giving a rating of 7 or more).

- To further understand people’s feelings around managing money and expenses, respondents were prompted with a list of words and asked whether any of them applied to how they felt about managing money. While the majority felt positive about the way they managed money i.e. careful (76%), organised (73%), consistent (63%) and efficient (61%), three in ten felt stressed (29%) and almost half didn’t see themselves as optimistic (45%). More than one in three (36%) also didn’t see themselves as consistent, indicating that financial behaviours can be sporadic. Qualitatively we know this is a barrier for some people getting themselves out of financial difficulty, and is something to address in support solutions.
  - The highest risk Vulnerable families group was significantly more likely to say they felt stressed (40%) and were least likely to describe themselves as careful (69%), optimistic (48%), effective (52%) or consistent (54%). This suggests they need the most careful handling and support to help them feel more optimistic, effective etc.
  - By contrast, the lowest risk Mature, secure segment was least likely to feel stressed (19%) and more likely to feel organised (83%), optimistic (63%), effective (72%) and consistent (75%).

Knowledge and skills in managing money

<table>
<thead>
<tr>
<th>Confidence Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quite / very confident (7-10)</td>
<td>76%</td>
</tr>
<tr>
<td>Fairly confident (4-6)</td>
<td>73%</td>
</tr>
<tr>
<td>Not / a little confident (0-3)</td>
<td>63%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>55%</td>
</tr>
</tbody>
</table>

Feelings about managing money and expenses

<table>
<thead>
<tr>
<th>Feeling</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Careful</td>
<td>29%</td>
</tr>
<tr>
<td>Organised</td>
<td>16%</td>
</tr>
<tr>
<td>Consistent</td>
<td>14%</td>
</tr>
<tr>
<td>Effective</td>
<td>11%</td>
</tr>
<tr>
<td>Optimistic</td>
<td>10%</td>
</tr>
<tr>
<td>Stressed</td>
<td>8%</td>
</tr>
<tr>
<td>Impulsive</td>
<td>7%</td>
</tr>
<tr>
<td>Forgetful</td>
<td>6%</td>
</tr>
<tr>
<td>Disinterested</td>
<td>4%</td>
</tr>
<tr>
<td>Lazy</td>
<td>2%</td>
</tr>
</tbody>
</table>

“Personally I’m a bit relaxed and frivolous (about money). Even if I don’t have a high level of disposable income...I want to still act as though I have disposable income.”

“I know how to manage money. The real problem is that I don’t have any.”
After housing, water is one of the highest priority bills, reflecting a high perceived value of the service

- Qualitative research participants were given a list of common expenses and asked how they would prioritise them – this was still before they knew that the research related to water. The infographic here represents the common prioritisations, and the quotes below detail participants’ rationales.

- **Housing**, whether a mortgage or rent, was considered the highest priority. This was often the household’s largest bill, and the consequences for non-payment were seen to be severe; either eviction or default on the mortgage. For those with children childcare is also a hefty and highly prioritised expense.

- **The utilities including water and energy were typically the second priority, and these services are seen as essentials.** Phone and internet were often grouped with these essential services, and were seen to be vital for conducting day-to-day life tasks, such as looking for a job or for children doing homework.

- While food and transport were priorities, they were areas where spending could be manipulated if necessary; for example buying cheaper food and taking public transport where necessary.

- Holidays, new clothes, entertainment and cigarettes and alcohol tended to be seen as more discretionary.

“I realise utilities are essential services but when it comes to money they will wait for you to pay them and won’t cut you off straight away, whereas with the rent they evict you straight away.”

“I prioritise the bills depending on the due date, but if it’s something for the kids it takes priority over everything else.”

“Phone and internet are a priority. I don’t want to be completely out of communication with everyone. I can’t get a job if I can’t be contacted.”

“You’ve got to eat, that’s important. Medical expenses are important as well as education, they’re three top priorities, if you have children you have to pay for their education. Next the household bills which need be paid, you need electricity and gas, you don’t necessarily need a phone or internet but these days it’s a necessity.”

“Child care is the biggest expense. It’s very hard…we probably just cover that with my pay.”

“Holidays are out of the question at the moment.”

“You don’t need to buy new clothes, you can make do.”

“Shelter is the primary goal and with that comes utilities.”

“Bills get paid first…Mortgage is number one and all the bills are on debit anyway. We had a credit card when my husband wasn’t working, but also the debt incurred there which I really didn’t want to do so we are hoping in four months time it will be all cleared up and we will get rid of it after that.”

“I realise utilities are essential services but when it comes to money they will wait for you to pay them and won’t cut you off straight away, whereas with the rent they evict you straight away.”

“Holidays are out of the question at the moment.”
The majority of customers have experienced significant financial difficulty, and those currently struggling tended to think it would be chronic – a possible ‘pessimism barrier’

- Around one in six customers reported currently experiencing significant financial difficulty (16%). This is slightly higher than the 11.4% of Melburnians living below the poverty line, as cited in ACOSS’ 2012 Poverty in Australia report. By segment, this was as low as one in ten Mature, secure customers (10%), rising to one in four Vulnerable families (24%), as shown in the table below.

<table>
<thead>
<tr>
<th>Currently experiencing significant difficulty:</th>
<th>Mature, secure</th>
<th>Hi-tech young Joneses</th>
<th>Lower risk, smooth operators</th>
<th>Medium risk, water watchers</th>
<th>Vulnerable families</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10%</td>
<td>13%</td>
<td>14%</td>
<td>18%</td>
<td>24%</td>
</tr>
</tbody>
</table>

- Illustrating the key indicators of risk, the following types of customers were significantly more likely to be facing current financial difficulty: renters (30% vs. 11% of owners / mortgagers), females (20% vs. 11% among males – potentially because they are more likely to admit it), those with children in the household (21% vs. 12% of those without), those born overseas (22% vs. 14% of those born in Australia), younger customers aged under 35 (24% vs. 14% among older customers) and high water users (25% vs. 15% among low to medium users), and those with very low incomes of <$20k (31%).

- Those who were currently experiencing significant financial difficulty were asked whether they thought the difficulty was likely to be temporary or on-going. The majority thought it would be ongoing (55%, or 9% of all households) and reflects a sense of pessimism and defeatism among customers experiencing financial difficulty, which we heard about in the qualitative research. This points to an opportunity for staff to help customers overcome these feelings. This could be done by assuring them that they are not alone; there are other customers in their situation, and by sharing ‘good news’ stories of other customers who had been supported out of their financial difficulty.

Base: All respondents (n=1,326).
Q2. Would you say you have ever experienced significant financial difficulty, either in the past or currently? [MULTIPLE RESPONSE]
Q3. Would you say your current financial difficulty is only temporary or likely to be on-going? (n=224: currently experiencing significant financial difficulty)
One in ten did not think they were experiencing significant financial difficulty, yet were having difficulty paying one or more of their bills – again, the ‘irrelevance barrier’

- The chart below shows the relationship between financial difficulty and a customer’s ability to pay various household bills. While 47% of customers previously indicated they had never experienced significant financial difficulty, these results show us that 12% of those customers were experiencing difficulty paying at least one household expense. These may be some of the customers who are suffering from a ‘barrier of irrelevance’ and not seeking out support.

- Qualitatively we know that this group comprises two types of customers, although some people fall into both categories:
  - Those who are **new to hardship**: these tend to be customers who have recently bought a new home and taken out a mortgage, those who are new parents, new migrants, younger customers who have recently moved out of the family home and those who’ve had a recent difficulty in their life that has led to a loss of income. Water retailers should consider these demographic ‘triggers’ as early signs of possible financial hardship and look for ways that they can indentify and support these customers early in the piece.
  - Customers who are **embarrassed to admit** they are experiencing financial difficulty. This was most apparent among middle aged males and customers with a family to support. This result suggests that the water industry needs remove the negative stigma associated with financial hardship and encourage customers to come forward and ask for help if they need it. It potentially also supports stakeholder recommendations that the water industry should move away from relying on self-identification and look towards proactively contacting customers to offer support.

The relationship between financial difficulty and ability to pay bills (spectrum of difficulty)

- 36% Never had significant financial difficulty, no difficulty paying bills
- 24% Past significant financial difficulty, no difficulty paying bills
- 12% Past significant financial difficulty, current difficulty paying bills
- 12% Never had significant financial difficulty, current difficulty paying bills
- 16% Current significant financial difficulty

"[A barrier to asking for help would be] my pride. I would not ask for help. I would cut down costs somewhere else."

"We were definitely a bit surprised about how expensive it is to live in Melbourne now. We did some research about what it would cost here before we came back from America, but it has turned out a lot higher than we thought it would be. Living on one income, having a baby and a city that's a lot more expensive than we're used to… it's not bad but it's a bit stressful."
For context, value for money of water was fairly well regarded overall, and is higher if people understand how water prices are structured

To assist with profiling and the segmentation, customers were asked about their perceived value for money and understanding of how water and sewerage prices are structured. With an overall average rating of 6.1 out of 10, value for money of services provided by the water company was generally seen to be fair. Just under half gave a rating of seven or more (45%) and four in ten gave a rating between four and six out of 10 (40%). However, just over one in 10 customers gave a value rating of three or less (12%).

- The Lower risk, smooth operators segment rated value for money significantly lower than other segments (5.4 vs. 6.1 on average and 14% said 0).
- Customers who admitted to having difficulty paying the water bill gave significantly lower ratings of value (4.7) compared with those who were not having any difficulties with their bill (6.3). Similarly, as confidence in managing money and being able to pay future bills on time increased, so did customers’ value ratings. This suggests that there is a relationship between a customer’s ability to pay their water bill and their perceived value. This means that fostering confidence that customers can pay their water bill on time could enhance perceptions of value.

Confidence in understanding how water and sewerage prices are structured was quite mixed. While nearly four in ten customers were quite or very confident (38% rating 7 or more out of 10), just over a third were fairly confident (35% rating between 4 and 6) while a quarter were only a little or not at all confident (24%). The overall average rating was 5.4 out of 10. Notably, the more people felt they understood prices, the higher their value for money rating – for example, those with low confidence (a rating of 3 or lower) gave an average value rating of 5, while those with a high level of confidence (a rating of 7 or higher) gave an average value rating of 6.9, suggesting that improving understanding of prices can enhance perceived value.

Results by the five different segments were fairly consistent, although the lowest risk Mature, secure segment felt they had a better grasp on prices than others – they were significantly more likely to give themselves a rating of 10 out 10 (18% vs. 8% among remaining segments).

Value for money of services provided

- 45% Good / excellent (7-10)
- 40% Fair (4-6)
- 12% Poor (0-3)
- 3% Don’t know

Understanding how water & sewerage prices are structured

- 38% Quite / very confident (7-10)
- 35% Fairly confident (4-6)
- 24% Not / a little confident (0-3)
- 3% Don’t know

Base: All respondents (n=1,326).
Q8. How would you rate the value for money of the services provided by your water company, using a scale where zero means very poor and ten means excellent value?
Q17. Using a scale where zero means not at all and ten means extremely, how confident are you that you understand how water and sewerage prices are structured?
Customers were less likely to struggle with the water bill, but if they do, then it is a sign that they are seriously struggling.

Currently experiencing difficulty paying... (% yes)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Electricity or gas</td>
<td>23%</td>
</tr>
<tr>
<td>Rent (if renting)</td>
<td>23%</td>
</tr>
<tr>
<td>Child care and education (if have children)</td>
<td>21%</td>
</tr>
<tr>
<td>Insurance</td>
<td>19%</td>
</tr>
<tr>
<td>Mortgage payments (if have a mortgage)</td>
<td>19%</td>
</tr>
<tr>
<td>Credit card payments</td>
<td>17%</td>
</tr>
<tr>
<td>Transport including car expenses</td>
<td>17%</td>
</tr>
<tr>
<td>Food</td>
<td>15%</td>
</tr>
<tr>
<td>Water</td>
<td>15%</td>
</tr>
<tr>
<td>Medical bills or expenses</td>
<td>14%</td>
</tr>
<tr>
<td>Phone and internet</td>
<td>12%</td>
</tr>
</tbody>
</table>

Survey participants were asked to indicate if they were currently experiencing difficult paying various household expenses. At this point they did not know the survey was water-related.

Four in ten customers were having difficulty with at least one of the expenses listed (39%); 1.5 items on average.

Despite water being such a high priority for payment relative to other household expenses, not as many customers were experiencing difficulty paying water (15%). Customers were most likely to be having difficulty with their energy bills (23%), rent (23%) and child care and education (21%).

Regardless, just over one in seven customers were still experiencing difficulty paying the water. Of greater concern was that customers who were having difficulty paying the water bill were experiencing this across 6 bills on average. This indicates that difficulty with the water bill is the ‘tip of the iceberg’ and that customers who struggle with this bill are probably seriously struggling financially. Indeed, around half of those who were having difficulty paying the water bill went on to say they were experiencing significant financial difficulty (52%), which is well above the overall average of 16%.

Another concern was that most customers who were having difficulty paying the water bill were not using an alternative payment arrangement (87%), two thirds (65%) later agreed that they didn’t know what support was available for customers having difficulty paying.

The table to the left shows how the results differ by segment, further highlighting the spectrum of vulnerability from the lowest (Mature, secure and Hi-tech young Joneses) to the highest (Vulnerable families). Additional demographic differences are shown in the tables on the next page.

**Current difficulty paying water bill (% yes)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mature, secure</td>
<td>12%</td>
</tr>
<tr>
<td>Hi-tech young Joneses</td>
<td>10%</td>
</tr>
<tr>
<td>Lower risk, smooth operators</td>
<td>15%</td>
</tr>
<tr>
<td>Medium risk, water watchers</td>
<td>14%</td>
</tr>
<tr>
<td>Vulnerable families</td>
<td>21%</td>
</tr>
</tbody>
</table>

Base: All respondents (n=1,326).

Q1. Thinking about your household expenses, are you currently experiencing any difficulty paying any of the following bills or expenses?
**Who else is struggling *most* with the water bill?**

<table>
<thead>
<tr>
<th>Age</th>
<th>18 – 34</th>
<th>19%</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 to 54</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>55+</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of children</th>
<th>None</th>
<th>12%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 2</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>3 or more</td>
<td>21%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water usage</th>
<th>Low</th>
<th>13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>36%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Home</th>
<th>Own</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Australia</th>
<th>13%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overseas</td>
<td>19%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Household income</th>
<th>&lt; $20K</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20 - $100K</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>$100K +</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of people in household</th>
<th>1 to 2</th>
<th>13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 to 4</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>5+</td>
<td>24%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Confidence with managing money</th>
<th>Low</th>
<th>44%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retailer</th>
<th>City West</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Yarra Valley</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Western</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

*Base: All respondents (n=1,326).*

Q1. Thinking about your household expenses, are you currently experiencing any difficulty paying any of the following bills or expenses?

---

= Significantly different from other segments @ 95% CI
Customers are using a mix of traditional and non-traditional methods to pay their bills, suggesting customer support methods should cater to a range of payment channels.

Customers were using a variety of different methods to pay their water bills: BPAY (42%), the Post Office (19%) and direct debit (16%) were the most common. These results suggest that customer support methods will need to cater to a fairly broad range of payment channels.

- Those who were significantly more likely to pay at the post office included customers who weren’t very confident using the internet (48%), those with a household income less than $20,000 per year (41%), and those aged 55 or over (30%).

- By segment:
  - *Mature, secure* (28%) were significantly more likely to pay at the post office, as were the *Lower risk, smooth operators* (34%), who were also equally inclined to use BPAY (35%).
  - *Hi-tech young Joneses* were significantly more likely to pay their bill via BPAY (50%), followed by credit card via the website (16%). *Medium risk, water watchers* most preferred BPAY (35%), and then the post office (23%).
  - The highest risk *Vulnerable families* group also preferred BPAY the most (48%), and was significantly more likely than others to pay via direct debit (21%), while being the least likely to go to the post office (12%). In fact, more than a third of all customers who pay via direct debit were in this segment (36%). This offers a vital clue as to how this customer segment can be targeted; i.e. if a customer switches to direct debit this could serve as a trigger for the water industry to check in with them and see if they need some financial support.

- Just over a quarter of all customers indicated they receive a concession on their water bill (28%) and this broadly reflects the actual incidence.

**Payment methods usually used to pay the water bill**

- BPAY: 42%
- Go to the Post Office: 19%
- Direct Debit: 16%
- Credit card via the website: 11%
- Credit card via the phone: 10%
- Postbillpay (Australia Post online): 4%
- Mail / Cheque / Money order: 3%
- Paid directly through Centrelink / CentrePay: 1%
- Other: 1%

**Concessions received on water bill**

- Concession: 28%
- No concession: 68%
- Don’t know: 4%
Future Needs & Expectations
**Future Needs & Expectations – Key Findings**

- The majority of customers thought it was highly likely they would pay their water bill on time in the coming months, with four in five (79%) giving a rating of 7 or higher, and an average rating of 8.8. Notably though, while 63% of respondents gave the top rating, this means more than one in three customers (36%) were not entirely confident they would be able to pay on time. This was much higher among the Vulnerable families segment (61% were not ‘extremely likely’, compared with 28% of the Mature, secure segment). Around one in three people (35%) also had one or more instances of not paying the water bill on time in the last year, suggesting an on-going behavioural trend.

- Qualitatively, some people told us they really don’t like to receive overdue notices or owe any money. Most people said they try to pay by the due date, because it is the responsible thing to do, they didn’t want to be seen as failing to pay their dues, and it doesn’t feel good to be in debt.

- Qualitative participants were shocked to learn of the proposed coming price rise (prior to the ESC’s draft determination). While some felt they would have to adjust their behaviours to be able to afford to pay their bill, others resigned themselves to the fact that they would just have to pay. Many of the latter felt they had already reduced their water use as much as they could. These results confirmed the urgent need for clear communications regarding alternative bill paying arrangements such as instalment plans.

- In the quantitative survey, there was a fairly high level of concern about what future water prices might be – even without respondents being informed of the proposed prices. The average level of concern was 6.8 out of 10. Those who felt they were receiving good or better value for money from their retailer and/or had a good understanding of how water prices are structured were less likely to be concerned, illustrating the importance of fostering better value for money perceptions and seeking to enhance customers’ understanding of how the pricing works.

- Some of the standout attitudes measured in the survey were that the majority of customers felt they didn’t have much control over the cost of their bills (61% nett agree), didn’t know what support was available for customers experiencing difficulty with their bills (58% nett agree), and felt that alternative payment arrangements wouldn’t really make a difference to their situation (58%). These results confirm that the most significant barrier to customers receiving support is that the majority don’t know what help is available, should they need it. While for many this is not a concern because they do not need help, there is a large proportion of customers who could benefit from assistance with their water bill but are currently missing out because they don’t even know what is available. This suggests that a priority action is to communicate with customers and other stakeholders more actively about support options – what is available, how it has genuinely helped others, and how to access it.

- Another quite significant attitudinal barrier is also evident, with two in five (41%) agreeing they would be too embarrassed to ask for help. the most embarrassed are in the Vulnerable families segment (49%). This is a ‘silent barrier’, and a double edged sword; the customers most in need of financial relief are the most embarrassed to ask for help, and so are the least likely to be detected because of the systemic and reactive approach from the water industry that requires customers to self-identify or be referred from another agency. These results suggest that strategies are needed to address the stigma associated with asking for help.
Future Needs & Expectations – Key Findings cont’d

- Positively, around half of those surveyed (48%) would appreciate their water company contacting them to offer help or support with the bill, and a similar proportion thought the water company should be doing more to help people in their situation (45%). These results reflect quite an openness to the water companies reaching out and being more proactive in offering support. There may be flow-on benefits from this, as some customers said that if they had a positive experience from this ‘breaking of the ice’, they may be inclined to prioritise the water bill over others.

- In terms of support options, in-depth interview participants were most interested in short-term payment extensions, a free water audit and retrofit for inefficient appliances, discounts for paying early, and Utility Relief Grants.

- Another popular form of support in the qualitative research was a payment arrangement that allowed customers to nominate an amount and schedule that they could meet, and then if they do so for three consecutive payments, the water company then matches the fourth payment. It was well regarded as a good way to facilitate regular payment behaviours. It was not included in the quantitative research because it was quite complex to explain, but it definitely appealed to some customers, and should be considered in the solution mix.

- Qualitatively we found that the secure online portal was particularly liked as it allows customers to retain their privacy and doesn’t require them to admit to another person that they are in hardship or having difficulty paying. It would also be accessible anytime; important for busy parents.

- In the quantitative survey, respondents were asked how likely they would be to use various services if they were available. The most popular were discounts for switching to e-billing (51% of all respondents gave a solid rating of 7 or higher), using a secure online portal (45%), receiving a free household water audit (43%), and more or monthly payments (41% among all respondents, 61% among those in significant financial difficulty). The Vulnerable families segment was substantially more interested in taking up most of the options than other segments.

- Survey respondents were asked what they thought would be the best ways for their water company to inform or contact them about the support services it has available. A mix of traditional and non-traditional channels were mentioned, with email being the most preferred overall (40% - unprompted), followed very closely by a flyer, brochure or letter in the mail (38%) and then on the bill itself (30%). A fairly substantial one in five (19%) also indicated they would appreciate a phone call. This response suggests the water retailers should promote their support services using a range of contact methods.

- In turn, the standout preference for customers requesting help in paying the bill was via telephone (57%). Qualitatively, we know that customers feel that this is the most immediate way that they can receive a tailored response. However, one in four (25%) mentioned email, and a similar 19% said an online form would better suit them. Some participants in the qualitative research felt this would be easier and less embarrassing than having to speak to an operator, and more convenient than having to wait on hold or call during business hours. The results suggest it is important to cater for a range of contact preferences, and to expect an increase in phone calls when prices rise.

- Tone of communications was also seen as important in helping to overcome the barrier of embarrassment, as well as privacy fears and cultural sensitivities; it should be implemented with dignity, privacy, respect and sensitivity. Many of the stakeholders interviewed shared this view.
High intentions to pay the water bill on time reflect a desire to do the responsible thing and avoid feelings of failure

Taking a behavioural perspective, and to assist in understanding the extent of behaviour change that may need to be facilitated as part of better supporting vulnerable customers, a question was included in the survey to measure customers’ perceived ability to pay their water bill on time in the coming months. The question was posed using a likelihood scale where 0 represented ‘not at all likely’ and 10 represented ‘extremely likely’.

The results show that the majority of customers thought it was highly likely they would pay their water bill on time in the coming months, with four in five (79%) giving a rating of 7 or higher, and an average rating of 8.8.

Notably though, while 63% of respondents gave the top rating, this means more than one in three customers (36%) were not entirely confident they would be able to pay on time. This was much higher among the Vulnerable families segment (61% were not ‘extremely likely’, compared with 28% of the Mature, secure segment). Note that around one in three people (35%) also had one or more instances of not paying the water bill on time in the last year, suggesting an on-going behavioural trend.

Further, those who said they were experiencing significant financial difficulty felt even less able to pay on time, with an average rating of 7.1 out of 10. Also more inclined to say they were unlikely to pay on time (giving a rating of 4 or lower) were those with a household income of less than $20,000 (15%) and tenants (7%). These customers were asked why they would be unable to pay on time and the most common reason was a lack of money (50%), followed by the high cost of the bill (17%). Only one respondent admitted they wouldn’t pay on time because they didn’t want to.

In the qualitative research some customers told us that they really don’t like to receive overdue notices or owe any money. Most people said they try to pay by the due date, because it is the responsible thing to do, they didn’t want to be seen as failing to pay their dues, and it doesn’t feel good to be in debt. The quotes opposite illustrate some of the reasons customers expect difficulties paying on time, and the strong emotions some customers have around bills in general, and the water bill specifically.

- “Once you fall behind on all your bills it’s very hard to catch up.”
- “The limited amount of money I receive makes it almost impossible to manage the rest of the living.”
- “When the water bill arrives we freak out. It’s not just the water, it’s also gas and electricity. Just giving three young kids a bath alone takes so much water. The bills are always really high, even compared with my parents and other people… We freak out but then I just pay it. I don’t let them become overdue.”
- “I’m a single father, I have an 11 year old son. I’m self-employed and working around my son’s schooling. And I’m not getting any help from the government.”
- “Once you fall behind on all your bills it’s very hard to catch up.”
Shock and resignation about the coming price rise; some thought they could adjust behaviours to make the bill more affordable

- Qualitative participants were told of the proposed coming price rise (prior to the ESC’s draft determination). Most had no idea of the extent of the proposed increase. Even those who were familiar with the fact that bills would be increasing to pay for the desalination plant were shocked by the extent of the increase. Some participants we spoke with felt that although they could afford to pay the bill on time now, they would probably struggle to afford the coming increase and would have to adjust their behaviours, while others resigned themselves to the fact that they would just have to pay. Many of the latter felt they had already reduced their water use as much as they could, and some commented that reducing their usage further would likely have little impact on the bill anyway.

- Some participants thought they would change to more regular payment instalments to help them better manage their budgeting following the price rise. Others felt they would cut back on other discretionary spending (e.g. alcohol, going out). However for some participants there was already little room to move in their budget, and they struggled to see what they could cut back on to be able to afford the water bill.

- These results confirmed the urgent need for clear communications regarding alternative bill paying arrangements such as instalment plans. It will be important for the water industry to be transparent about the price rise, including the reasons. Participants felt that communications should alert people to the increase in clear and obvious ways such as putting the amount on the envelope with the bill to grab attention and direct more people to support services.
A large contingent of customers was quite concerned about future water and sewerage prices, and there were equal levels of concern about environmental issues with water.

To further understand people’s emotions around future water prices, survey respondents were asked to rate their level of concern about what water and sewerage services will cost over the next few years, where 10 represented ‘extremely concerned’ and 0 was ‘not at all concerned’.

Overall, there was a fairly high level of concern about future prices. Three in five respondents (61%) gave a rating of 7 or higher and the average rating was 6.8. Notably, those who felt they were receiving good or better value for money from their retailer (giving a value rating of 7 or higher) were less likely to be concerned; 18% of them were not concerned (i.e. gave concern rating of 3 or lower), compared with 6% of those who gave a value rating of 6 or lower. This finding illustrates the importance of fostering better value for money perceptions.

There was also a higher level of concern among those who didn’t really understand how water prices are structured: 35% of those who gave themselves a low rating (3 or lower out of 10) of their understanding of prices indicated they were extremely concerned (a rating of 10) about future prices. This finding highlights the importance of helping customers to understand pricing, with the view of reducing concern.

Others who were most concerned about future prices were: high water users (8.1 on average), home owners (7.1 vs. 6.2 among tenants), and those in the Vulnerable families segment (72% gave a rating of 7 or higher), especially compared with the Mature, secure segment (50%).

These results should be viewed in the context that in the qualitative research customers had no real idea of the extent of the upcoming price rise, and were shocked to learn about this. We did not include this question line in the quantitative survey for sensitivity reasons, but it could be hypothesised that if this were disclosed, concern levels would have been considerably higher.

To assist with profiling and the segmentation, respondents were also asked how concerned they were about environmental issues to do with water and sewerage services, if at all. Overall environmental concern was also quite high, with 63% giving a rating of 7 or higher and an average of 7 out of 10. The segment with the highest level of concern was Medium risk, water watchers, with 38% giving a rating of at least 9 out of 10, followed by Vulnerable families (30%), while Mature, secure customers were the least concerned (25%). These results suggest Medium risk customers would be most responsive to communications with an environmental angle.
The largest barrier to customers taking up support is that they don’t know what is available, pointing to a communications need. While many would also be too embarrassed to ask for help, they would appreciate their water company reaching out to offer it, supporting a proactive approach.

Attitudes regarding water bills, payment and support

- I don’t have much control over the cost of my water bills
  - Agree strongly: 35%
  - Agree somewhat: 26%
  - Net Disagree: 61%
  - Percent disagree strongly: 30%

- I don’t know what support is avail. for customers having difficulty paying
  - Agree strongly: 26%
  - Agree somewhat: 32%
  - Net Disagree: 58%
  - Percent disagree strongly: 28%

- Alt. payment arrangements won’t really make a difference to my situation
  - Agree strongly: 31%
  - Agree somewhat: 27%
  - Net Disagree: 58%
  - Percent disagree strongly: 26%

- I don’t think I could reduce my household’s water usage
  - Agree strongly: 24%
  - Agree somewhat: 25%
  - Net Disagree: 49%
  - Percent disagree strongly: 42%

- I would appreciate my water co. contacting me to offer help or support
  - Agree strongly: 20%
  - Agree somewhat: 28%
  - Net Disagree: 48%
  - Percent disagree strongly: 34%

- The water company should be doing more to help people in my situation
  - Agree strongly: 22%
  - Agree somewhat: 23%
  - Net Disagree: 45%
  - Percent disagree strongly: 31%

- I wouldn’t even think of asking my water company for help
  - Agree strongly: 21%
  - Agree somewhat: 24%
  - Net Disagree: 45%
  - Percent disagree strongly: 42%

- I would be embarrassed to ask for help with paying my water bill
  - Agree strongly: 20%
  - Agree somewhat: 21%
  - Net Disagree: 41%
  - Percent disagree strongly: 48%

- Customers don’t need to tell the water co. if they can’t pay on time
  - Agree strongly: 11%
  - Agree somewhat: 19%
  - Net Disagree: 30%
  - Percent disagree strongly: 54%

“Yo’d hope they wouldn’t cut [the water] off and would give you some time, extensions. I’m assuming they have a conscience as well. I’ve never gone into that position. God forbid if my husband gets a tap on the shoulder and [loses his job] we’d be one of those people needing all the help we can get.”

- To understand overall community attitudes and to feed into the segmentation, respondents were asked about their level of agreement or disagreement with a series of statements that reflected some of the sentiment from the qualitative research. The results were fairly mixed overall, reflecting varying levels of vulnerability. This is further illustrated in the table on the next page, which shows the results by segment.

- Some of the standout findings were that the majority of customers felt they didn't have much control over the cost of their bills (61% nett agree strongly and somewhat), didn't know what support was available for customers experiencing difficulty with their bills (58% nett agree), and felt alternative payment arrangements wouldn't really make a difference to their situation (58%). These results suggest there is a need for retailers to better promote the options available to customers to manage the water bills.
Some clear attitudinal differences by segment, pointing to different support needs and preferences

- The quote on the previous page reflects a common sentiment from qualitative participants when we asked if they knew what sort of help was available. Most of them were in vulnerable situations but didn’t know what support was available from their water company, essentially because they hadn’t needed to ask. However, quite a few had experienced difficulties with other bills (e.g. electricity) and assumed there would be some form of help like payment extensions.

- A significant one in two customers (48%) also agreed they would appreciate their water company contacting them to offer help or support with the bill, and a similar proportion thought the water company should be doing more to help people in their situation (45%). These results reflect quite an openness to the water companies reaching out and being more proactive in offering support.

- Another quite significant barrier is also evident, with two in five (41%) agreeing they would be too embarrassed to ask for help. The table below shows that the most embarrassed are Vulnerable families (49%) and Mature, secure (47%), although importantly the latter is far less inclined to need help. These results suggest customer service personnel should use high sensitivity when liaising with those in the Vulnerable families segment, and that strategies are needed to address the stigma associated with asking for help, given those in most need are the most embarrassed to ask.

- Hi-tech young Joneses were generally less engaged, although were the most likely to feel a sense of responsibility to inform their retailer if they couldn’t pay on time, and to concede that they could probably reduce their household’s water use. By contrast, the standout attitude of Medium risk, water watchers was that most (77%) felt they didn’t have much control over their bills. Help with water efficiency would therefore be of some appeal to both of these segments in particular.

<table>
<thead>
<tr>
<th>Attitudes - Nett Agreement by Segment</th>
<th>Total</th>
<th>Mature, secure</th>
<th>Hi-tech young Joneses</th>
<th>Lower risk, smooth operators</th>
<th>Medium risk, water watchers</th>
<th>Vulnerable families</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t have much control over the cost of my water bills</td>
<td>61%</td>
<td>68%</td>
<td>46%</td>
<td>66%</td>
<td>77%</td>
<td>61%</td>
</tr>
<tr>
<td>Alt. payment arrangements won’t really make a difference to my situation</td>
<td>58%</td>
<td>64%</td>
<td>54%</td>
<td>63%</td>
<td>59%</td>
<td>56%</td>
</tr>
<tr>
<td>I don’t know what support is avail. for customers having difficulty paying</td>
<td>58%</td>
<td>62%</td>
<td>51%</td>
<td>57%</td>
<td>52%</td>
<td>66%</td>
</tr>
<tr>
<td>I don’t think I could reduce my household’s water usage</td>
<td>49%</td>
<td>60%</td>
<td>37%</td>
<td>53%</td>
<td>55%</td>
<td>50%</td>
</tr>
<tr>
<td>I would appreciate my water co. contacting me to offer help or support</td>
<td>48%</td>
<td>32%</td>
<td>37%</td>
<td>44%</td>
<td>53%</td>
<td>73%</td>
</tr>
<tr>
<td>The water company should be doing more to help people in my situation</td>
<td>45%</td>
<td>30%</td>
<td>31%</td>
<td>48%</td>
<td>52%</td>
<td>66%</td>
</tr>
<tr>
<td>I wouldn’t even think of asking my water company for help</td>
<td>45%</td>
<td>58%</td>
<td>37%</td>
<td>48%</td>
<td>40%</td>
<td>45%</td>
</tr>
<tr>
<td>I would be embarrassed to ask for help with paying my water bill</td>
<td>41%</td>
<td>47%</td>
<td>32%</td>
<td>41%</td>
<td>37%</td>
<td>49%</td>
</tr>
<tr>
<td>Customers don’t need to tell the water co. if they can’t pay on time</td>
<td>30%</td>
<td>35%</td>
<td>21%</td>
<td>30%</td>
<td>25%</td>
<td>36%</td>
</tr>
</tbody>
</table>

= Significantly different from other segments @ 95% CI
Qualitative participants were most interested in payment extensions, a free water audit, discounts for paying early / online & URGs

<table>
<thead>
<tr>
<th>Concepts Most Interested in Using (Qualitative)</th>
<th>Count (Out of 16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A short-term payment extension</td>
<td>15</td>
</tr>
<tr>
<td>Free household water audit &amp; retrofit for inefficient appliances</td>
<td>14</td>
</tr>
<tr>
<td>Discounts for paying early</td>
<td>13</td>
</tr>
<tr>
<td>Utility Relief Grants</td>
<td>13</td>
</tr>
<tr>
<td>Secure portal for paying bills, making alternative payment arrangements, requesting extensions</td>
<td>12</td>
</tr>
<tr>
<td>Discounted bills for those with a Concession / Health Care card</td>
<td>11</td>
</tr>
<tr>
<td>Discounts for paying online</td>
<td>11</td>
</tr>
<tr>
<td>Arrangement where customers pay an agreed amount &amp; water co. matches every 4th payment</td>
<td>11</td>
</tr>
<tr>
<td>Education programs covering money management and/or water use efficiency</td>
<td>11</td>
</tr>
</tbody>
</table>

- In the in-depth interviews participants were shown a series of support service options and told that some were existing and some were just ideas. They were asked to tick any items that they would consider using; the table opposite shows a tally of top items selected (out of a possible total of 16). The **most popular item was a short-term payment extension**, which nearly all participants selected. Given the clear popularity of this option and its basic nature, it was not necessary to include in the quantitative survey.

- The **next most popular idea was a free water audit and retrofit** for inefficient appliances (n=14). Renters thought the water audits would be particularly useful because they have less control over the efficiency of inbuilt water using appliances in their homes, and less ability to influence the landlords.

- Discounts for paying early (n=13) and Utility Relief Grants (n=13) also held quite a lot of appeal even though some participants knew they would not be eligible for the latter.

- One of the more popular forms of support was a payment arrangement that allowed customers to nominate an amount and schedule that they could meet, and then if they do so for three consecutive payments, the water company then matches the fourth payment. Two of the retailers currently have this offering and it was quite well regarded as a good way to facilitate regular payment behaviours. This option was not included in the quantitative research because it was quite complex to explain, but we know from the qualitative research that it definitely appealed to some customers, and should be considered in the solution mix.

- Qualitatively we found that the **secure online portal was particularly liked as it allows customers to retain their privacy** and doesn’t require them to admit to another person that they are in hardship or having difficulty paying. It could also be **used outside of business hours**, which is important for many parents who don’t have any time to attend to such matters until their children are in bed.

"Good idea about paying the 4th consecutive bill if you pay on time."

“(Discounts for paying online) would be beneficial for people with the internet, but discriminates against people who may not have a computer or can’t afford one. From my own point of view I’d probably use that."

“I think water audits are already being done and I support it."

“An online portal, that’s really cool. An app would be good for those with iPhones, but it would be good to have a portal. I hate going online on my phone, with the small screen. I prefer to use my computer. But if you forget it would be handy to do it straight away (using an app)."

“Short-term payment extensions; it’s in their best interests to do that. For those drier months, with the funds. If I had a massive outlay of money, medical expense, an op, and couldn’t make the payment I’d use that."

“Online, you can make a request. I’m over calling them and being put on hold, talking to ten people in different countries. It’s exhausting. People are time poor. It’s easier to get online."
Qualitative participants were less interested in talking to specialist staff, financial counselling, or utilising CentrePay

<table>
<thead>
<tr>
<th>Concepts Less Interested in Using (Qualitative)</th>
<th>Count (Out of 16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment arrangement which allows customers to spread payments over a year</td>
<td>10</td>
</tr>
<tr>
<td>Dedicated service centre where customers can speak to experienced financial counsellors</td>
<td>10</td>
</tr>
<tr>
<td>Water company getting in touch with individual customers directly to offer help &amp; support services</td>
<td>9</td>
</tr>
<tr>
<td>Monthly rather than quarterly bills</td>
<td>8</td>
</tr>
<tr>
<td>Dedicated specialist staff trained in providing support for financial difficulties</td>
<td>8</td>
</tr>
<tr>
<td>Financial counselling assistance</td>
<td>8</td>
</tr>
<tr>
<td>CentrePay (direct debit from Centrelink payments)</td>
<td>7</td>
</tr>
</tbody>
</table>

Monthly payments were seen as a good preventative strategy that would help some people manage their budget, and prevent debt accruing, while some customers felt it wouldn’t help because it would mean more bills and they would ultimately have to pay the same amount.

Reflecting a lack of understanding of financial counselling, qualitative research participants were less interested in speaking to financial counsellors or water company staff who were specially trained in financial difficulties.

CentrePay was the initiative least likely to be used by the qualitative research participants, as it gave customers less financial control and was only available to Centrelink recipients.

As noted earlier, embarrassment is still likely to be a barrier to taking up any services, and many participants indicated they would seek support elsewhere first – such as from family or friends, or through seeking additional employment or sources of income.

Opinions were somewhat mixed on who should be eligible for support services. While most people felt that these services should be made available to everyone, a few participants felt there should be a criteria of eligibility, such as unemployment, a recent change to the household such as a new baby, or an existing reliance on social services. These participants did not want those who “can pay but won’t pay” accessing support services that are meant to help those in need. Others felt it would be too difficult to demand ‘proof’ that people were in difficulty.

The question about people’s interest in using various support options became a key factor in the segmentation that was conducted in the quantitative research (see next page), where some groups of customers were definitely more interested in some types of options than others.

“(Dedicated specialist staff trained in providing support for financial difficulties) Not necessarily for me, but I think it’s a good idea. I think it can be difficult for people to take assistance. For me, I would consider myself pretty affluent and my needs would be different from someone who is on a pension. I’ve noticed it’s a really big problem, coming back here, before you’d only think of financial difficulties as real hardships like if you couldn’t afford to pay for food. I’ve never put myself in that bucket.”

“Courtesy calls would be good, they would be able to see if people are missing their bills often that they are having issues paying their bill.”

“I used to work in debt collection so I know a lot of people are embarrassed to let people know they’re financially in trouble; it’s pride. Without sounding racist, the non-Australians, new refugees, are often not aware of how things work, they have a lot of support and things offered, but not necessarily payment plans.”

“If you’re just not paying your water bill because you don’t want to then that’s not right. If they’ve lost their jobs, have a new baby, that sort of thing should be the criteria. Otherwise you would have everybody doing it.”

“How do you prove someone is struggling? Not sure. You might be a millionaire and I might not have any money... how can they tell? You have to take people on their word.”

“People in the middle class are being more stretched but they’re also probably more embarrassed to take up those sorts of offers or support services.”

“People in the middle class are being more stretched but they’re also probably more embarrassed to take up those sorts of offers or support services.”
Solid likelihood of customers using support services if they are available, with around half thinking these would actually help them to pay their water bill on time

Likelihood of using services if available (% rating 7 - 10)

- Discounts for switching to electronic bills: 51%
- Secure online portal: 45%
- Free household water audit: 43%
- Getting information in preferred language (NESB*): 42%
- Fortnightly or monthly instalments: 41%
- No interest loan for water efficient appliances: 36%
- Mobile phone app: 34%
- Getting an SMS reminder to pay your bill: 34%
- Free & confidential financial advisory service: 24%
- Education program: managing money, bills, usage: 22%

Likelihood of assistance actually helping to pay the water bill on time in future

- Very likely (8-10): 28%
- Quite likely (6-7): 16%
- Fairly likely (5): 17%
- Unlikely (0-4): 32%
- Don’t know: 6%

Average = 5.1 out of 10

- To help with the segmentation and prioritisation of resources, survey respondents were asked about a range of different types of support; some existing, some conceptual. They were asked how likely they would be to use each service if it was available to them, using a scale where zero meant not at all likely and ten meant extremely likely.

- There were some strong intentions for using the various options, especially discounts for switching to e-billing (51% of all respondents gave a solid rating of 7 or higher), using a secure online portal (45%), receiving a free household water audit (43%), getting information in one’s preferred language (42% of non-English speaking respondents) and more frequent payments (41%). The results are shown on the next page by segment.

- Furthermore, the majority of customers surveyed felt that the various forms of assistance were at least fairly likely to actually help them to pay their water bill on time in the coming months (62% gave a likelihood rating of 5 or more out of 10 and a significant 28% gave a high rating of 8 or more). This result provides further evidence for increasing the ways and means for customers to access support.

- The average rating is shown by segment below, where Vulnerable families were the most likely to feel they would benefit (7.4), while Mature, secure gave a far lower average rating of just 1.8 out of 10.

Base: All respondents (n=1,326). * Item only asked if from non-English speaking background (n=71).
Q21. I am going to describe a range of current and potential services from your water company. Please tell me how likely you would be to use each one if it were available to you. Please use the scale where zero means not at all likely and ten means extremely likely. If any are not applicable to you, just say so.
Q22. If you were to use any of the forms of assistance I mentioned earlier, how likely do you think it is that they would actually help you to pay your water bill on time in the coming months?
Some clear differences in support preferences by segment

- The table below shows the proportion of customers in each segment who were highly likely to use each of the various support options – i.e. who gave a rating of 7 or more out of 10. Statistically significant differences are indicated via the arrows. For example, **Vulnerable families were clearly far more likely to use the support options than all other segments, while Mature, secure customers were significantly less likely than others to use any such services.**

- Reflecting their segment characteristics, the **Hi-tech young Joneses** were generally more interested in the online and mobile forms of support, including switching to e-billing (65%) and using a secure online portal (53%), followed by a mobile phone app (42%) and text message bill reminders (39%).

- **Medium risk, water watchers** were most interested in a no interest loan they could pay off via their water bill (73%), followed by fortnightly or monthly payments (54%). However, **Lower risk, smooth operators** were much more interested in bill smoothing than all other options (72%; hence their namesake). Bill smoothing was equally appealing to Vulnerable families (73%), highlighting the broad likelihood of customers taking this up if they know it is available to them.

- Separately from the segmentation, those customers who admitted to being in significant financial difficulty were the most interested in fortnightly or monthly payments (61%), followed by a secure online portal (55%), a free household water audit (54%), discounts for switching to e-billing (51%), and a no-interest loan (47%).

<table>
<thead>
<tr>
<th>Likely to Use if Available – Rating of 7+</th>
<th>Total</th>
<th>Mature, secure</th>
<th>Hi-tech young Joneses</th>
<th>Lower risk, smooth operators</th>
<th>Medium risk, water watchers</th>
<th>Vulnerable families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounts for switching from paper-based bills to electronic bills</td>
<td>51%</td>
<td>16% ↓</td>
<td>65% ↑</td>
<td>32% ↓</td>
<td>39% ↓</td>
<td>79% ↑</td>
</tr>
<tr>
<td>A secure online portal to confidentially monitor usage and request help</td>
<td>45%</td>
<td>5% ↓</td>
<td>53% ↑</td>
<td>11% ↓</td>
<td>37% ↓</td>
<td>85% ↑</td>
</tr>
<tr>
<td>Getting information in your preferred language (NESB customers only*)</td>
<td>44%</td>
<td>16% ↓</td>
<td>19% ↓</td>
<td>52%</td>
<td>46%</td>
<td>85% ↑</td>
</tr>
<tr>
<td>A free household water audit and assistance to reduce water usage</td>
<td>43%</td>
<td>8% ↓</td>
<td>38% ↑</td>
<td>25% ↓</td>
<td>45%</td>
<td>80% ↑</td>
</tr>
<tr>
<td>Fortnightly or monthly instalments instead of quarterly bills</td>
<td>42%</td>
<td>0% ↓</td>
<td>22% ↓</td>
<td>72% ↑</td>
<td>54% ↑</td>
<td>73% ↑</td>
</tr>
<tr>
<td>A no interest loan for water efficient appliances via your water bill</td>
<td>36%</td>
<td>2% ↓</td>
<td>23% ↓</td>
<td>1% ↑</td>
<td>73% ↑</td>
<td>68% ↑</td>
</tr>
<tr>
<td>A mobile phone app with water saving tips, billing reminders, etc</td>
<td>35%</td>
<td>5% ↓</td>
<td>42% ↑</td>
<td>4% ↓</td>
<td>6% ↑</td>
<td>76% ↑</td>
</tr>
<tr>
<td>Text messages / SMS reminders to pay your bill</td>
<td>34%</td>
<td>4% ↓</td>
<td>39% ↑</td>
<td>14% ↓</td>
<td>11% ↓</td>
<td>73% ↑</td>
</tr>
<tr>
<td>A free and confidential financial advisory service</td>
<td>24%</td>
<td>2% ↓</td>
<td>8% ↓</td>
<td>2% ↓</td>
<td>19%</td>
<td>68% ↑</td>
</tr>
<tr>
<td>An education program about managing money, bills and consumption</td>
<td>22%</td>
<td>1% ↓</td>
<td>10% ↓</td>
<td>2% ↓</td>
<td>16%</td>
<td>60% ↑</td>
</tr>
</tbody>
</table>

= Significantly different from other segments @ 95% CI

Base: All respondents (n=1,326). * Item only asked if from non-English speaking background (n=71).
Q21. I am going to describe a range of current and potential services from your water company. Please tell me how likely you would be to use each one if it were available to you. Please use the scale where zero means not at all likely and ten means extremely likely. If any are not applicable to you, just say so.
Few other suggestions were offered for better supporting customers experiencing difficulty, suggesting the survey ideas would cover needs

Survey respondents were asked if they could think of any other ideas for how their water company could help customers who were experiencing difficulty paying their bills. The majority couldn’t think of other ideas (66%), while the top responses were to lower the cost of water (7%), educate customers on how to reduce water usage (3%), and offer payment plans (3%).

These results suggest that the various ideas in the survey had largely met expectations of how customers could be supported.

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- These results suggest that the various ideas in the survey had largely met expectations of how customers could be supported.

Other ideas for how the water companies could support customers

- Lower water costs/lower bills: 7%
- Educate customers/the public on how to reduce water usage: 3%
- Payment plans/payment options e.g. weekly, fortnightly payments: 3%
- Offer wider range of discounts/rebates e.g. large family / single parent: 2%
- Reduce administration fees/service fees: 2%
- Offer discounts/incentives for low usage: 2%
- Extend time allowed for payment: 2%
- Let customers know of payment options available: 2%
- Stop the desal plant/charges associated with the desal: 1%
- Show more compassion/understanding/helpfulness: 1%
- Discount for early payment/on time payment: 1%
- More open communication with customers: 1%
- Reduce parks & gardens fees: 1%
- Water only charge/no extra charges: 1%
- Free water: 1%

Base: All respondents (n=1,326).
Q23. Can you think of any other ideas for how your water company could help you or other customers if they were experiencing difficulty paying their water bill? This could be anything at all. [MULTIPLE RESPONSE]
Qualitative research participants were asked whether they could think of any barriers to seeking help from their water company to pay their bill. A number of barriers to seeking help were discussed including:

- **Embarrassment and shame**, not wanting to be reminded of their financial situation / failings;
- **Fear of being judged** by the company that help is sought from, and/or generating a ‘bad record’;
- Previous **negative experiences** with asking for help – especially from customer service staff at energy companies who did not appear to have the time or care for the customer to explain their situation;
- A fear that **they are to blame for their own situation**, for example through being lazy, spending money on gambling, drug or alcohol dependency, or simply through mismanagement;
- **Fear of being bullied or harassed** when an organisation becomes aware of their inability to pay a bill;
- **Fear of being forced to commit** to a payment plan they are unable to afford, and having a further financial commitment they can’t meet;
- A sense of **pessimism**; that nothing is really going to help the situation; and
- The simple **lack of awareness** that help is available, or **not knowing where to seek help**.

These responses show that the barriers are largely emotive ones, highlighting the sensitivity that frontline staff need to exercise when liaising with vulnerable customers.
Many in the broader community survey couldn’t think of barriers or didn’t feel the need to ask for help – this in itself reflecting the ‘silent barrier of shame’

Reasons for not asking the water company for help

- No, can’t think of any reasons: 31%
- No, because I don’t / won’t need to ask: 27%
- No, because I would ask: 16%
- Embarrassment: 7%
- Don’t know/no particular reason: 2%
- Difficulty in contacting them: 2%
- Lack of time: 2%
- Lack of information/don’t know what help is available: 2%
- Only a short term fix / bill still has to be paid: 2%
- Don’t want people to know my financial situation: 1%
- Prefer to work out problems myself/use my own resources: 1%
- Base: All respondents (n=1,326).

Q24. Can you tell me any reasons why you might not ask your water company for help or alternative ways to pay the bill? [MULTIPLE RESPONSE]

- To further understand and quantify the barriers to customers asking their water company for help with the bill, survey respondents were asked why they might not do so themselves.

- The large majority either couldn’t think of any reasons (31%), said they wouldn’t need to ask (27%), or would ask (16%). Just 7% said they would be too embarrassed. This suggests the barriers were not especially large.

- However, it is important to keep in mind that a large proportion of customers had earlier agreed they would be too embarrassed to ask for help (41%). Many of these customers did not admit to this here, without prompting, itself further illustrating the sense of shame some people would feel in seeking out help with their water bill.

- Notably, those who admitted to currently having difficulty with their water bill were more likely than others to say they would be embarrassed (13%), highlighting that this feeling is heightened when one is actually experiencing the difficulty and suggesting that people are more embarrassed than they expect they will be. In combination with the qualitative research, these findings indicate that embarrassment is a genuine and significant barrier to customers accessing support.

- Furthermore, this ‘silent barrier’ is exacerbated by the systemic barrier in which the retailers generally require customers to self-identify to their water company (or another agency) in order to trigger an offer of assistance. This means those who are most in need will struggle to ask for help, and therefore may not receive it until the problem is harder to manage, if they even receive help at all.

“There are so many people worse off than me. I don’t think I would be in that situation (of having to ask for help).”
The research indicates a range of different channels should be used to engage with customers about support services, including telephone and email, but very few want a knock on the door.

Survey respondents were asked what they thought would be the best ways for their water company to inform or contact them about the services it has available to help customers pay their bills, using an unprompted question. A mix of traditional and non-traditional channels were mentioned, with email being the most preferred overall (40%), followed very closely by a flyer, brochure or letter in the mail (38%) and then on the bill itself (30%). A fairly substantial one in five (19%) indicated they would appreciate a phone call, and just over one in ten (12%) thought a text message would be helpful. Importantly, just 2% of all respondents said they did not want to be contacted (these were mostly in the Mature, secure segment, at 5%), and the same proportion specifically didn’t want a visit to their home (2%). This response suggests it is important for the water retailers to promote their support services using a range of contact methods, including flyers, emails, information on the bill itself, outbound phone calls and even text messages. Results by segment are shown on the next page.

In turn, customers were asked how they would prefer to request help from their water company in paying the bill and the stand-out response was via telephone; 57% of all respondents mentioned this approach. Qualitatively, we know that customers feel that phoning is the most immediate way that they can receive a response that is specific to their own situation. However, one in four (25%) indicated they would prefer to use email, and a similar proportion said an online form (19%) would better suit them, with some participants in the qualitative research feeling that this would be easier and less embarrassing than having to speak to an operator, and more convenient because they wouldn’t have to wait on the line or call during business hours. Younger respondents were more interested in online methods (especially those who did this survey online) while older respondents were more interested in telephoning or visiting the water company in person. The results suggest it is important to cater for a range of different contact preferences, and to expect an increase in phone calls when prices rise.

Base: All respondents (n=1,326).
Q25. What would be the best ways for your water company to inform or contact you about the services it has available to help customers to pay their bills? [MULTIPLE RESPONSE]
Q26. If you were to request help from your water company in paying the bill, would you prefer to make the request by telephone, email, filling in a form either on paper or online, talking to someone in person, or some other way? [MULTIPLE RESPONSE]
Some clear differences in preferences for water companies reaching out by segment, while phoning was clearly the most preferred way of customers asking

- The table below shows the top four perceived best methods of the water companies offering help to customers, and the top three most preferred ways of customers asking for help themselves.

- The standout results were that Vulnerable families and Hi-tech young Joneses would much prefer to receive an email from their water company, while the other segments would prefer a more passive form of contact via a flyer or brochure in the mail. This finding suggests the industry should invest efforts to request customers’ email addresses. While this should happen naturally for new customers, it would be prudent to employ additional resources to do so for existing customers.

- However, there was essentially the same mix of contact methods in the top three for all segments, with the exception of Mature, secure customers who didn’t have email in their top three and instead mentioned a telephone call. Notably, receiving a telephone call was the fourth top preference of most of the other segments (excluding Hi-tech young Joneses), suggesting this is another important method for the water companies to consider.

- In terms of preferred ways of customers asking for help themselves, telephoning their water company was the most preferred method for all segments, by far. This highlights the importance of front line customer service staff being suitably trained to offer customers support options and determine the most suitable form of support for each customer.

- These findings should help the water companies to prioritise communications efforts overall, and by segment.

<table>
<thead>
<tr>
<th>Contact preferences – in rank order by segment</th>
<th>Mature, secure</th>
<th>Hi-tech young Joneses</th>
<th>Lower risk, smooth operators</th>
<th>Medium risk, water watchers</th>
<th>Vulnerable families</th>
</tr>
</thead>
<tbody>
<tr>
<td>n=</td>
<td>271 (20%)</td>
<td>340 (27%)</td>
<td>149 (10%)</td>
<td>201 (15%)</td>
<td>348 (27%)</td>
</tr>
<tr>
<td>Most preferred ways of the water company offering help (Q25)</td>
<td>Flyer/brochure 45% On the bill 29% Phone call 17% Email 15%</td>
<td>Email 50% On the bill 34% Flyer/brochure 30% Website 13% / SMS 13%</td>
<td>Flyer/brochure 40% Email 28% On the bill 28% Phone call 20%</td>
<td>Flyer/brochure 48% Email 37% On the bill 26% Phone call 22%</td>
<td>Email 53% Flyer/brochure 36% On the bill 28% Phone call 25%</td>
</tr>
<tr>
<td>Most preferred ways of asking the water company for help (Q26)</td>
<td>Phone 58% In person 21% Email 10%</td>
<td>Phone 54% Email 34% Online form 31%</td>
<td>Phone 59% In person 21% Email 12%</td>
<td>Phone 65% In person 23% Email 17%</td>
<td>Phone 53% Email 37% Online form 25%</td>
</tr>
</tbody>
</table>

Base: All respondents (n=1,326).

Q25. What would be the best ways for your water company to inform or contact you about the services it has available to help customers to pay their bills? [MULTIPLE RESPONSE]

Q26. If you were to request help from your water company in paying the bill, would you prefer to make the request by telephone, email, filling in a form either on paper or online, talking to someone in person, or some other way? [MULTIPLE RESPONSE]
In addition to channel considerations, the tone of communications is crucial and needs to be inclusive

- Qualitative research participants were asked how the water businesses should promote their support services for those in financial difficulty. Reflecting the limited awareness of support services, it was felt the water sector needs to widely promote the services available to help customers with paying their bills on time, using a wide variety of channels.

- To help overcome the barrier of embarrassment, some participants suggested that promotions could use some statistics to convey a sense of the volume of people having difficulty managing money (perhaps not just with their water bill) – ad/or who have received help to manage their water bills – to illustrate that customers are not alone and that the water companies are genuinely able to help.

- Participants highlighted the importance of using language sensitively in these communications, using non-threatening, culturally sensitive terms and stressing that any requests for assistance will be treated in confidence. This confidentiality was considered particularly important for some non-English speaking cultures, and should be communicated in several languages.

- Some participants felt that the water industry should also consider ways to build more of a sense of community connection and advocacy through social media. Some younger participants in particular indicated that if they could see other people they know signing up to things online (e.g. events, training modules) it would make them more inclined to have a look themselves.

- Some customers were supportive of water utilities monitoring bills and proactively contacting customers to offer help or assistance. It is critical that any such contact is implemented with dignity, privacy, respect and sensitivity. Some customers also felt that if they had a positive experience from this ‘breaking of the ice’, they may be more likely to prioritise paying the water bill over other bills.
Innovation Workshop
Innovation Workshop Introduction

- This section presents the outcomes that emerged from the innovation workshop.
  - The two-day workshop was held in Melbourne on the 5th and 6th of June, 2013. More than 45 stakeholders attended the innovation workshop representing the water, energy, government, finance and social service sectors.
  - Feyi Akindoyeni of Kreab Gavin Anderson led the innovation workshop and incorporated a mix of open forum discussions, round table discussions and activities, individual worksheets and voting using handset technology.

- Overall, the workshop proved to be a great success. It provided an unique opportunity for key stakeholders from various industries to get together and discuss key issues and potential solutions for what is proving to be a very complex problem for the water industry.

- Despite the complexity of this issue, participants were able to come up with a range of different solutions. The final short listed solutions from day 1 and day 2 of the workshop are presented in this section. A full list of the ideas is included in Appendix 6.

- We believe participants also found value in attending the workshop and this was evident by the level of enthusiasm and willingness to participate in an honest and open manner.

- The workshop agenda is provided in Appendix 5. As an overview, following introductions, participants received a one-hour presentation on the research findings and a one-page printed snapshot of key results to refer to throughout the workshop. Participants were then asked to reflect upon the research and work through agreeing upon an articulation of the problem, the vision, criteria for determining success, and the preferred solutions to achieving the vision. A key outcome was to agree upon a program that could be piloted to support vulnerable customers in new and innovative ways.

- We step through the outcomes from the workshop as follows:
  - The problem
  - The vision
  - Measures of success
  - Preliminary solutions – day 1
  - Agreeing on the preferred solutions – day 2
The Problem

- Workshop participants were offered a provisional definition of the problem as follows: “Cost of living on the rise, more Victorians experiencing or vulnerable to financial hardship, higher demand for (and cost of) financial assistance”. This statement was drafted by the research team. The aim of developing the statement was to give the innovation workshop participants a starting point to think about when developing their solutions.

- Participants worked in groups at each of seven tables and were asked to reflect on the issue and the research just presented, an to either come up with a new problem definition of refine the existing one. Each table’s definition is outlined below:

1. The utilities are experiencing difficulties in identifying potential vulnerable customers and how to effectively communicate with them in a targeted way

2. Lack of targeted and collaborative strategy that identifies, engages and supports both vulnerable and hardship customers

3. Increasingly more customers are vulnerable and the number of customers in hardship is growing. We can’t easily identify them or predict their tipping point. We don’t have the right strategies in place to support them or manage our risk

4. How do we engage with customers who are vulnerable to stop them tipping into hardship?

5. Acknowledge and identify vulnerable customers who don’t fall within the traditional definition of hardship. Develop support programs which don’t currently exist and communicate them

6. More customers need help, most customers could benefit from initiatives, overcoming obstacles as to why people don’t ask for help and collection cycle / reciprocal responsibility

7. Early identification of hardship and vulnerability is complex and in the absence of agreed terminology, different outcomes are measured

- There were several commonalities between the various definitions and most of the statements acknowledged the problem of not identifying and in turn engaging with vulnerable customers.

- Participants were asked to vote on their preferred definition and the decision was almost unanimous. We have, however, suggested a slightly tweaked wording while retaining the intended meaning; moving from a ‘hardship customer’ label to a more customer-centric expression:
Once the problem had been defined, workshop participants were asked to work in groups at their tables to define the vision. As with the problem, participants were given a draft vision as a starting point: “Prevent and reduce the number (and costs) of vulnerable customers, for the benefit of all”. This statement was developed by the Vulnerable Customer Working Group following a problem definition workshop facilitated by Ashraf Abdelmoteleb of the Smart Water Fund.

Participants came up with a range of different vision statements as follows:

1. Maximising people’s ability to pay
2. People being able to access the water they need, without causing or adding to financial hardship
3. Real time access to the cost of water (24/7)
4. We want everyone to be able to access basic needs including water
5. Customers shouldn’t have to think or worry about paying for water
6. My water business is my friend
7. No barriers to being able to afford water and working with people to self identify to avoid falling into hardship

Facilitators from Kreab Gavin Anderson and GA Research also offered an additional suggestion for a vision:

8. People know that their company is able to help (but they don’t need it)

When asked to vote on their preferred vision statement, the choices were fairly divided between statements 2, 4, 6 and 7, with a strong theme of access. The options were debated in an open forum and after a lengthy discussion the group agreed that the vision statement should be: Water should not cause financial hardship.

On the second day of the workshop, the vision statement was further refined:

Water should not cause financial stress (as an industry or for customers who are vulnerable or in hardship)
Measures of Success for the Vision: *Water should not cause financial stress*

- Before moving on to developing the solutions, workshop participants were asked to work together at their tables and develop a list of criteria against which their solutions would be measured, to help determine progress towards the vision.

- Some key considerations for developing the criteria included:
  
  - Where do we want to get to?
  - What do we want to compare ourselves to?
  - What are others doing?
  - What are their key milestones?
  - What’s stopping us? Internally and externally?

- Participants came up with a range of different criteria which are grouped into seven broad themes as below. In turn, we step through each of these themes in greater detail on the next two pages.

  1. Solutions are quick and easy for everyone to access
  2. Improved affordability
  3. Improved water efficiency
  4. Industry application
  5. Customers self identify (and early)
  6. Customers value the water services they receive
  7. Customers have control

- The next steps for the industry in terms of the criteria would be to fine-tune these and determine the ways in which they would be measured and monitored.

“What does success look like?”

*What are the key criteria to ensure a sustainable approach across social, economic and any environmental considerations?*
Measures of Success for the Vision: *Water should not cause financial stress*

1. **Solutions are quick and easy for everyone to access**
   - Programs are inclusive and easy to access
   - Increase in uptake of support programs, across all segments
   - Customers are accessing programs that suit their specific needs
   - We know who has access and who doesn’t

2. **Improved affordability**
   - Decrease or at least no net increase in the number of vulnerable customers and those in hardship (and reduced repeat use of support services)
   - Customers are making and maintaining payment arrangements
   - Customers are able to meet their other commitments, matching income to payments
   - Customer debt levels are decreasing (or at least not increasing), reduction in bad debt i.e. more than 90 days
   - Solutions don’t drive up costs to customers overall
   - Financially sustainable to implement; within cost constraints of water businesses and does not cost the utilities more (revenue or profit)
   - Business to set targets to reduce costs or prices and pass benefits back to customers

3. **Improved water efficiency**
   - Customers are able to better manage their water usage
   - Lower water consumption
   - Eliminating leaks and high bills, with better ability to predict leaks
Measures of Success for the Vision: *Water should not cause financial stress*

4. **Industry application**
   - The solution maximises the benefits of integration across retailers and communications channels
   - Solutions are scalable to volume of demand / need for help
   - Collaboration and effective co-ordination between government, utilities, consumer agencies, support groups
   - Develop common high industry standards, best practice guidelines adopted by all water companies
   - Connect short term to long term projects
   - Skilled, empathetic, helpful staff
   - Increase in government regulation to ensure essential services are more affordable
   - Continuous innovation around support programs

5. **Early identification of customers who are vulnerable or in hardship**
   - Solutions must identify people before they fall into hardship
   - Customers are contacting us when they need assistance – self identifying
   - Increased self-identification of vulnerable customers
   - Agencies are ready to act when people self-identify

   *NB: Needs to incorporate ways to overcome ‘barriers of shame’.*

6. **Customers value the water services they receive**
   - All customers are receiving water supply
   - Increase in the customer perception of value
   - Increase in customer satisfaction (overall)
   - Market research / re-test

7. **Customers have control**
   - No barriers to accessing assistance
   - Solutions are promoted
   - Increased awareness and understanding of existing assistance programs (among customers and stakeholders)
   - No stigma attached to asking for / receiving help
   - Customers choose their own preferred solutions, based on need (and circumstances)
   - Customer feedback to measure increased awareness, take-up, perceived suitability of help, and satisfaction
The Solutions – Day 1

- Once the measures of success had been defined, workshop participants were asked to work together at their tables to come up with some innovative solutions that would help the water industry achieve the vision and help combat customer hardship. They were asked to narrow down their lists to their preferred solution and create an ‘elevator pitch’ to present to the other groups. A set of thought-starters was given to participants (see next page).
- The seven final solutions are summarised below, in order of table numbers.

1. **Bundled Customer Education Package**: A partnership between the water industry and other essential service and customer service organisations i.e. electricity, gas, banking, telecommunications etc., to deliver an education program about the available hardship programs.

2. **Customer Care Standards**: Creation and adoption of industry wide, accredited standards for dealing with and managing vulnerable customers and those in hardship. This approach would provide a consistent experience across the network for customers no matter where they live.

3. **Embrace and Extend**: Collaboration across the industry to undertake collection and analysis of key data and offerings (pre and post price rise implementation) to inform and develop elements of the vulnerable customer strategy. Look at existing programs and identify what is working and what customers are responding to. Align data across the water utilities: collecting key metrics, having common definitions of hardship, sharing information, then adapting responses accordingly.

4. **Communications Campaign**: An immediate-term call to action campaign designed to ‘deal with the price rise’ and head negative media coverage off at the pass. It would seek to reduce the fear of upcoming prices and inform customers what their options are in a non-stigmatised way. Some targeted communications would also be offered in locations where vulnerable customers were more likely to be: e.g. medical centres, councils, education centres, Centrelink, universities, senior citizens centres.

5. **Maximise customers’ ability to pay their bills**: Ensuring everyone is taking advantage of every option that is available to them and capturing vulnerable people before they fall into hardship. Target those who do not currently claim a concession but are eligible, and expand the criteria for accessing a concession – this would require collaboration with Centrelink and other agencies. Enable discreet (secure) access to personalised information via the website, and produce a shared multi-language fact sheet on support options for use by other agencies.

6. **Keeping Yourself Nice**: Letting customers know what options are available before they need it. Identifying customers who need support before they realise they need it, intervening proactively and directing them to appropriate solutions. This will require intelligent networks, working together and improving coordination across utilities and other agencies, mining data and applying risk management principles.

7. **Customers in Control**: Creating an environment where people can self-service and self-educate. Customers would be empowered to manage and monitor their own water use to control their bill, they would be aware of the choices and solutions available to them and be able to choose from a range of tools and education programs to suit their needs.
Additional Solutions Proposed by GA Research

The ideas below were given to workshop participants to stimulate their thinking on the solutions, following their initial brainstorming. These were drawn from the literature review and the stakeholder and customer research.

**Status quo**
(scaled up or down in response to demand)

**Outreach**
(identify potentially vulnerable customers and proactively contact them e.g. outbound telephone calls, emails offering help and outlining what’s available …a big change but some customers would appreciate it)

**Social marketing**
(e.g. helping people/customers to help themselves, peer to peer support and education)

**Targeted communications**
(e.g. Western Water’s Water Babies book for new mums, ethnically responsive communications for CALD communities, specific communications for different segments)

**Alternative rate structures**
(e.g. different rates for different customers, means testing for water bills - a major change; would require customers to provide more information about themselves, or even opt-in hardship donations / contributions – e.g. round your bill up to the nearest dollar)

**Incentive payment plans**
(e.g. customer nominates how much & when they can pay, and if they meet the agreement, the water company matches every 4th or 5th payment to encourage regularity)

**Shrink the customer’s whole caseload**
(work with customers on their whole bill set. Could be external – e.g. Good Money centres)

**Arrearage forgiveness**
(write off some debts, at a level that cancels out the cost of the debt. NB this is not for everyone; it is for small debts that would cost more to carry / collect on than writing them off – may be offered just to customers in proven hardship)

**Internal systems development**
(e.g. all customer service personnel to receive training and regularly spend time in the hardship area to help with early identification of vulnerability)
After each group presented their idea, participants were asked to rate each idea out of 10 and then to rank the ideas from their most preferred (1) to their least preferred (7). Results were captured anonymously using the IML handset technology.

The table below shows the results of the individual participant voting, sorted by highest individual rating to the lowest.

<table>
<thead>
<tr>
<th>Options</th>
<th>Average Rating (out of 10)</th>
<th>Average Ranking (1=most preferred, 7=least)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Customer care standards</td>
<td>7.6</td>
<td>3.2</td>
</tr>
<tr>
<td>(4) Communications - deal with the rise</td>
<td>7.3</td>
<td>3.1</td>
</tr>
<tr>
<td>(7) Customers in control</td>
<td>7.3</td>
<td>4.1</td>
</tr>
<tr>
<td>(1) Bundled customer education package</td>
<td>7.2</td>
<td>4.1</td>
</tr>
<tr>
<td>(5) Maximise customers’ ability to pay their bills</td>
<td>7.1</td>
<td>3.9</td>
</tr>
<tr>
<td>(6) Keeping yourself nice</td>
<td>6.8</td>
<td>4.6</td>
</tr>
<tr>
<td>(3) Embrace and extend</td>
<td>6.6</td>
<td>4.6</td>
</tr>
</tbody>
</table>

The facilitator observed that there were some strong similarities among some of the solutions, and that the voting results were among the closest she had seen, indicating they were all positively regarded. The ‘customer care standards’ idea was rated the highest (average rating of 7.6) and received a very close second overall ranking (3.2), reflecting the strong theme of the industry’s lack of collaboration and consistency. The communications campaign ‘deal with the rise’ was also rated (7.3) and was ranked the highest (3.1), reflecting a sense of urgency participants were feeling.

Following the voting, the session was wrapped up and participants were asked to think overnight about which idea they would like to pursue and how they would progress the idea further. They were also encouraged to consider any new ideas that might not have been covered.

After day one of the workshop was concluded, the session facilitators and key members of the taskforce working group had a debrief session to discuss the outcomes of the first day. The various solutions were discussed further and the facilitators agreed that while the solutions were a great start, they needed to be more tangible, with ideas that could be piloted in the near future.

- Furthermore, the various solutions were seen to lack innovation and were things that the water industry should aim to be doing anyway as part of ‘business as usual’ – this was thought to be particularly true of the ‘customer care standards’, ‘embrace and extend’, ‘communications to deal with the rise’ and ‘maximising customers’ ability to pay their bills’.
- Some participants at the workshop also commented that the various solutions didn’t fully consider the research findings.
The Solutions – Day 2

- At the start of day 2, the lead facilitator provided an overview of the outcomes of day 1 and discussed some of the concerns surrounding the solutions from day 1.

- Based on the feedback, participants were asked to have another go at coming up with some innovative ideas to tackle the problem of financial vulnerability and hardship. They were asked to think of something tangible that could be piloted in the next few months.

- Five ideas were generated that were further collapsed into three main ideas, and lead facilitator Feyi Akindoyeni also proposed a fourth idea (an app) for consideration. These ideas are described on the following pages.

  1. Outreach
  2. Infographic
  3. Smartphone Application
  4. Water Cares Campaign

- Participants were asked to consider these ideas with the view of ultimately choosing which one they wanted to progress. They each chose which idea they wanted to work on, forming four new teams to develop their respective idea and then present it back to the group.

- Teams were asked to think about the following aspects to help with the development of their proposals:
  - What is your idea, in a nutshell?
  - What are the objectives?
  - What is the rationale?
  - Who are the targets?
  - How do we make it happen?
  - Relative cost?
  - Timing?
  - How is it innovative?
  - How would success be measured?

- After the ideas were presented, participants were asked to rate and rank each option – the rank order is as per the list above, where the Outreach program was the final preferred solution.
The Solutions: Outreach

Outreach

Average rating = 7.6
Ranking = 1st

Key elements:

- **Develop ways to proactively engage with customers** rather than rely on them self-identifying.
- **Develop an algorithm** that helps flag vulnerable customers (before they are sent off to debt collection). Particular trigger points might include: customers NOT on a payment plan who have two consecutive ‘pay on final’ bills, who miss their payments altogether or who have erratic payment patterns.
- **Profile the customer** (before calling them) and attempt to classify them into one of the segments identified in the research. This might be done using readily available information such as: whether they have a concession, whether they have had prior contact, water usage patterns, age of premises, owner or renter (incl. public housing), what does the house look like on Google maps? Do they have a large garden etc.
- **Trial the best contact methods** e.g. email, phone, mail, SMS. For each method you would require a carefully crafted message to offer assistance if necessary. Compare results of trials.
- **Proactively phone a subset of customers** and have a discussion (done by customer support). Ask them what their preferred contact method is and continue engagement in this manner.
- **Customers choose** from a range of options and they understand what the options are: e.g. extensions, payment plans, water audit, financial council, no interest loan, relief grants, register concession, Centrepay, water efficiency micro-loan etc. Preferred options are mapped / overlaid with existing data to establish patterns for individual circumstances.
- **Follow up with customers** to gain feedback on their experience. Make changes to the process as necessary.
- **Measure reoccurrence patterns** to determine if there has been a reduction. If it is not making a difference then it can feed back into the redesign of the process.
The Solutions: Infographic

Infographic

Average rating = 7.4
Ranking = 2nd

Key elements:

- **Develop a visual tool to give customers a feeling that they are not alone** - they aren’t the only ones experiencing vulnerability or hardship, and it’s ok to ask for help.

- **It makes hardship less threatening and stigmatised.** It’s about letting customers know that help is available and that almost anyone can be in this position.

- The graphic itself would be designed by a marketing team, or could potentially be designed through a competition among design students, or customers.

- The design would be **scalable to other utilities** like energy, gas, telecommunications etc.

- The design itself would be a person or lifelike character that customers can relate to. It would be **humorous in an “Aussie way”** e.g. like Rhonda from AAMI or Norm from “Life. Be in it”.

- The symbol could be **displayed almost anywhere** e.g. train stations, Centrelink, doctors’ offices, real estate agents, shopping centres, churches, post offices, on the bills, in clubs, banks, supermarkets, farmers markets, migrant centres etc.

- The idea is that people would look at the symbol and smirk but would then be **prompted to give their retailer a call** or link into a Smartphone app and / or website, perhaps via a QR barcode scanner if they need assistance.

- The concept would require a **working group** comprised of individuals from each industry to prepare a brief for the design, decide on the winning agency, commission research e.g. focus groups, pilot the idea in one or more local government area, review the results and then roll it out more broadly.

- The whole process is expected to take around 6 to 12 months.
The Solutions: Smartphone Application

Smartphone App

Average rating = 7.0
Ranking = 3rd

Key elements:

- The overall objective of the application is to reach the maximum number of people, while facilitating them confidentially finding out about (and taking up) financial support options if they need it.

- The app would provide customers with the information and the tools they need. It would let them know about their options and make them feel better about asking for help.

- The app would have several main features and functions:
  - Billing information, including a clear explanation of the charges, the various methods for paying the bill and clear information about payment support options.
  - Tracking consumption i.e. they can take a photo of their water meter and get an instant estimate of what they are up for in the next bill. If ‘smart metering’ is available they can have real-time monitoring of their usage and see comparisons with other similar households.
  - A function for reporting faults and emergencies.
  - A customer profile that collects basic household information e.g. number of people, whether there are children, concessions, whether anyone in the household is working full time, whether they are CALD, ATSI etc. This information can be linked back to customer data to enable customers to be segmented based on risk.
  - It would have a feature for paying bills and requesting assistance if they are having trouble paying. Receiving bills via the app would hopefully make it easier for people to say they are having trouble paying – that might help break down the barriers to asking for help.

- While a large portion of the app would include common / central information, individual retailers could include their own specific information that would appear depending on the user postcode.

- Similar apps have proven to work well in other at-risk communities with confidential issues like mental health, sexual health, CALD people etc. Examples of other popular, user friendly apps include: Foodswitch by BUPA, Recharge by Optus, and the Qantas app.
The Solutions: Water Cares Campaign

**Water Cares Campaign**

Average rating = 6.6
Ranking = 4th

**Key elements:**

- Aimed at **areas of Melbourne where customers are particularly vulnerable.**
- The first step would be to create a logo for ‘**Water Cares**’ using a marketing team and independent designers. The logo would be designed in a way that it could eventually be **extended beyond the water industry** to energy, telecommunications, banking, transport etc.
- The campaign would use a range of **“What if...?” scenarios**, helping people to recognise themselves in the examples; e.g. what if you just had a baby, what if you just lost your job etc.
- Each scenario would be accompanied with **tailored information and support options** available to suit each of the individual circumstances.
- The campaign would include **relevant case studies and stories** from real customers who have been helped in the past and testimonials of their experience.
- This campaign would promote a new initiative where customers can **pay a little extra in their bills to help support other customers** who need it. It would encourage customers to help each other out – highlighting the fact that it **could happen to almost anyone.**
- The campaign would need to have **strong and consistent messaging**. It would be communicated via a range of different channels such as radio, television, print media, social media, at service stations, supermarkets, social service and welfare organisations such as Centrelink and Medicare, doctors' waiting rooms, community and education centres such as preschools, primary and secondary schools, migrant centres etc.
- Market research and other analytics could be used to measure awareness of the campaign and take-up of support options.
Appendix 1 – Detailed Methodology

- Literature Review
- Stakeholder Interviews
- Customer Research
- Analysis & Customer Segmentation
- Innovation Workshop
Detailed Methodology

**Literature Review**

- GA Research reviewed 42 local and international reports, journals, papers and other publications. Please see Appendix 2 for a full list of items reviewed.
- Many of the documents were sourced by GA Research, although several were recommended by members of the taskforce working group and other stakeholders who participated in the interviews.
- The aim of the literature review was to build on existing knowledge and fill information gaps so as not to re-invent the wheel.
- For each item reviewed, the following information was documented: Title, Author, Source, Date of Publication, Purpose, Scope & Methodology including the target audiences, Description / Synopsis, Key Considerations of Relevance to the Project, Specific Metrics or Questions Used of Relevance to the Project and Other Observations.
- After individual items were reviewed, an overarching analysis was completed.

**Stakeholder Interviews**

- A series of 13 qualitative in-depth interviews with 20 individuals from the water, energy, finance and social service sectors.
- Stakeholder interviews were used to guide the design of the customer research materials and the segmentation framework.
- The working group identified a list of stakeholders to be invited to participate. Introductory emails were sent on behalf of Julia Oxley of South East Water, explaining the research and encouraging stakeholders to participate in an interview.
- GA Research scheduled the in-depth interviews and most were conducted face-to-face either at the participants’ premises or at GA Research's offices in Melbourne.
- Senior qualitative researchers Jasmine Hoye and Lauren Campbell conducted the interviews, which each lasted for 1 to 1.5 hours. The following topic areas were covered:
  - Definitions of hardship and vulnerability;
  - Existing and emerging trends in terms of customer hardship and vulnerability;
  - The contributors and causes of hardship and the subsequent effects on the community and on organisations;
  - Ways of identifying and supporting vulnerable customers; and
  - Ideas for better supporting customers who may be experiencing financial hardship.
- Please see Appendix 3 for the in-depth interview guide.
• **Qualitative Research Methodology**
  - 16 in-depth interviews with customers across the four retail areas.
  - The interviews were conducted by Jasmine Hoye, Lauren Campbell and Irene Andreadakis between the 10th and 19th April. They lasted an hour each on average and were mostly conducted in participants’ homes, with four of the interviews conducted in GA Research’s office.
  - Participants were the main or joint water bill payer in the household and comprised the following types of ‘vulnerable customers’ as identified in the literature review and stakeholder interviews: young independents (recently moved out of home), single mothers, pensioners, unemployed males, working poor, new home owners, people from non-English speaking backgrounds, and new parents.
  - Participants were offered an incentive of $70 to participate.
  - The discussion guide was finalised in close consultation with the taskforce working group and is included in Appendix 3.

• **Quantitative Research Methodology**
  - A survey was conducted with n=1,326 customers across the four retail areas. A mixed method approach was used to reach a broad range of people:
    - The majority of the interviews (n=887) were conducted by way of **Computer Assisted Telephone Interviewing (CATI)**.
    - To reach younger respondents and households without a landline phone, an **online survey** was conducted (n=308).
    - In order to reach the more vulnerable customers, **face-to-face** surveys (n=132) were also conducted in areas considered to be financially disadvantaged: Broadmeadows, Dandenong, Melton, Noble Park, St. Albans, Sunshine, Werribee.
  - Respondents were aged 18+, and were the main bill payer in the household. Quotas were set by retailer, age, gender and home ownership to ensure representativeness.
  - The survey was programmed and data collected by AFS. CATI respondents were sourced using White Pages sample. Online survey respondents were sourced from the leading quality assured online panel provider, Survey Sampling International (SSI) and the face-to-face surveys were mostly conducted via random sampling using an intercept method. Some of the face-to-face interviews were conducted at AMES centres in order to reach new migrants.
  - Fieldwork was conducted between the 3rd and 21st of May, 2013. The average survey completion time was 19 minutes. This sample is representative of customers in the greater Melbourne area and has a maximum error margin of +/-3% at the 95% confidence level. The respondent profile is outlined in the Customer Research section.
  - The data was weighted to reflect the actual proportion of customers within each age group, gender, region and home ownership status. Weighting proportions were based on a combination of data provided by individual retailers, Australian Bureau of Statistics (ABS) Census data and previous surveys conducted by GA Research for the water industry.
  - The comprehensive questionnaire was developed in close consultation with the working group (Appendix 4).
A two-day innovation workshop was held at the Karstens Conference Centre in Melbourne on the 5th and 6th of June 2013. More than 45 stakeholders attended the workshop representing the water, energy, government, finance and social service sectors. The invitations and RSVPs were managed by GA Research. Feyi Akindoyeni of Kreab Gavin Anderson led the workshop, which was co-facilitated by Jasmine Hoye, Irene Andreadakis, Lauren Campbell and Ann Hayes of GA Research.

Early in the workshop, the research findings were presented to attendees, who then discussed and determined over the remaining time:
- The problem (in relation to vulnerable customers and hardship);
- The vision for the future, including the criteria for measuring success; and
- Strategies and solutions to better support customers.

The workshop incorporated a mix of open forum discussions, round table discussions and activities, individual worksheets and voting using IML handset technology to capture preferences and ratings of each of the solutions.

The workshop agenda and other relevant materials are included in Appendix 5.

The customer segmentation was conducted with the assistance of statistician Charlie Nelson. A range of analysis and segmentation techniques were used and two segmentation solutions emerged. A ‘commitment based’ macro segmentation was identified using automatic interaction detector (AID) techniques. This used the existence of any financial difficulty paying bills as a dependent variable and then screened other variables on the basis of significant correlations.

A more complex segmentation was conducted using tree analysis to segment customers into successively smaller groups based on similarity across a wide range of variables, latent class modelling to provide diagnostics on the significance of variables in the formation of clusters and then cluster analysis (K-means) to identify segments based on the individual customer situation, payment and support preferences.

Once the segments were identified, GA Research produced cross tabulations of each of the questions and interrogated the data to determine the key differences between the segments. This allowed the segments to be 'stereotyped' and named in order to bring them to life.
Appendix 2 –
Literature Review
Bibliography
Literature Review Bibliography

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43. Wilkins, R & Warren, D, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, 2012, ‘A statistical report on waves 1 to 9 of the household, income and labour dynamics in Australia survey’
Appendix 3 – Qualitative Research Guides

Stakeholder Interview Guide

Customer Interview Guide
Appendix 4 – Quantitative Survey Questionnaire

Quantitative Customer Survey
### Appendix 5 – Innovation Workshop Agenda

#### AGENDA DAY ONE: June 5, 2013

<table>
<thead>
<tr>
<th>TIME</th>
<th>ITEM</th>
<th>WHO</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00am</td>
<td>Official welcome</td>
<td>Sharon Young (SEW)</td>
</tr>
<tr>
<td>9:05am</td>
<td>How this process works</td>
<td>Lead facilitator</td>
</tr>
<tr>
<td>9:20am</td>
<td>Understanding Different People</td>
<td>Lead facilitator</td>
</tr>
<tr>
<td>9:35am</td>
<td>Research overview</td>
<td>GA Research</td>
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<tr>
<td>10:35am</td>
<td>Morning tea</td>
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<tr>
<td>10:45am</td>
<td>What is the problem?</td>
<td>Table discussions</td>
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<tr>
<td>11:30am</td>
<td>What is the vision?</td>
<td>Open forum</td>
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<tr>
<td>12:00pm</td>
<td>What does success look like?</td>
<td>Table discussions</td>
</tr>
<tr>
<td>1:00pm</td>
<td>Lunch (45 minutes)</td>
<td></td>
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<tr>
<td>1:45pm</td>
<td>Looking to the future – brainstorming solutions</td>
<td>Open forum/ table discussions</td>
</tr>
<tr>
<td>2:45pm</td>
<td>Presentations: each group’s solution</td>
<td>Volunteer from each table</td>
</tr>
<tr>
<td>3:50pm</td>
<td>Session wrap-up</td>
<td>Lead facilitator</td>
</tr>
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#### AGENDA DAY TWO: June 6, 2013

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<th>TIME</th>
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<td>Lunch on arrival</td>
<td>All</td>
</tr>
<tr>
<td>1pm</td>
<td>Welcome and recap</td>
<td>Lead facilitator</td>
</tr>
<tr>
<td>1:15pm</td>
<td>Review of the range of ideas</td>
<td>Open forum (All)</td>
</tr>
<tr>
<td>1:45pm</td>
<td>Small team work on shortlisted ideas</td>
<td>1 team per idea</td>
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<tr>
<td>2:30pm</td>
<td>Ideas presentations</td>
<td>Volunteer from each table</td>
</tr>
<tr>
<td>3:20pm</td>
<td>Selection – Which one do we like and why?</td>
<td>Open forum (All)</td>
</tr>
<tr>
<td>3:45pm</td>
<td>Session wrap-up – thank you!</td>
<td>Lead facilitator, Peter Davison (WW)</td>
</tr>
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Appendix 6 – Day 1 Workshop Solutions
Full List of Day 1 Solutions

The full list of ideas and solutions suggested on Day 1 of the workshop follows. They are listed under the broad categories of the action plan framework that we have developed as a result of the workshop outcomes. The four broad categories identified were:

1. Industry Consistency
2. Customer Data
3. Solutions & Products
4. Communications

**Industry Consistency**
- Encourage water, gas, electricity, banks, telecommunications to work together
- Educate bank staff & real estate agents
- Build exemplar model for service providers
- Take collaborative approach to education & customer communications, knowledge sharing
- Strong internal preparations & internal communications i.e. FAQs, training all staff
- Specified measures for customer reaction – information sharing, best practice
- Hardship triage, individualise customer response
- Offer debt forgiveness to prevent longer term issues
- Creation of industry wide business case
- One program across all utilities – not just water
- Investigate how other areas are not charging for water (e.g. NZ)

**Customer Data**
- Better use of existing data to identify vulnerable customers
- Customers empowered to manage their own usage e.g. ‘smart meters’, online portals, education on usage
- Analytics – investigate the tipping point. How can past data be used to predict future behaviour?
- Customer driven pricing model
Full List of Day 1 Solutions cont’d

Solutions & Products
- Water efficiency tools including tools for self and external audits
- Appliance buyers guide / advice on water efficiency
- Retrofit options
- Discounted appliances
- Incentives to save water
- Develop new products and services in accordance with identified needs
- Discounts for signing up and sticking to a payment plan
- Water access as a package e.g. cap usage
- Reduced rates in hardship or a ‘hardship tariff’
- Minimal or no service charges for hardship customers
- Cash refunds for water savers
- Payment plan offers such as smoothing / predictability
- Centrepay encouragement
- Base amount of water provided without cost to customer
- Automated payment extensions (phone & online)
- Alternative pricing structures e.g. fixed vs. variable

Communications
- Develop innovative information & education campaign with the aim of going ‘viral’ e.g. Dumb ways to die, Target 155
- Information or welcome pack for those applying for home loans
- Roadshow before buying a home
- Access to information 24/7
- Information provided in newsletters, distributed via real estate agents
- Central website with simple information
- More water content on ‘MoneySmart’ and other financial literacy programs
- Life skills program for young people
- Targeted information to different customers, including CALD education
- Community outreach
- Normalise the issue
- Inclusive approach