



Tasmanian Council of Social Service Inc.

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# TasCOSS submission to the *Bill Contents and Billing Requirements* rule change request

October 2020



INTEGRITY  
COMPASSION  
INFLUENCE



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## About TasCOSS

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TasCOSS' vision is for one Tasmania, free of poverty and inequality where everyone has the same opportunity. Our mission is two-fold: to act as the peak body for the community services industry in Tasmania; and to challenge and change the systems, attitudes and behaviours that create poverty, inequality and exclusion.

Our membership includes individuals and organisations active in the provision of community services to low-income Tasmanians living in vulnerable and disadvantaged circumstances. TasCOSS represents the interests of our members and their service users to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.

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## Introduction

The Tasmanian Council of Social Service (TasCOSS) welcomes this opportunity to comment on the rule change proposal.

TasCOSS represents the interests of low-income and disadvantaged Tasmanians and advocates on their behalf. Our submission is informed by our research, engagement with our members, collaboration with our industry organisations and networks, and the lived experiences of the Tasmanians we represent, all of whom are energy consumers.

TasCOSS considers energy an essential service; fundamental to community, family and individual health and wellbeing, as well as to overall economic activity. Our primary interest in energy policy is ensuring all Tasmanians, regardless of their means, are able to afford to maintain access to a reliable, safe, household energy supply. Our key focus is energy affordability for residential customers, in particular, low-income households.

## Rule Change Request

TasCOSS supports the intention of the rule change - seeking to simplify energy bills so households can better understand and manage their bills and find a better energy deal.

We also agree with the Minister that standardising bills across the retail sector and ensuring delivery of clear and accessible information to all consumers will help reduce market complexity while strengthening the ability of consumers to make informed decisions<sup>1</sup>.

These aims can be achieved by either replacing rule 25, as proposed in the rule change, or progressing a range of improvements to the current rules.

## Key Issues

### Question 1 – Understanding energy bills

#### ***Standard nomenclature and consistent bill formats***

Using simple, standardised language in energy bills would help consumers better understand their bills, especially those from culturally and linguistically diverse backgrounds. This would also enable easier comparison of information presented in bills across retailers.

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<sup>1</sup> Hon Angus Taylor MP, Better Bills – AEMC Rule Change Request, Minister for Energy and Emissions Reduction, 17 April 2020, p3.

***Reducing complex data and information overload***

For most Tasmanian consumers, their bill is the primary tool for informing them about their energy usage and costs. It is also the only communication many will have with their retailer and as such, it is important the right balance between necessary information and information overload is achieved. Bills must contain the information customers need and want, in a format they can easily understand and accessible in a manner that suits them.

***Educating consumers about support tools***

Including information in bills about some support tools and services may be helpful (e.g. *Energy Made Easy* if considering changing retailers), however, it may also cause customers to seek alternative problem-solving pathways (e.g. Ombudsman) where the retailer is best-placed to assist them.

***Fit-for-purpose***

TasCOSS has not undertaken the customer research or consultation to identify the factors causing bill confusion for Tasmanian customers. We expect that with rapid change in energy markets, increased digitalisation and greater moves to a two-sided market, there is room for improvement in the content and layout of energy bills. It is likely some bill content is unnecessary, there are gaps in content, there is language that is too complex and inconsistent, and bills are too information-dense.

It is important that as much useful information as possible is provided to customers through their bill. Bills could be improved or made more fit-for-purpose by:

- having mandatory information laid out in bills consistently across all retailers;
- a logical order of information consistent across all retailers;
- the most important information easily identifiable;
- displaying pricing information or alternative offers the customer could access that would result in a lower bill;
- identifying discounts, rebates and concessions that may be available to the customer;
- information on *Energy Made Easy* and other relevant comparison websites;
- information on where to find energy efficiency/energy saving tips.

**Question 2 – Receiving energy bills*****How bills are delivered to customers***

Customers should have choice and flexibility in the way they access or receive their energy bills. While the application of digital technology and online services continues to grow, this will not be achieved for all households in the near-term. Paper billing must remain, but flexibility to tailor billing services to customers should also be available. For example, a customer managing their energy costs through a digital application may not require a bill at all.

***Retain free paper bills***

Access to free, paper bills for all customers must remain as the default billing option.

Paperless bills should still be encouraged with customers able to explicitly choose not to receive a bill in paper form. But customers who prefer to receive their bills in paper form should not be disadvantaged by doing so and this option must be free-of-charge.

**Recommendation:** *Retain access to free, paper bills for all customers as the default billing option.*

### Question 3 – Materiality of issues

Many customers are confused by their energy bills and make their payments without understanding their energy usage, how the bill was calculated or how they might be able to reduce their energy usage and costs.

The current way that bills are presented can be particularly problematic for people with low English literacy and/or numeracy. This is especially pertinent in Tasmania which continues to record low levels of functional literacy<sup>2</sup>.

Requiring customers to move onto digital platforms can also be challenging for customers with low levels of digital literacy or digital access. This is also especially pertinent in Tasmania with our ageing population, lower incomes and lowest levels of digital inclusion in the country<sup>3</sup>.

A further issue emerging from the experience of COVID-19 is ‘bill shock’ being experienced by Tasmanian customers. Bill shock has arisen as a result of either estimated meter reads, increased consumption due to spending more time at home, or a combination of both. The fact that customers experience a ‘shock’ when they receive their bill, tells us they did not have the necessary tools, knowledge or understanding of an estimate from an actual read, or visibility of their electricity usage, to reasonably predict what their amount owing would be.

This is a clear demonstration that more needs to be done to educate customers and provide them with the tools to better understand how their bills are calculated or how they can better manage their energy usage. As customers’ needs continue to change so too must retailers’ practices, tailoring communication and information to better suit customers.

### Question 5 – Proposed solution

TasCOSS agrees with the supporting principles proposed in the *Better Bills Guideline*, to ensure small customers can:

- easily identify key information;
- easily verify that the bill conforms to their retail contract;

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<sup>2</sup> <https://26ten.tas.gov.au/Pages/default.aspx>

<sup>3</sup> Thomas, J, Barraket, J, Wilson, CK, Holcombe-James, I, Kennedy, J, Rennie, E, Ewing, S, MacDonald, T, 2020, *Measuring Australia’s Digital Divide: The Australian Digital Inclusion Index 2020*, RMIT and Swinburne University of Technology, Melbourne, for Telstra.

- easily verify how much energy they consume and how their bill is calculated;
- confidently query or dispute bills; and
- confidently navigate the market and seek the best offer.

TasCOSS does not hold a preferred view on whether the best way to achieve these principles is by replacing, or improving, rule 25. The development of enforceable, principles-based guidelines that are informed by consumer sentiment and stakeholder consultation, is an effective way to support customers through better design, content, delivery and flexibility in relation to energy bills. These guidelines should be updated regularly to incorporate feedback from consumers, stakeholders, new technology and market developments.

**Recommendation:** *Enforceable, principles-based guidelines be developed to improve the content, design and protections for customers in their energy bills.*

### Question 8 – Hybrid approach

There remains a place for prescriptive rules in billing to ensure that necessary information is provided to consumers and protections are in place for customers experiencing vulnerability or disadvantage. TasCOSS considers that bills could be further enhanced by principles-based, enforceable guidelines that improves the customer experience with bills.

However, we also recognise that any changes to billing requirements will incur a cost to the retailer, that will potentially be passed onto the consumer. There needs to be confidence that any changes to bills and billing requirements will allow flexibility for retailers, maintain protections for customers and will deliver a benefit to consumers that outweighs any costs.

### Lived Experience

TasCOSS has previously held energy literacy workshops to provide community sector workers with skills and information to assist their clients with household energy use and understanding their energy bills. Through these workshops, we talked through the content and layout of electricity bills and conducted exercises to help customers find important and relevant information.

All participants acknowledged their level of confidence to assist clients with understanding and managing energy bills improved post-workshop and the majority of participants were confident that they can assist their clients.

These workshops were developed out of a need for better resources and support for low-income and vulnerable Tasmanians to understand their energy usage and electricity bills. It demonstrated that better information and education will always be needed for many customers, to avoid confusion and complexity associated with energy bills.

Education and information assists customers to manage both their energy use and costs, that can directly reduce their bills. It is imperative in a competitive market that all Tasmanians have access to information to enable them to make the right decisions for their circumstances.

The consultation period for this rule change proposal did not allow TasCOSS to undertake research on consumer preferences or customer attitudes to bill contents and billing requirements. In deciding the need for this rule change, it would be beneficial for AEMC to commission customer research to determine the aspects of bills people find confusing and potential solutions to address these issues.

This would provide the evidence-base of the basic information customers are needing in their bills and how they want this information to be presented or received. There is a need to undertake extensive consumer research to determine the needs and preferences of customers in relation to the design and content of bills, to ensure there is the right balance of essential and useful information. This consumer research needs to be complemented by extensive stakeholder engagement to ensure both the needs of customers and the goal of improved bill contents and billing requirements can be met.

***Recommendation: AEMC to commission research on customer experiences, preferences and attitudes to energy bills to inform the content, layout and other requirements for energy bills.***

## Conclusion

TasCOSS supports the intentions and goals of the rule change proposal - to deliver simpler and more understandable bills for energy retail customers while strengthening the ability of consumers to make informed decisions.

However, TasCOSS does not hold a preferred view on whether the best way to achieve that aim is by replacing, or improving, rule 25.

Energy bills remain the primary way that most households are aware of their energy costs. It is also the only communication most households have with their energy provider. As such, it plays a key role in informing customers about energy usage, costs, alternatives and potential savings.

The retail rules billing provisions provide a good basis for providing important and necessary customer information, but these requirements can be improved upon, to deliver a better experience for customers.

TasCOSS recommends the AEMC commission customer research to determine the aspects of bills people find confusing and potential solutions to address these issues. This would provide the evidence-base of the basic information customers are needing in their bills and how they want this information to be presented or received. This consumer research needs to be complemented by extensive stakeholder engagement to ensure both the needs of customers and the goal of improved bill contents and billing requirements can be met.

## Recommendations

1. Retain access to free paper bills for all customers as the default billing option.
2. Enforceable, principles-based guidelines be developed to improve the content, design and protections for customers in their energy bills.
3. AEMC to commission research on customer experiences, preferences and attitudes to energy bills to inform the content, layout and other requirement for energy bills.