

COVID-19 and Consumers: *key insights series – CALD consumers*

March 2021

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Executive summary

The Consumer Policy Research Centre (CPRC), in partnership with Roy Morgan, has been gathering and analysing evidence on the consumer experience through the pandemic. In May-December 2020, we conducted monthly surveys measuring the financial impacts and consumer experiences of COVID-19 across essential and important services markets, including housing, energy, telecommunications, credit and insurance.

In the last two months of 2020, a period of relative optimism albeit with new restrictions in some states, we gathered additional insights into the experiences of consumers from culturally and linguistically diverse (CALD) background, who spoke a language other than English at home.

Our survey was conducted in English, so our results are likely to understate the level of detriment as it required reasonable proficiency in English and some more vulnerable people might not have been able to take part. The CALD community is not a homogenous group, including international students, highly skilled migrants, recently arrived refugees as well as older refugee and migrant communities from a variety of different countries – all at different stages of life. But our findings are alarming and reveal the need for further action by government and business.

Our survey found CALD consumers have been particularly negatively affected by the economic fallout of COVID-19 compared to those who report speaking English at home, with the potential for longer-term adverse impact.

Three-quarters of all CALD consumers (73%) reported they were concerned about their financial wellbeing in December - compared with 56% of the broader population.

A higher proportion of CALD consumers also reported taking on both formal and informal debt, relying on informal capital (borrowing from friends and family or selling household goods) and temporary support to get by (e.g. early access to super).

In December, CALD consumers were:

- ***five times as likely to take out a personal loan***
- ***four times as likely to take out risky high-cost payday loans,***
- ***three times as likely to borrow from family and friends, and***
- ***twice as likely to sell shares, investments or household goods and to access their super – when compared to the broader population.***

We also found CALD consumers actively took proactive steps to manage their bill by switching plan or provider. More CALD consumers – at rate at least twice as many as the broader population – managed their household expenses by switching providers or plans in essential services such as energy and telecoms.

CALD consumers appear to be reaching out for assistance from business, yet they also experience far more difficulty getting it. CALD consumers were disproportionately likely to report negative experiences when proactively reaching out for assistance.

One in ten CALD consumers (11%) in December reported their provider was unhelpful or provided poor service (compared to 3% among the broader population).

CALD consumers also reported experiencing negative actions proactively being taken by a range of providers (such as energy, telco and housing providers).

In November, CALD renters were about four times as likely to report negative experiences with landlords. In November and December, CALD consumers were about twice as likely to report negative experiences with telecoms and energy businesses and about three times as likely in December to report a negative experience with an insurance provider or credit/loan provider. This suggests communications, engagement and information remains oriented towards the English-speaking population, with consumer protection frameworks applied inconsistently – even poorly by some providers, suggesting significant reforms in sectors such as energy have not yet delivered a cultural shift.

Perhaps most concerning, our data found CALD consumers sought payment assistance or missed payments at far higher rates than the broader population across all sectors, typically at twice or even three times the rate of the broader population – indicating significant arrears may be accumulating among this community, creating, and amplifying inequality and economic disadvantage.

More than one in five CALD renters (22%) reported they had to miss a rental payment in November, compared with 6% of the broader population.

Though there are signs the economy is recovering after reopening late last year, our data suggests current consumer protections, support programs and the quality of service delivered in essential service markets disproportionately disadvantage CALD consumers.

There is a clear need for policymakers, regulators, and industry participants to adopt an inclusive design approach to the development of policies, regulations, programs, and communications to ensure greater focus placed on a collaborative approach to outreach and engagement with consumers from diverse communities. A best-practice approach integrates co-design and partnerships that foster trusted relationships and establish consistent, reliable communication channels for consumers accessing information about available support and empowering them to act on their rights.

Embracing the rich diversity among the Australian community must begin with an explicit acknowledgement that policies, regulations, and business practices need to be inclusive of CALD communities – at design, development, and delivery – for all consumers to benefit today and into the future.

CPRC's COVID-19 research

The Consumer Policy Research Centre (CPRC) is an independent, non-profit consumer research and policy organisation. CPRC aims to create fairer, safer, and inclusive markets by undertaking research and working with leading regulators, policymakers, businesses, and community advocates.

CPRC partnered with Roy Morgan Research to conduct monthly surveys measuring the financial impacts and consumer experiences of COVID-19 across essential and important services markets, including housing, energy, telecommunications, credit, and insurance.

Objectives

With governments, regulators, business, and the broader policy community challenged to provide sufficient support for consumers during the COVID-19 economic crisis and into recovery, the objectives of this research are twofold:

- To **better understand the impact** that COVID-19 is having on Australian consumers' experiences, behaviours and expectations across essential and discretionary products and services markets, now and into recovery.
- To **provide policy and program insights** on how consumer experiences of COVID-19 should inform the design of support measures that aim to meet the various needs and expectations of consumers.

Research approach

We gathered data from May to December 2020, using online and telephone surveys. As the impacts of COVID-19 unfolded over this period, we analysed consumer experiences in managing household expenses and within essential service markets. The survey tracked key subgroups of consumers and experiences across markets and provides insights into:

- what interventions are needed to support consumers during the initial stages of the health and economic crisis
- how these interventions may need to adapt as events evolve
- what policies and support programs will help build consumer resilience and deliver good consumer outcomes as we move toward economic recovery.

The research was conducted using online surveys via Computer Aided Web Interviews (CAWI) and telephone interviews via Computer Aided Telephone Interviews (CATI). In November, 1,063 online surveys, and 50 additional telephone surveys with low or non-internet users, combined to a total of 1,113 completed surveys. In December 1,130 online surveys, and 50 additional telephone surveys with low or non-internet users, combined to a total of 1,180 completed surveys.

In November and December, we refined our survey to allow us to learn more about the experiences of consumers from culturally and linguistically diverse (CALD) backgrounds. The CALD community identified as speaking a language other than English at home. In our sample, the CALD community accounts for 18.6% of our sample in November and 13.3% in December, who are slightly underrepresented compared with the 2016 census (20.8% of the population).

What happened in November and December 2020?

November

November was the first month out of lockdown for Victorians, and throughout the month there were no new COVID-19 cases reported and just one death in the state. As Melbourne was no longer considered a hotspot, border restrictions eased between Victoria, New South Wales, and Tasmania.

In Adelaide, a cluster emerged that led the whole of South Australia into a second round of restrictions and then a hard lockdown for three days, ending early as the true details about the transmission came to light.

The Federal Government extended the JobSeeker coronavirus supplement to March 2021, though at a reduced rate.

Promising results from multiple COVID-19 vaccine trials internationally were cause for optimism. The Australian National Cabinet endorsed Australia's national vaccination policy, which outlined how immunisation levels and individual vaccination status would be monitored.

By the end of November, there were no active COVID-19 cases in Victoria. Nationally, the rate of active COVID-19 cases dropped from 174 at the start of the month to 61.

December

In early December, boarder restrictions with South Australia eased further after the snap lockdown, while other interstate borders eased further as well. Victoria reached a month without a community transmission and the Premier announced plans to return to office in 2021. Plans for a travel bubble with New Zealand in 2021 were also announced.

International news of COVID-19 vaccine trials efficacy also improved optimism, and countries such as the UK began rolling out the vaccine.

In mid-December, an outbreak of COVID-19 cases was recorded in Sydney's Northern Beaches. As the cluster grew, boarder restrictions were introduced in NSW hotspots, and later across the state of NSW. As Christmas approached NSW restrictions were introduced and residents urged to wear masks outdoors. COVID-19 cases in Victoria prompted some restrictions, and WA re-established a hard border with Victoria.

A more detailed timeline of key events in November and December is set out in Appendix 2.

Key findings: the experience of consumers from culturally and linguistically diverse backgrounds

In this briefing we draw out key findings from our COVID-19 survey in the last two months of 2020, focusing on consumers from culturally and linguistically diverse backgrounds (CALD).¹

Our COVID-19 survey found CALD consumers have been particularly affected by the economic fallout of COVID-19 compared to the broader population who only speak English at home.

Our survey data indicates a higher proportion of CALD consumers took on both formal and informal debt, relied on informal capital (borrowing from friends and family or selling household goods) and temporary supports to get by (e.g., early access to super). Our findings indicate a higher proportion of the CALD community took actions to manage their household expenses by switching essential service providers or plans (same provider) across sectors.

However, CALD consumers were disproportionately affected by negative experiences and negative actions taken by a range of providers – suggesting communications and key information remain oriented towards the English-speaking population and that consumer protection frameworks may be inconsistently applied by firms. Perhaps most concerning, our data found CALD consumers sought payment assistance or missed payments at far higher rates than the broader population across all sectors, often at twice or even three times the rate of the broader population – indicating significant arrears may be accumulating among this community.

Though there are signs the economy recovering after reopening late last year, our data suggests CALD consumers face heightened financial challenges in managing COVID-19 and its impacts compared with other subpopulations.

CALD communities are not a homogenous group, including international students, highly skilled migrants, recently arrived refugees as well as older refugee and migrant communities from a variety of different countries – all at different stages of life. Participants in our survey necessarily have higher English language proficiency, which has implications for their behaviours, capacity to navigate information and supports more broadly. Within our sample, approximately 40% of young people reported speaking a language other than English at home, and 29% of the CALD population reported they were renting – pointing to the overlapping vulnerabilities in the COVID-19 context.²

¹ The CALD community identified as speaking a language other than English at home. In our sample, CALD community accounts for 18.6% of our sample, who are slightly underrepresented compared with the 2016 the census (20.8%) of the population.

² See CPRC, *COVID-19 and Consumers: Drowning in Debt – May to October 2020*, November 2020; CPRC, *COVID-19 and Consumers: A tale of two tenures – September, October 2020*.

CALD consumers more precariously placed to weather the economic fallout of COVID-19

Our research indicates that CALD communities may be more vulnerable to the economic effects of COVID-19 than the broader population.

The Senate *Select Committee on the Future of Work and Workers* noted that CALD Australians are likely to be overrepresented in insecure employment arrangements, and that this is ‘pronouncedly the case for women, resettled refugees, very young and older migrants’.³

As noted by Federation of Ethnic Communities Councils of Australia (FECCA), migrants often encounter difficulty having their overseas qualification recognised or accepted in the Australian job market, resulting in migrants taking jobs below their skill level – referred to as ‘occupational skidding’.⁴

Temporary migrants are disproportionately more likely to work in occupations that are vulnerable to job losses in economic downturns, are more likely to work in cyclical industries and occupations, are disadvantaged by last-in first-out firing approaches, and are likely to work in insecure employment (labour hire contracts, or day labour arrangements), all of which creates heightened exposure to insecure employment.⁵ The consequence is that for some CALD consumers, their employment options are focused on the retail, hospitality, aged care, hygiene, construction and fast food sectors – all of which have been disproportionately affected by social distancing during the COVID-19 pandemic.⁶ As the economy reopens these employment options will likely re-emerge.

However, until these job opportunities re-emerge, those experiencing reduced income resulting from the pandemic face compounded levels of financial stress and vulnerability. Our survey found almost three quarters of CALD consumers (73%) reported they were at least “somewhat” concerned about their financial wellbeing - compared with 56% of the broader population.



“Things were very tight in the second lockdown. My husband was unable to work for six weeks, and we were unable to access government money. We both needed to access our super money. Without this we would have not been able to pay bills.”

CALD consumer (Punjabi), Female, 35-49 years, Melbourne, full-time employee, owner with a mortgage

In the last two months of 2020 our survey found almost three quarters of CALD consumers (74% in November and 70% in December) took a range of financial actions – such as taking on debt with banks or payday lenders, borrowing from friends and family, selling possessions or investments, accessing superannuation early or turning to emergency relief (Figure 1) - to manage their household expenses, well above the proportion of the broader Australian population (61% in November and 56% in December).

³ *Select Committee on the Future of Work and Workers. Hope is not a strategy: our shared responsibility for the future of work and workers.* Parliament of Australia, Canberra, Australian Capital Territory, 2018, 24.

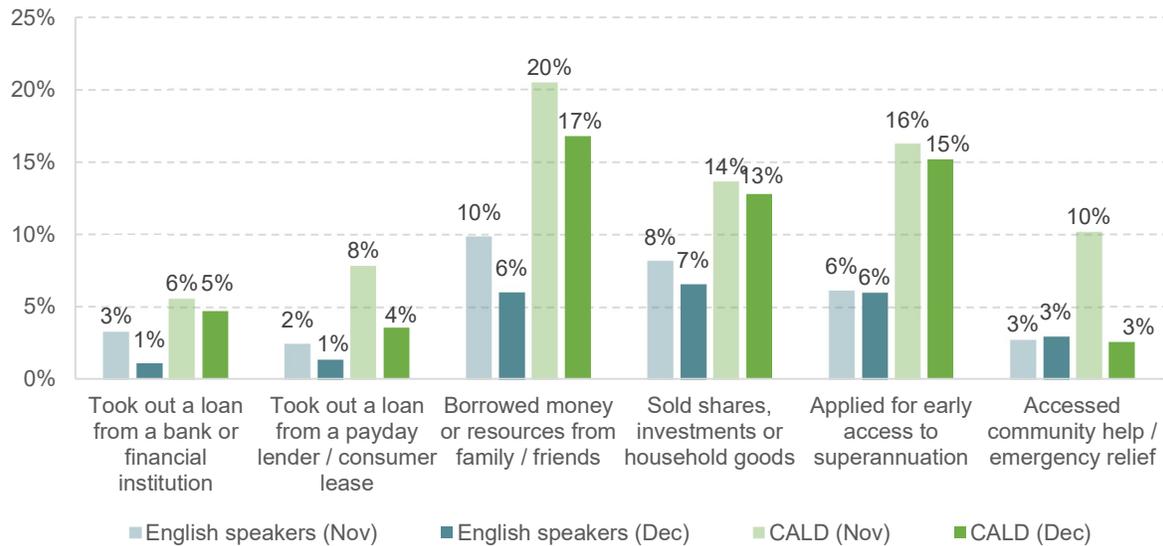
⁴ Federation of Ethnic Communities' Councils of Australia (FECCA), *Submission to Select Committee on the Future of Work and Workers*, 30 January 2018, 3

⁵ Gabriela D'Souza, "Immigration and COVID-19", *Committee for Economic Development of Australia*, September 2020, <https://www.ceda.com.au/CEDA/media/ResearchCatalogueDocuments/PDFs/CCEP-Labour-2020-GD-immigration-and-COVID.pdf>

⁶ FECCA, *Submission to the Select Committee on the Future of Work and Workers*, 3

Figure 1: CALD consumers drawing down on finite resources

% taking steps to manage household expenses



QTN: In the past month, have you taken any of the following actions to manage your household expenses?

Our data found a higher proportion of CALD consumers:

- took out a personal loan in Nov (6%) and December (5%) compared with the broader population (3% in Nov, 1% in Dec).
- took out risky high-cost payday loans or consumer leases in November (8%) and December (4%) compared with the broader population (2% in November, 1% in December)
- borrowed from friends or family (20% in November, 17% in December) compared with the broader population (10% in November and 6% in December).
- sold shares, investments or household goods to manage household expenses (14% in November, 13% in December) compared with the broader population (8% in November, 7% in December).
- relied on early access to their super (16% in November, 15% in December) compared with the broader population (6% across both months) sought emergency assistance (10% in November and 3% in December) compared with the broader population (3% in both months).

From November to December there was a drop in some measures, most notably the proportion of CALD consumers accessing emergency relief - which may reflect an improved situation for some. However, the higher rate of CALD consumers taking on debts, borrowing from friends or family and accessing super at twice or three times the rate of the broader population in December indicates ongoing financial stress and vulnerability. Migrants without permanent residency or citizenship have been provided fewer supports than the broader population during COVID-19, such as JobKeeper and JobSeeker. For temporary residents and students who have been in Australia a year, changes were made to facilitate early access to super for those facing temporary or ongoing unemployment, as a primary support measure. Research found the total value of superannuation approved for early release to temporary migrants was \$975 million up to September 2020, with the average value of applications amounting to \$4,852.⁷ This compares to an average payment of \$7,575 from funds

⁷ D'Souza, "Immigration and COVID-19", 8.

across the broader population, from inception to December 2020.⁸ Given our data indicates a higher reliance on early release of super among CALD consumers, the lower value of super applications may indicate both lower superannuation balances and that CALD consumers may be emptying their super accounts. The early access to super mechanism closed in December 2020, which raises questions about how those that are ineligible for other government supports will manage their finances.

“[Biggest challenge is...] paying off debt with reduced government payments and trying to feed my family”

CALD consumer (language unspecified) Female, 35-49 years, Regional Victoria, Other income, renting (private)



For those without significant superannuation balances – particularly international students, there are few other supports available and there is evidence these individuals are relying on informal capital supports such as borrowing from friends and family, or emergency services.⁹

State Governments have made one off rental assistance to renters available regardless of their visa status – including casual workers on holiday or international students. More recently, states have introduced additional supports for individuals unable to access Commonwealth supports, though these measures tend to be one off payments, for example, the Victorian government has provided a one off \$800 payment for those on temporary, provisional visas and undocumented migrants, while the International Student Emergency Relief fund which provides a one off \$1100 payment for international students in partnership with tertiary education institutions.¹⁰

As identified in CPRC’s data, many CALD consumers are relying on informal sources of capital such as borrowing from family and friends to make ends meet. While these State-funded payments provide immediate relief, many in the CALD community may have emptied out their superannuation already, accrued significant arrears throughout the COVID-19 social distancing, and may still face ongoing unemployment due to ongoing difficulties for CALD workers to obtain secure work. For those without permanent residency, providing access to ongoing supports will be important to avoid significant, widespread hardship among the CALD community.



“Insurance, keeping a roof over my head and my car on the road is very expensive and difficult when you have mental disabilities stopping you from working”

CALD consumer (French), female, 18-24, Regional NSW, applied for or receiving other government income support, living with parents or family member (rent free)

⁸ APRA, “COVID-19 Early Release Scheme - Issue 35”, 6 January 2021 <https://www.apra.gov.au/covid-19-early-release-scheme-issue-35>

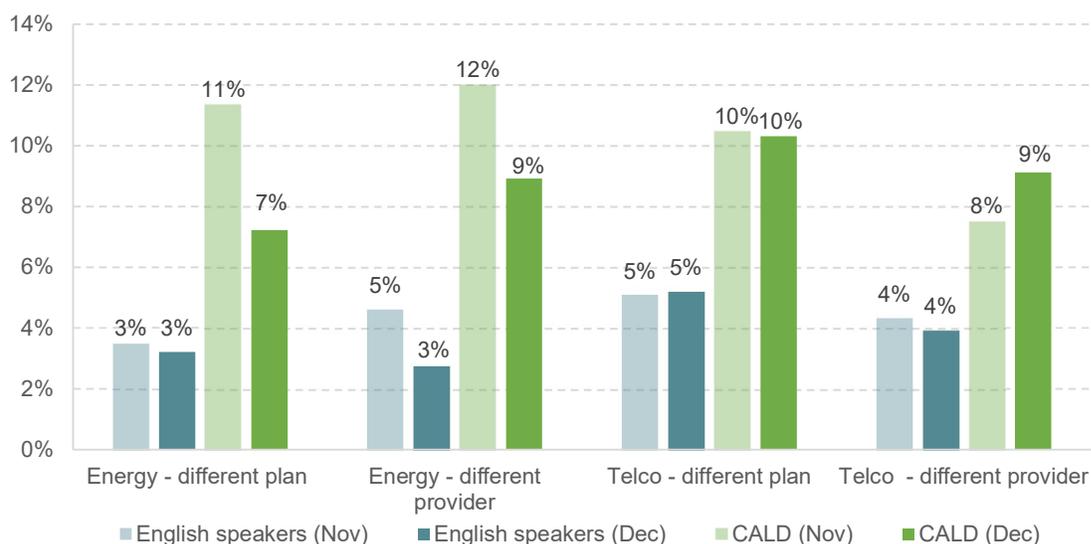
⁹ Madeleine Morris, “Visa holders left broke and desperate amid the coronavirus job fallout”, *ABC News*, 8th August 2020, <https://www.abc.net.au/news/2020-08-08/visa-holders-left-broke-desperate-amid-coronavirus-job-fallout/12522400>

¹⁰ <https://www.premier.vic.gov.au/doubling-hardship-support-victorias-most-vulnerable>; <https://www.studymelbourne.vic.gov.au/news-updates/international-student-emergency-relief-fund>; <https://liveinmelbourne.vic.gov.au/news-events/news/2020/government-assistance-for-temporary-and-provisional-visa-holders-coronavirus-covid-19>

CALD consumers more likely to refinance, switch plans or providers to manage household costs

Our COVID-19 survey has highlighted how consumers have managed their household expenses throughout the year, especially where consumers have reduced income, by taking actions to manage bill payments for different essential service providers.¹¹ In November and December, our survey found a far higher proportion of CALD consumers took action with their service providers – by refinancing loans, switching utility provider or switching plans with the same provider, applying for government concessions or seeking payment assistance directly from their provider – which may reflect the lack of income supports.

Figure 2 – High energy and telco switching rates among CALD consumers



QN: Thinking about your household bills, have you attempted any of the following in the last 4 weeks?

Our data found CALD consumers switched energy/telco plan with the same provider or energy/telco providers at twice the rate or more of the broader population across the two months (Figure 2).

- CALD consumers switched energy plan at more than twice the rate (11% in November, 7% in December) of the broader population (3% across both months) and switched energy provider at more than twice the rate (12% in November, 9% in December) of the broader population (5% November, 3% December)
- CALD consumers also switched telco plan at twice the rate (10% in November, 8% in December) of the broader population (5% in November, 4% in December) and switched provider at twice the rate (10% in November, 9% in December) of the broader population (5% in November, 4% in December)

CALD consumers also refinanced existing personal loans and switching insurance providers or plans to help manage their finances at a higher rate than the broader population (Figure 3). Moreover, a significant portion of CALD consumers cancelled credit products or insurance products.

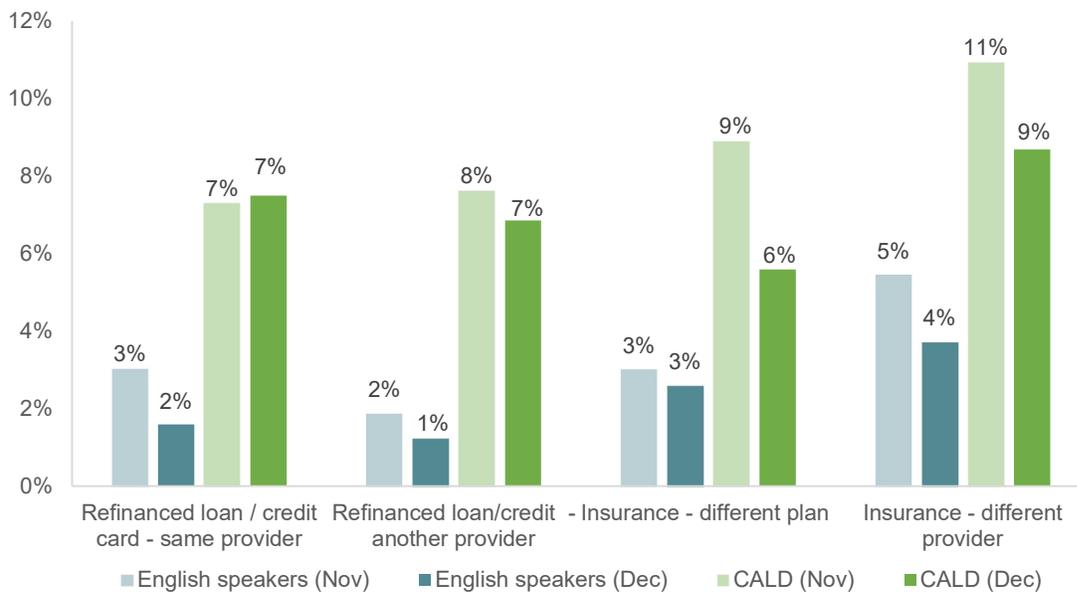
- CALD consumers refinanced credit cards or loans with the same provider at more than twice the rate (7% across both months) of the broader population (3% in November, 2% in December)

¹¹ See CPRC's COVID-19 and Consumers monthly briefers series - <https://cprc.org.au/consumers-and-covid-19-from-crisis-to-recovery/>

and refinanced with another provider at more than four times the rate (8% in November, 7% in December) of the broader population (2% November, 1% December).

- CALD consumers switched insurance plan at more than twice the rate (9% in November, 6% in December) of the broader population (3% in November, 2% in December) and switched insurance provider at more than twice the rate (11% in November, 9% in December) of the broader population (5% November, 4% December).
- Our survey also found a higher proportion of CALD consumers cancelled credit/personal loans and insurance products, particularly in November – 10% cancelled a credit product or plan (vs 4% broader population) and 10% cancelled an insurance product (vs 3% broader population). Cancellation of insurance products may reflect prioritization of other household essentials but may result in consumers left underinsured.

Figure 3: High refinancing rates and insurance switching among CALD consumers.



QN: Thinking about your household bills, have you attempted any of the following in the last 4 weeks?



“Switching home loans can be a tricky and lengthy process that can be stressful”

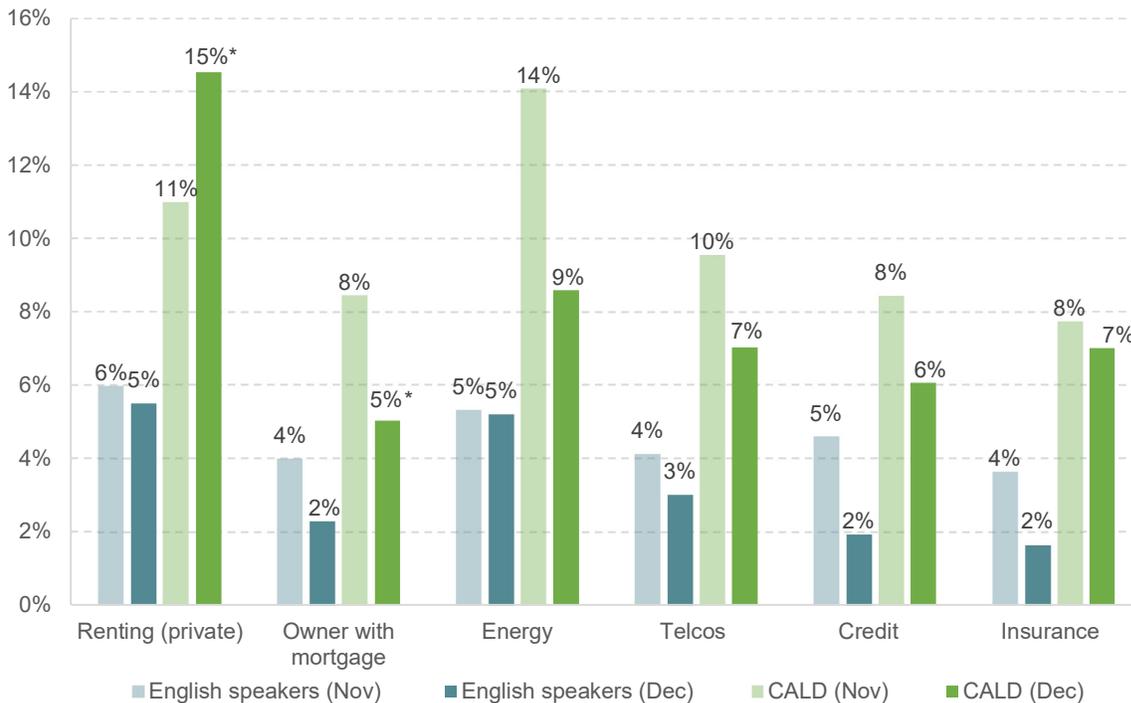
CALD Consumer (French), Male, 35-49 years, Brisbane, Full-time employee, Owner with a mortgage

A higher proportion of CALD consumers sought payment assistance and concessions than the broader population

A higher proportion of CALD consumers sought payment assistance from a range of providers through November and December, well above the rates in the broader population, indicative of widespread financial difficulties in this group (Figure 4 and 5).

- One in seven (14%) CALD consumers sought payment assistance from their energy provider in November falling to 9% in December (vs 5% broader population across both months). One in ten CALD consumers sought a government concession on their energy bill (11% in November, 10% in December) compared to the broader population (4% across both months).
- One in ten (11%) CALD renters sought payment assistance in November (vs 6% broader population).¹² One in six CALD renters (16%) sought government rental assistance in November, dropping to 8% in December (3% in November and 4% in December among the broader population).
- One in ten (10%) CALD consumers sought payment assistance from their telco provider in November falling to 7% in December - compared with the broader population (4% in November and 3% in December). And 9% of CALD consumers sought a concession from their telco in November, falling to 4% in December (2% across both months for the broader population).

Figure 4: Higher proportion of CALD consumers seeking payment assistance

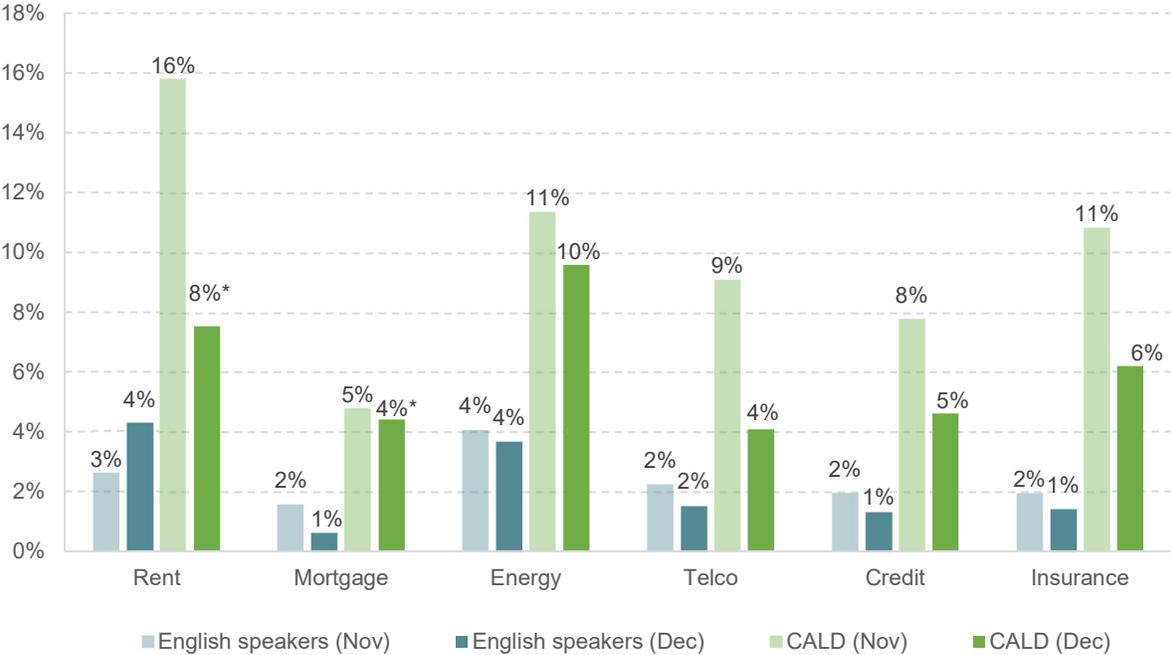


QTN: Thinking of your (household bills), have you [sought payment assistance from your service provider/landlord] in the last 4 weeks?

* Indicative due to small sample size

¹² Note, our survey returned a smaller sample size of renters and mortgagors with a CALD background in December, so data for these subgroups should be treated as indicative and has not been included in our analysis.

Figure 5: Higher proportion of CALD consumers seeking government concessions



QTN: Thinking of your (household bills), have you [sought payment assistance from your service provider/landlord] in the last 4 weeks? in the last 4 weeks?
 * Indicative due to small sample size

The high proportion of CALD consumers seeking payment assistance across different sectors demonstrates how bill stress isn't isolated to any one sector and maybe "lumpy" during particular months of the year. Regulators and policymakers as market stewards should look to develop consumer protection frameworks that enable payment flexibility to help enable consumers to better manage these income pressures.

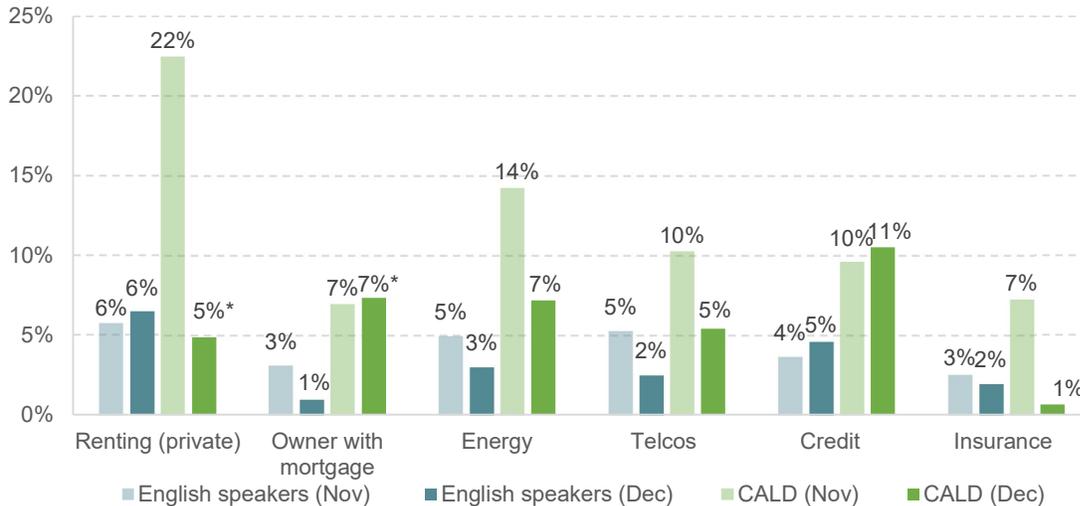
CALD consumers missing bill payments at higher rates than the broader population

A higher proportion of CALD communities also reported they had to miss essential bill payments in all sectors compared with the broader population (Figure 6) – this difference was particularly pronounced in November but converged somewhat in December.

- One in seven (14%) CALD consumers reported they had to miss an energy bill payment in November falling to 7% in December (vs 5% in November and 3% in December among the broader population).
- One in ten CALD consumers missed a credit/loan/buy-now-pay-later repayment in both November (10%) and December (11%), compared to the broader population (4% in November, 5% in December).
- One in ten (10%) CALD consumers missed a telco payment in November falling to 5% in December, compared with the broader community (5% in November and 2% in December).

More than one in five CALD renters (22%) reported they had to miss a rental payment in November, compared with 6% of the broader population.¹

Figure 6: Higher proportion of CALD consumers reported they had to miss essential bill payments across a range of household costs



QTN: Thinking of your (household bills), have you [missed a payment] in the last 4 weeks?

* Base <50 = indicative sample only

The higher proportion of CALD consumers who reported they had to miss bill payments suggests more widespread financial stress among this subpopulation. The sharp drop in missed payments between November and December across some sectors may reflect the economy reopening and jobs re-emerging, enabling more CALD consumers to better manage household bills. However, this may also reflect the increased one-off supports announced by state governments in October and November flowing through, along with additional efforts to raise awareness of key supports among target groups – such as the text messaging campaign to alert renters to the rental assistance in Victoria.

Lower volumes of essential bills received in December may be a factor, with consumers receiving less household bills over the month. For example, insurance premiums tend to be charged on a yearly basis rather than charged monthly, while council rates (not captured in our data) tend to be charged on a quarterly basis.

Missed repayments on credit card debt, personal loans or buy-now-pay-later slightly rose over the two months. This may reflect a prioritisation of household bills; consumers may prefer to avoid disconnection from essential utilities and ensure their accommodation and bear growing late fees on outstanding debts instead.

In the case of buy-now-pay-later accounts, evidence from ASIC indicates a significant proportion of those using these services miss payments and consequently rack up large fees with providers as well as poor credit history.¹³ Again, this points to the need to treat and regulate buy-now-pay-later services as credit, rather than introducing inadequate protections in small amount credit contracts as has been proposed in the National Consumer Credit Protection Amendment Bill 2020.¹⁴



[Biggest challenge is...] “...Not having enough money to purchase or pay off needed items”

CALD Consumer (Cantonese and Mandarin), 18-24, female, Brisbane, applied for or receiving JobSeeker payment, Renting (private)

¹³ Australian Securities and Investments Commission (ASIC) and the Dutch Authority for Financial Markets, *Disclosure: Why it shouldn't be the default* (REP 632), October 2018..

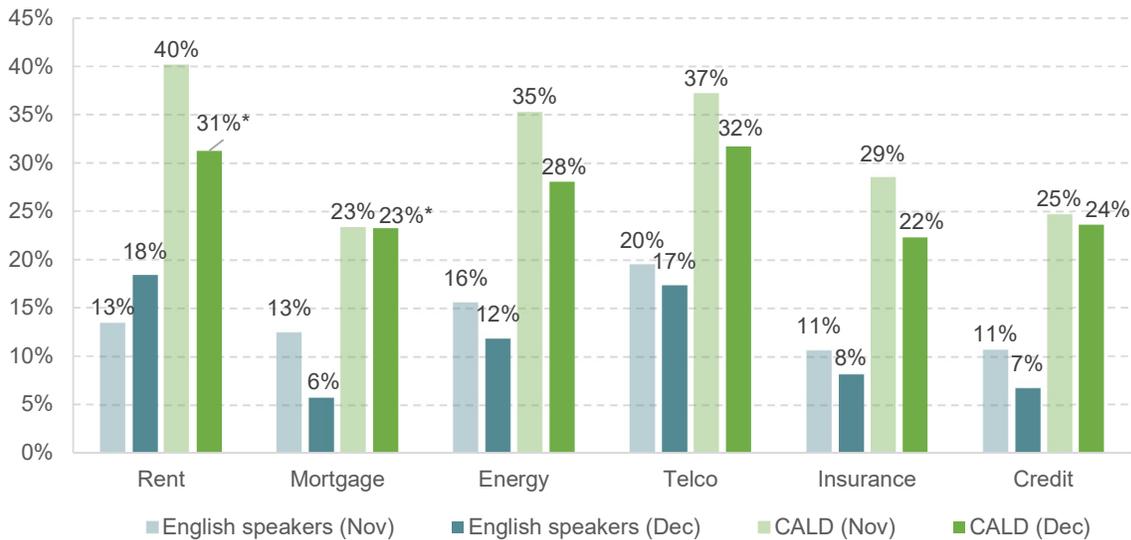
¹⁴ CPRC, *Submission on the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020*, 4 February, 2021.

Negative experiences with service providers disproportionately reported by CALD consumers

When broken down by subgroup, our data shows CALD consumers were disproportionately affected by negative experiences (such as difficulty navigating websites or phone systems; difficulties understanding how to resolve issues, long wait call wait times; unhelpful providers or poor customer service; misleading information; or unfair terms and conditions) with service providers across all sectors (Figure 7).¹⁵

- In November, two in five (40%) CALD consumers reported negative experiences with landlords, significantly higher than the proportion of the broader population (13%).¹⁶
- Over a third of CALD consumers reported poor experiences with their telco provider in November (37%), and almost a third in December (32%), compared with the broader population (20% in November, 17% in December).
- Over a third of CALD consumers also reported poor experiences with their energy provider in November (37%), falling to slightly more than a quarter (28%) in December, compared with the broader population (16% in November, 12% in December).
- A little under a third CALD consumers reported negative experiences with insurance providers in November (29%) falling to 22% in December, compared with the broader population (11% in November, 8% in December)
- Around quarter of CALD consumers reported negative experiences with their credit/loan/buy-now-pay-later providers (25% in November, 24% in December) compared with the broader population (11% in November, 7% in December).

Figure 7: Higher proportion of CALD consumers had negative experiences across all providers



QTN: Thinking about any interactions with your [service provider/landlord] in the last 4 weeks, which, if any of the following have you experienced?

*Base <50 = indicative sample

¹⁵ Negative experiences included: Could not understand how to contact my provider / resolve my issue; could not navigate the website / phone system; Wait times on the phone / live chat / email were too long; Provider was unhelpful / I received poor service; Felt misled by the information provided by my supplier; There was an unfair term/condition in my agreement; or "other" type of negative experience.

¹⁶ Note, our survey returned a smaller sample size of renters and mortgagors with a CALD background in December so our December data should be treated as indicative and has not been included in our analysis

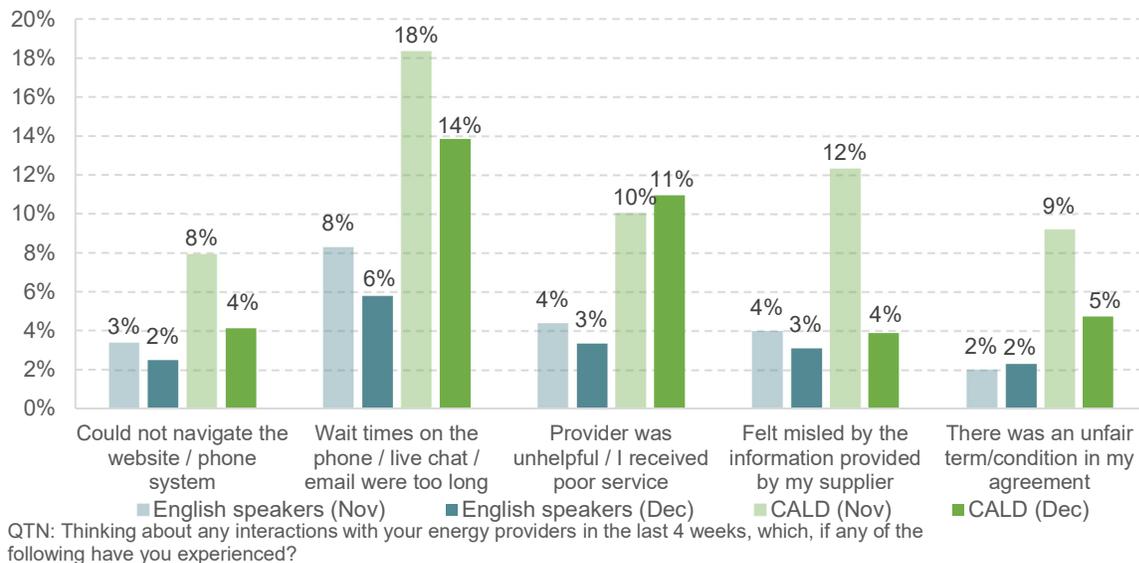
Though a higher proportion of CALD consumers engaged with providers to switch plans or to seek payment assistance, the proportion reporting negative experiences with providers seems disproportionately high. This suggests consumer facing systems – phone helplines or websites – are not designed for easy translation into languages other than English. It may reflect poor translation services or difficulties where translators lack the requisite technical domain knowledge about a particular service to effectively address issues consumers may encounter. Information provided by essential service providers may be difficult to understand for those who speak English as a second language and suggests providers should at the very least consider adopting easy English in consumer facing information wherever possible, if not providing materials in language with the guidance of local communities (see Box 1). Furthermore, partnering directly with community organisations and representatives of CALD communities should be a priority if industry and government are to truly build greater inclusive capabilities and services.

Deep dive: poor experiences in the energy sector despite new regulations

The energy sector has seen a significant wave of reform since the 2016 *Independent and Bipartisan Review of the Electricity and Gas Retail Markets in Victoria* and at a national level, the 2018 ACCC *Retail electricity pricing inquiry* – intended to improve consumer outcomes. While many worthwhile support measures and protections have been introduced, our research suggests not all groups of consumers have benefited from such reforms.

Our survey found a larger proportion of CALD consumers reported significantly higher levels of negative experiences with their energy provider compared with the broader population - again this was more pronounced in November (Figure 8).

Figure 8 – Higher proportion of CALD consumers report negative experiences with energy providers



Long wait times on phones and live chat with energy providers were reported by one in every five CALD consumers (18%) in November.

- More than one in seven CALD consumers reported long call wait times (18% in November 14% in December), compared with the broader population (8% in November, 6% in December).
- In November, 12% of CALD consumers reported they felt misled by information provided by energy provider (vs 4% of the broader population)
- One in ten CALD consumers (10% in November, 11% in December) reported their energy provider was unhelpful or provided poor service (vs 4% in November and 3% in December among the broader population).
- In November, 9% reported unfair terms/conditions in agreement with energy providers falling to 5% in December (vs 2% across both months among the broader population).

Box 1. Co-designing to deliver meaningful information

A Victorian Government partnership with CPRC in 2020 supported targeted energy literacy and engagement outreach to CALD consumers, building on the *EnergyInfoHub* program and sought to improve access to energy support and assistance measures. Across Australia there has been a range of common shortcomings when developing information and materials in language for vulnerable CALD consumers speaking languages other than English. This partnership provided targeted support to priority immigrant communities experiencing heightened levels of disadvantage and vulnerability. Through co-design workshops, the partnership built a better understanding of the levels of awareness in CALD communities about the Victorian *Payment Difficulty Framework* and barriers to accessing support. In developing materials, our program prioritised the information that CALD consumers themselves sought and considered most important to managing their own energy bills - identified through these workshops.

The workshops uncovered a significant gap in expected knowledge between policymakers and communities they intend to support about the broader functioning of the energy market and identified the need to better respond to key nuances in understanding across different communities. For example, due to a lack of effective communication and engagement, Vietnamese community members had little awareness or understanding of payment assistance as a concept, and little appreciation of arrears to an energy company. Similarly, workshops with Iraqi community members revealed case managers had encouraged new arrivals to join one of the big three providers when they arrived in Australia based on higher reliability – and have not switched since because they do not see a benefit in changing providers. Moreover, there was little understanding that providers could offer different energy tariffs - “switching” was understood to mean between providers. These insights point to the importance of inclusive policy and program design and delivery to the community, as well as the need for outreach programs and partnerships with CALD communities that can better empower consumers from diverse backgrounds.

An important aspect of the program was working directly with community leaders and educators from within the target communities, fluent in language and dialect. This was essential to ensure messaging was comprehensible and genuinely meaningful. The program entailed an iterative process to translate materials, informed by user testing of our materials with target community groups. This user-testing identified key issues with the initial translation - for example, in Arabic there are key limitations around translating the word “concession” and multiple interpretations for “energy plan”. For the Vietnamese community, references to the state (as in state government) need to avoid language associated with the communist regime – as most Vietnamese speaking people living in Victoria originate from South Vietnam. Again, this highlights the importance of co-design and user-testing in developing translated materials to both understand and address linguistic barriers that vary between different communities and language groups.

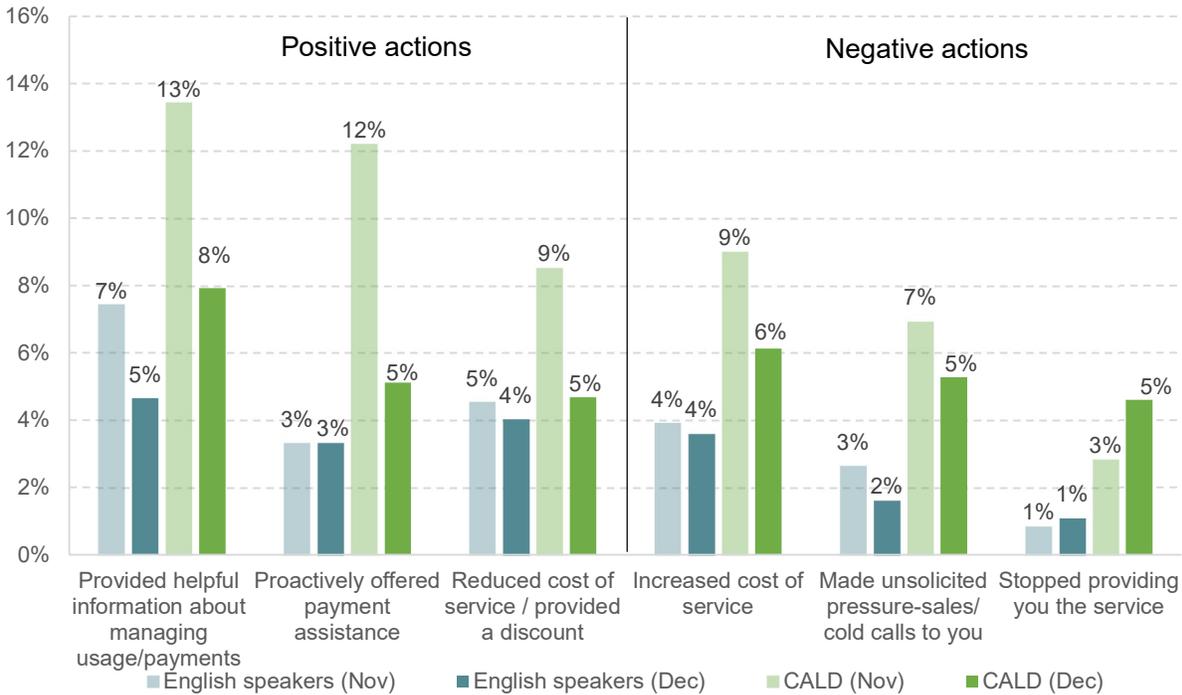
Outreach programs also help to identify where supports are not reaching key groups experiencing vulnerability. Our program found many CALD consumers who hold concession cards miss out on concessions on energy bills they are entitled to, due to the periodic expiry of concession card. The onus falls on individuals to update the new concession card expiry details with their retailer to ensure it is applied to the bill. Many other CALD consumers were also unaware that they are entitled to a concession on their energy bill – suggesting retailers and government could be more proactive in alerting individuals about their rights to these support

A higher proportion of CALD consumers reported both positive and negative energy provider engagement or actions (38% in November and 30% in December) compared with the broader community (23% in November and 19% in December). This might be partly explained by higher rates of actions taken to manage energy bills (e.g., switching plan/provider or seeking payment assistance) as well as higher rates of missed payments among CALD consumers.

CALD consumers reported far higher rates of positive actions (such as providing helpful information about bills and managing payments, or offering payment assistance) taken by energy providers in November than the broader community, dropping closer to the rate among the broader population in December (Figure 9):

- In November almost one in eight CALD consumers (13%) reported energy providers offering helpful information about managing usage or their bill (vs 7% among the broader population), which fell to 8% in December (vs 5% among the broader population).
- In November 12% reported their energy provider proactively offering payment assistance (reported by 3% of the broader population), which fell to 5% in December (vs 3% among the broader population)
- In November, 9% of CALD consumers reported their energy provider reduced the cost of service or offered a discount (compared with 5% of the broader population), which fell to 5% in December (vs 4% among the broader population).

Figure 9: Positive and negative actions taken by energy providers



Which, if any, of the following actions has your energy providers taken in the last 4 weeks?

However, CALD consumers also reported higher rates of negative actions (such as increased cost of services, or disconnection of service) taken by energy providers:

- In November, 9% of CALD consumers reported their provider increased the cost of service which fell to 6% in December (vs 4% of the broader population across both months)
- In November 7% of CALD consumers reported their provider made unsolicited pressures-sales or cold calls (vs 3% of the broader population), which fell to 5% in December (2% of broader population).
- In November 3% reported their provider disconnected them, rising to 5% in December (vs 1% of the broader population across both months).

Higher reported positive actions from service providers should be applauded, particularly given other metrics suggest members of the CALD community may be more financially stressed than the broader population. However, higher reported negative actions also point to an inconsistency in the application of consumer protection frameworks and obligations by providers. The increase in the proportion of CALD consumers reporting their energy provider disconnected their service reflects growing financial stress and should be closely monitored by regulators since this runs contrary to the statement of expectations set out by both the Victorian and Australian energy regulators.

Insights for policymakers, regulators, and business

Reforms yet to translate into a cultural shift amongst retailers to improve consumer outcomes

Our data supports other research indicating the energy sector is not delivering the intent of recent reforms aimed improving consumer outcomes or the enhanced protections outlined in the revised consumer protections frameworks. For those confined to their home during social distancing, energy bills increased significantly in 2020 – 37% reported their energy bills was the item where their spending had increased the most in the last 3 months.¹⁷ Compared to other sectors, the energy consumer protection frameworks for both Victoria and the broader National Energy Market (NEM) are far stronger in terms of direct regulation through legislation, compared with telecommunications or the banking and finance sector, which remain regulated at least in part through voluntary industry codes.¹⁸ Moreover there has been significant reform to the consumer protection framework in Victoria, and to a lesser extent protections to the NEM.

Box 2. Ombudsman recommendations

In their 2020 report, *Missing the Mark*, Energy and Water Ombudsman Victoria (EWOV) outlined a range of recommendations to improve the implementation of the Victorian *Payment Difficulty Framework* such as:

- communication of the new framework entitlements should be improved, delivered through more personal and direct means such as SMS messages rather than relying on communication through bills,
- greater consideration should be given to improving industry staff knowledge of the framework entitlements across the business, rather than being ‘siloes’ in hardship teams,
- dedicated staff should be appointed to provide culturally safe assistance to groups currently poorly served by the framework
- consideration should be given to further policy measures for those who cannot afford their energy even after the framework entitlements have been fully and properly applied.

Recent reviews of the Victorian *Payment Difficulty Framework* have identified that the regulatory requirements around payment difficulty have undergone a step change, however the culture of the retail energy sector has not.¹⁹ In its *Missing the Mark* report, the Energy and Water Ombudsman Victoria (EWOV) identified that disconnection rates have fallen, but also that there are still too many vulnerable customers missing out on entitlements afforded to them in Victoria’s new protection framework.²⁰ Our survey found that almost one in five consumers (19%) reported a negative experience with their energy provider in November – a significant increase compared with October (13%), second only to telco providers (23%) – a sector where much of the protection framework relies on a voluntary industry-led codes. Moreover, of those Australians seeking payment assistance from their energy provider, two thirds (68%) reported a negative experience in November. For those already experiencing financial stress and difficulties, negative experiences when reaching out for help exacerbate existing vulnerabilities.

¹⁷ <https://www.theenergycharter.com.au/covid-19-consumer-research/>

¹⁸ PriceWaterhouseCooper, *Telecommunications Consumer Safeguards - International and sectoral comparisons of consumer protections for choice and fairness in the retail relationship between customers and their providers*, (Department of Communications and the Arts), 10 August 2018, <https://www.communications.gov.au/have-your-say/consumer-safeguards-review-consultation-part-c-choice-and-fairness>

¹⁹EWOV, *Missing the Mark - EWOV insights on the impact of the Payment Difficulty Framework*, December 2020, 27.

²⁰ Ibid., 4.

While the energy sector is highlighted in this report, our data points to elevated rates of negative experiences among the CALD community across other sectors and so the recommendations outlined by EWOV in their *Missing the Mark report* seem applicable across essential services more broadly (box 2. above).

“My biggest challenge was to ask someone for help! I tried to manage and did ask for help but was misled, and it didn't solve the issue. They asked me to call certain people that might help me. If they can't solve my issue how come certain people can? It's so disappointing.”



CALD consumer (unspecified language), female, 25-34 years, Regional NSW, Part-time, Renting (private)

A need to co-design materials in-language with diverse communities and engage via preferred communication channels

Many of these negative experiences reported in our survey suggest difficulties understanding information, finding information, or communicating with their energy provider. For all essential services, information needs to be available and comprehensible to the broader community including CALD consumers, not limited to those with higher English and digital proficiency. As outlined in our *Towards markets that work for people* report, regulators, policymakers and industry should consider adopting an inclusive design approach to regulatory frameworks, obligations on essential service providers, or when considering the broader user-experience.²¹ The rollout of key information translated into key languages without appropriate input and review by native speakers and CALD community leaders continues remains problematic for government seeking to communicate key COVID-19 information, as well as industry communicating available support and entitlements in protection frameworks.



“Everything is done online. Doing it online is frustrating because there is no human-to-human interaction and I have little trust I can get it done.”

CALD consumer (Bangla), male, 25-34 years, Brisbane, no income, living with parents or family member (rent free).

Information delivery channels are also key to success. Research points out that for some recent arrivals from authoritarian regimes, government agents are inherently distrusted.²² There is a strong need for both government and industry to develop ongoing engagement strategies that work *with* communities, to develop effective messaging to deliver policy or supports and to identify appropriate platforms and trusted messengers – such as translators and community educators from within particular communities.²³ CPRC's own outreach program producing energy literacy materials in language (see box 1. above) found friends, family and community leaders are trusted conduits of information.

²¹ Ben Martin Hobbs and Emma O'Neill, *The experiences of older consumers: towards markets that work for people* (Consumer Policy Research Centre, July 2020).

²² Wild, “Rethinking the COVID message for multicultural communities”.

²³ Ibid.

Other negative experiences identified by our survey reflect other serious issues, suggesting providers may provide confusing, if not outright misleading information, and unfair terms or conditions in agreements. Regulators might consider comprehension testing and more carefully auditing information provided by providers, as well as the communication of information itself via call centre staff, with a broader range of consumers. More fundamentally, market stewards should recognise the limits of disclosure as an adequate consumer protection mechanism as highlighted by a growing body of empirical evidence.²⁴

[Biggest challenge is...] “...Telecommunications. Incompetent and unhelpful staff, given terrible advice or they're unable to give any advice. Most call centres are like this, not just with telecommunications.”



CALD consumer (Vietnamese), Male, 25-34 years, Melbourne, full time employee, living with parents or family member (rent free).

²⁴ ASIC and AFM, *Disclosure: Why it shouldn't be the default* (REP 632).

Conclusion

Though there are signs the economy recovering after reopening late last year, our data indicates CALD consumers face heightened financial challenges in managing COVID-19 and the economic fallout compared with the broader primarily English-speaking population. CALD consumers took on both formal and informal debt, sought payment assistance and had to miss payments (in effect building arrears) at far higher rates than the broader population. With the end of temporary support measures such as the COVID-19 early release of super scheme, CALD consumers without work or in casual work affected by the snap lockdowns around the country may find themselves in financial stress or even crisis.

Recommendation 1: State and federal governments should consider further targeted supports for CALD consumers – particularly skilled migrants and international students without incomes, as the economy transitions to recovery.

Our survey also finds CALD consumers particularly active in refinancing loans or switching essential service providers/plans to help manage household bills. But this community also reported more widespread negative experiences and actions taken by providers – which may reflect poor industry practice and assistance supporting those with financial difficulties or from non-English backgrounds, or both.

Recommendation 2: Policymakers, regulators and industry need to ensure that information about supports, both governmental and industry specific, are available and comprehensible for the broader community including CALD consumers, not just limited to those with higher English and digital proficiency.

CALD communities are not a homogenous group, and CPRC's own programs with CALD communities highlights the importance of outreach programs and co-design approaches to address deeper misunderstandings about markets and available supports and, particularly among less literate and digitally engaged consumers.

Recommendation 3: Support and co-design outreach and engagement programs with CALD communities to identify barriers, improve the design of support measure and increase uptake.

Our survey indicates the navigability of systems, supports and service provider obligations remains patchy and inconsistent both in sectors where there are clear regulatory frameworks – such as energy – but also in sectors with industry-led protections, such as telecommunications. For CALD communities these problems appear to be even sharper. The recommendations outlined in EWOV's *Missing the Mark* provide a useful starting point for reforms to be considered across all essential services. Policymakers, regulators and industry could consider adopting inclusive design methodologies in regulatory frameworks, as well as how systems are designed and in user testing products and services. Approaches that proactively help consumers to avoid debts or obtain payment assistance before debts spiral may be more cost effective than significant arrears and help to facilitate greater consumer wellbeing in the long term.

Recommendation 4: Policymakers, regulators and industry adopt inclusive design in consumer protection frameworks, including user testing in developing and delivering support programs.

Appendix 1: Survey definition key

Sectors	Definition
Housing (mortgage)	Housing expenses / services from: mortgage providers to consumers who are an "owner-occupier with a mortgage" for their main place of residence.
Housing (private rent)	Housing expenses / services from: private landlord / real estate agency / property manager to consumers "renting from a private landlord/ real estate agency" for their main place of residence.
Energy	Electricity / gas services.
Telcos	Internet and mobile / telephone services.
Credit	Credit card / personal loan / buy now pay later services.
Insurance	Insurance providers (e.g., vehicle, health, home, travel).
Consumer Subgroups	Definition
COVID income impacted	Consumers who had an income source before COVID-19 (either Full-time employee, Part-time employee, Casual employee, Self-employed / own business, or Investment income) and have now sought or received Jobkeeper, JobSeeker or other government benefits, or now have no income.
Casual workers	Casual employee (as opposed to a Part-time or Full-time employee).
Renters	Renting from a private landlord / real estate agency for their main place of residence.
Youth	18-34 years of age.
Disability	Consumers who reported that a disability restricts them in their everyday activities, and this has lasted or is likely to last for 6 months or more.
Low/no internet use	Consumers who reported that they used the internet (in any device) less than once a day (either a few times a week, less often, or not at all). This subgroup was comprised mostly of people aged over 50 years.

Appendix 2: Timeline of key COVID-19 events, November to December 2020

Date		November - Key Events			
1st Nov		New daily cases	Active cases	Recoveries	Deaths
	AUS	6	174	25,103	907
	VIC	0	61	19,392	819
6th	SA: 17 active cases, all in hotel quarantine, more than VIC (15 active cases). VIC: COVID-19 Hotel Quarantine Inquiry interim report is released noting failures and recommendations for a new isolation scheme for travellers (final report due December 21st).				
10th	AUS: Federal Government announces JobSeeker supplement extension until the end of March 2021 but at lower rate (from \$815 a fortnight to \$715 a fortnight) from December. International (USA/Germany): Pfizer announces that their COVID-19 vaccine is 90% effective in early trial results.				
13th	AUS: National cabinet endorses Australia's national vaccination policy, outlining the system to monitor immunisation levels and individual vaccination status.				
14th	NSW: One week of zero locally acquired COVID-19 cases. Longest streak since October 7th.				
17th	SA: Second round of COVID-19 restrictions begins as COVID-19 cluster in Parafield, Adelaide, linked to 34 cases. International (USA): Moderna vaccine found to be 94.5% effective based on interim data from a late-stage trial.				
19th	SA: Hard six-day lockdown begins, non-essential businesses closed, and people are only allowed to leave their homes for a few reasons.				
22nd	SA: Lockdown ends three days early, after it was uncovered that an individual central in the cluster was not a customer but rather worked at a pizza bar, better explaining the transmission of the cluster.				
23rd	VIC/NSW: State borders reopened and all requirements for border permits and quarantine end. International (England): Oxford-AstraZeneca vaccine late-stage trials found to be approximately 90% effective.				
25th	VIC/TAS: Border restrictions eased - travellers from Victoria will not have to quarantine when arriving in Tasmania.				

Date	December - Key Events ²⁵				
1st Dec		New daily cases	Active cases	Recoveries	Deaths
	AUS	8	60	25,409	908
	VIC	0	0	19,525	820
	<p>VIC: Records 32 days of no new COVID-19 cases. VIC/SA: Borders open again, as long as travellers have a valid permit. SA: Introduces QR codes at all public venues. QLD: Opens state borders to Victoria and Greater Sydney</p>				
2nd	QLD: State budget announced, includes an extra \$360.5 million to support the COVID-19 response.				
5th	WA: Public venues must have a contact register, with the Safe WA app launched to assist.				
6th	VIC: Masks must be carried at all times but wearing is only required in certain circumstances and home visitors increased to 30. Premier announces plans for both private and public sector staff to return to offices in early 2021, subject to COVID-19 cases numbers and advice.				
8th	WA: Border opens to VIC and NSW, with travellers not required to quarantine.				
9th	SA: State records no active COVID-19 cases for the first time in two months. International (UK): vaccination rollout begins – a 90 year old woman becomes the first to receive Pfizer COVID-19 vaccine.				
11th	AUS: University of Queensland and CSL COVID-19 vaccine trials are abandoned as participants in the trial give false-positive HIV test results. International (UK/Russia): AstraZeneca to test Russia's Sputnik V shot in combination with its own vaccine, in efforts to boost efficacy.				
12th	QLD: Queensland opens border to Adelaide travellers.				
14th	AUS/NZ: New Zealand announces travel bubble with Australia for early 2021, subject to COVID-19 cases.				
16th	NSW: 2 COVID-19 cases reported in Sydney's Northern Beaches, ending the state's 12-day streak of no locally spread cases. International (US): The US approves at home COVID-19 test developed in Australia.				
17th	NSW: Northern Beaches COVID-19 cluster grows to 17 cases, residents told to avoid unnecessary travel. All other states introduce various restrictions starting this week, including hotel quarantine for 14 days, and requirements to get tested. Tasmania declares the Northern Beaches as a hotspot, travellers who have been in the area on or since the 11th are blocked from entry into Tasmania.				
19th	NSW: Northern Beaches residents ordered to stay home and not travel unless absolutely necessary, this restriction is in place until midnight on the 23rd. International (US): The US Food and Drug Administration authorises Moderna's COVID-19 vaccine as the second emergency-use vaccine for the US.				
20th	NSW: 68 cases are reported to be linked to the Northern Beaches outbreak. Further border restrictions take place for TAS, QLD, and NT. WA reinstates a hard border with NSW.				
21st	NSW: New restrictions begin and will last until midnight 23 rd of December, including a limit of 10 visitors per household, and one person per four-square-metres in public indoor space. State premier urges NSW residents to wear masks. Further border restrictions take place for VIC, QLD, ACT, and SA. AUS: New strain of COVID-19 which was identified in UK in October, said to be up to 70% more infectious, found in UK travellers in hotel quarantine in Australia.				

²⁵ Note data collection for our survey ran until the 21st of December

22nd	AUS (QLD): The first case of a new COVID-19 strain first recorded in South Africa, which is more contagious than the original strain, is identified in Queensland hotel quarantine
24th	NT: Revokes most of the declared hotspots in Greater Sydney, Sydneysiders not from the Northern Beaches can leave NT quarantine.
30th	NSW: Stricter regulations ahead of New Year's Eve celebrations are announced.
31st	VIC: Ahead of New Year's Eve celebrations, the limit on home visitors were restricted to 15 (previously the limit was 30), and masks are mandatory in any indoor setting than is not you home. Border closures with NSW to take place in 3 days. NSW: Most of the other states have closed borders with NSW. NT and QLD borders are only closed to Great Sydney travellers. WA: Border closed to VIC at midnight.