Consumer Policy Research Centre

ROY MORGAN

COVID-19 and Consumers: *from crisis to recovery*

Monthly Policy Briefing – August Results
SEPTEMBER 2020

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1. Background

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 is partnering 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 are gathering data from May to at least October 2020, using online and telephone surveys. As the impacts of COVID-19 unfold over this period, we will drill down and analyse consumer experiences in managing household expenses and within essential service markets. The survey tracks 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 is conducted using online surveys via Computer Aided Web Interviews (CAWI) and telephone interviews via Computer Aided Telephone Interviews (CATI). In August, 2,104 online surveys (including a boost of 610 extra respondents in Victoria), and 50 additional telephone surveys with low or non-internet users, combined to a total of 2,154 completed surveys.

2. COVID-19 - what happened in August?

In August social restriction settings diverged between states as a result of the vastly different COVID-19 infection rates and contexts.

The ever-increasing number of cases in Victoria during July and into August saw a State of Disaster declared, a move to stage 4 restrictions in metropolitan Melbourne, and stage 3 restrictions in regional Victoria. The introduction of stage 4 restrictions in metropolitan Melbourne included a curfew from 8pm to 5am, a 5km travel restriction, no home visitors, a return to remote learning, and the closing of childcare centres.

In the first week of August, Victoria recorded the highest daily new cases to date nationwide, with 725 new cases on the 5th. Nearly a week later, Victoria recorded the highest number of active cases of 7,880 to date nationwide. However, in a positive sign, the end of the month marked the first time since July that Victoria saw new daily cases under 200 every day of the previous week.

Some other states also tightened restrictions in August, although not to the same extent as Victoria. Queensland closed their borders to NSW and ACT, reclassified the Greater Brisbane area as restricted, further limited the size of home gatherings to 10 people, and cancelled Schoolies Week 2020. In South Australia, home gatherings were also limited to 10 people. Conversely, Tasmania reopened its border to SA, NT, and WA.

Figure 1: Timeline of key COVID-19 events, August 2020

Date	Key Events
1st Aug	AUS – 417 new daily cases, 6,176 active cases, 10,201 recoveries, and 200 deaths to date. VIC – 397 new daily cases, 5,919 active cases, 4,696 recoveries, 116 deaths to date. Victoria represents 95% of Australia's new daily cases, 96% of Australia's active cases, 46% of Australia's recoveries, and 58% of Australia's deaths.
2nd Aug	VIC - State of disaster was declared in Victoria: metropolitan Melbourne moved to stage 4 restrictions, including curfew from 8pm to 5am and 5km travel restriction.
3rd Aug	VIC - Wearing a mask outside the home compulsory in regional Victoria.
5th Aug	VIC – Record highest daily new cases to date nationwide, with 725 new cases. Students in metropolitan Melbourne return to remote learning, and all kindergarten and childcare centres close, with the exception of vulnerable children, and children of essential workers.
5th Aug	SA – Home gatherings limited to 10 people (previously 50). Alcohol can only be served to seated patrons in cafés, pubs, and restaurants.
6th Aug	VIC - Regional Victoria and Mitchell Shire move to stage 3 restrictions.
7th Aug	NSW - All residents arriving from Victoria are required to quarantine in hotels for 14 days.

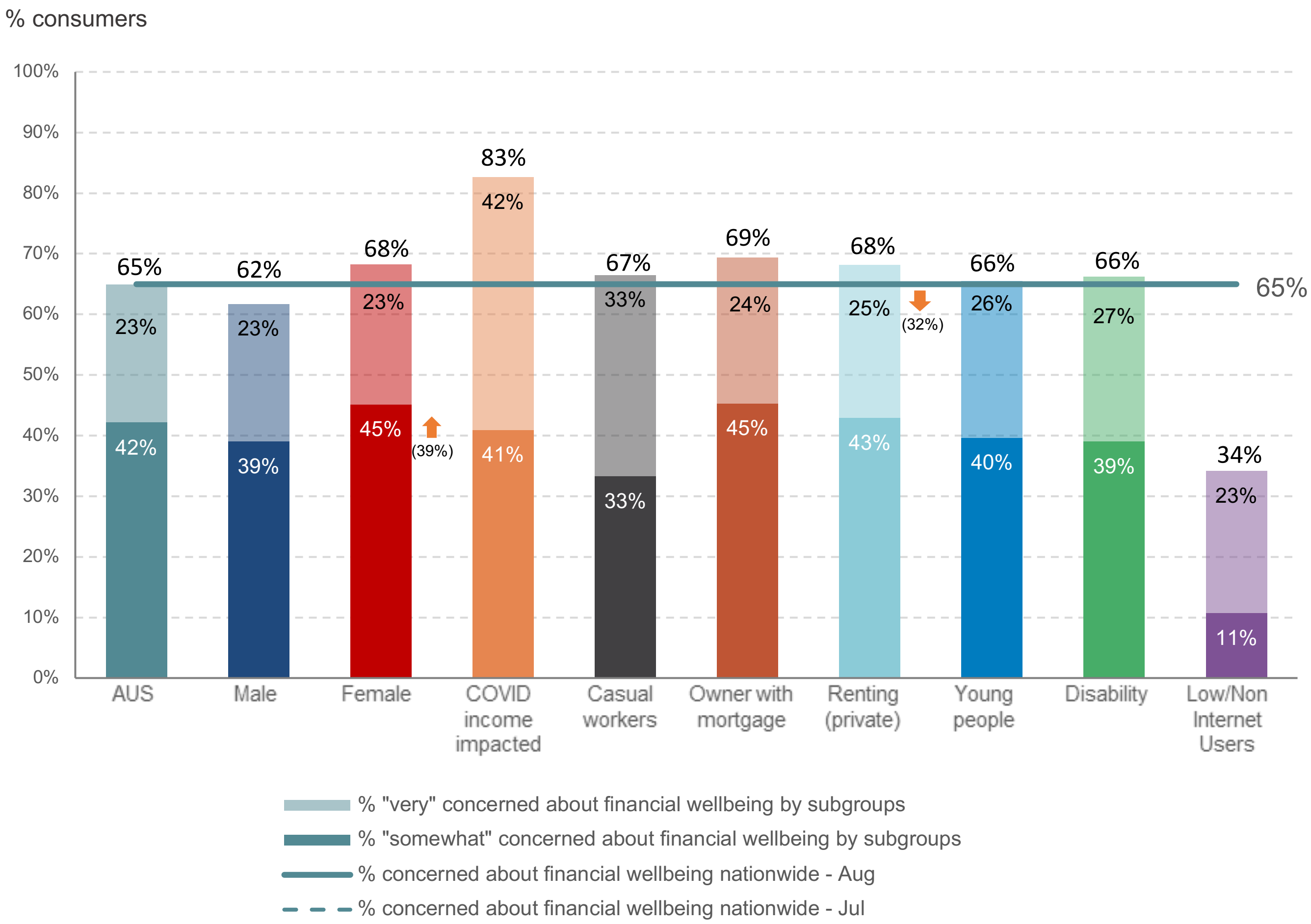
7th Aug	TAS – Reopens border to SA, NT, and WA.
8th Aug	QLD – Closes border to NSW and ACT.
16th Aug	VIC - Daniel Andrews announced Victoria's state of emergency would be extended for four more weeks.
22nd Aug	QLD – The Greater Brisbane area is now listed as restricted and home gatherings are limited to a maximum of 10 people. All other areas of Queensland are limited to 30 people.
29th Aug	QLD – Schoolies Week 2020 formally cancelled by the QLD government.
30th Aug	VIC – 114 new cases recorded. Marks first time since July that daily cases were under 200 every day of the past week.
31st Aug	AUS – 84 new daily cases, 3,339 active cases, 21,345 recovered, 654 total deaths. VIC – 73 new daily cases, 2,620 active cases, 15,814 recovered, 567 deaths. Victoria represents 87% of Australia’s new daily cases, 78% of Australia’s active cases, 74% of Australia’s recoveries, and 87% of Australia’s deaths.

3. Key survey findings

Concern about financial wellbeing remained steady in August

In August, 65% of Australians felt very or somewhat concerned about the impact of COVID-19 on their financial wellbeing, which was the same level of concern as in July (65%). The only significant shifts observed were an increase in females feeling somewhat concerned about their financial wellbeing (from 39% in July to 45% in August) and a decrease in private renters feeling very concerned (from 32% in July to 25% in August).

Figure 2: Consumer concerns about financial wellbeing similar between July and August 2020



QTN: How concerned are you about the impact of COVID19 on your own financial wellbeing?
Orange arrows: Survey results significantly higher/lower than previous month
Grey scores in bracket show results for previous month
Due to rounding, totals may not equal sum of components

Looking at the levels of concern amongst subgroups shown in Figure 2 (see definitions of subgroups in Table A in the **Appendix**) we can see:

- people whose income was impacted by COVID-19 had the greatest level of concern about their financial wellbeing at 83%, including 42% who were very concerned[1]
- renters (68%) and mortgage-holders (69%) had similarly high levels of concern
- females (68%) reported higher concern than males (62%)
- low or non-internet users, who tended to be older Australians, were considerably less concerned about the impact of COVID-19 on their financial wellbeing (34%).

Surprisingly, there was a significant decrease in the proportion of Victorians who were concerned about their financial wellbeing during August (64%, down from 74% in July), bringing them closer to the national average of 65% (not shown in Figure 2).

The biggest challenge I face today is…*"Affordability. I have lost my job and don't have the income I used to, now that I am relying on Centrelink."*

Female, 25-34, Regional NSW, JobSeeker, Renting (private)

Increased reliance on credit cards or buy-now-pay-later schemes to manage household expenses and now on par with drawing down savings

More than half of Australians (58%) reported taking steps to manage their household expenses in August.[2] Almost a third of Australians (29%) dipped into their savings at similar rates seen in May (28%), June (30%), and July (29%). More Australians (29%) took on debt via credit cards or buy-now-pay-later schemes to manage expenses in August, notably up compared with July (26%). Marking a continuing trend, a growing number of Australians closed or cancelled ongoing services or subscriptions in August (18%), compared to July (15%).

Australians continued to access early access to superannuation at similar rates to prior months with 8% applying for early access. Likewise, relying on informal resources to help make ends meet continued, with 7% borrowing money or resources from family or friends. 8% of Australians sold shares, investments or household goods.

"Prices in general are far more expensive than pre-COVID-19."

Female, 25-34, Sydney, full-time employee, Owner-occupier outright

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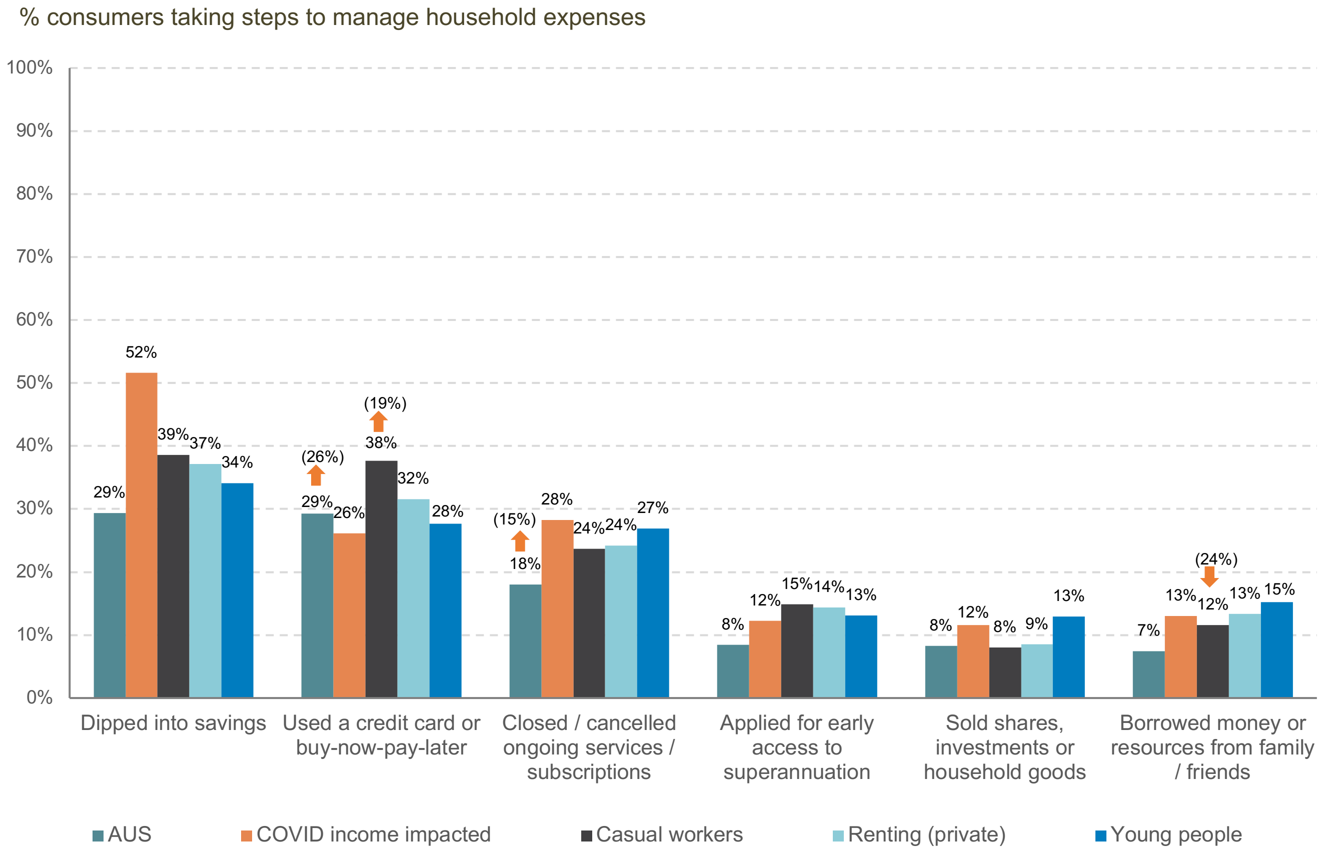
[1] COVID Income Impacted are a group of people who had an income source before COVID-19 (either Full-time employee, Part-time employee, Casual employee, Self-employed / own business, or Investment income) and have now sought or received JobKeeper, JobSeeker or other government benefits, or now have no income.

[2] Steps taken include: Dipped into savings; took out a loan from a bank or financial institution; took out a loan from a payday lender / consumer lease; used a credit card or buy-now-pay-later; drew down on home equity / interest offset account; borrowed money or resources from family / friends; sold shares, investments or household goods; applied for early access to superannuation; accessed community help / emergency relief; closed / cancelled ongoing services / subscriptions.

Figure 3: Consumers continue to dip into savings and take on debt in August 2020



QTN. In the past month, have you taken any of the following actions to manage your household expenses?
Orange arrows: Survey results significantly higher/lower than previous month
Grey scores in bracket show result for previous month

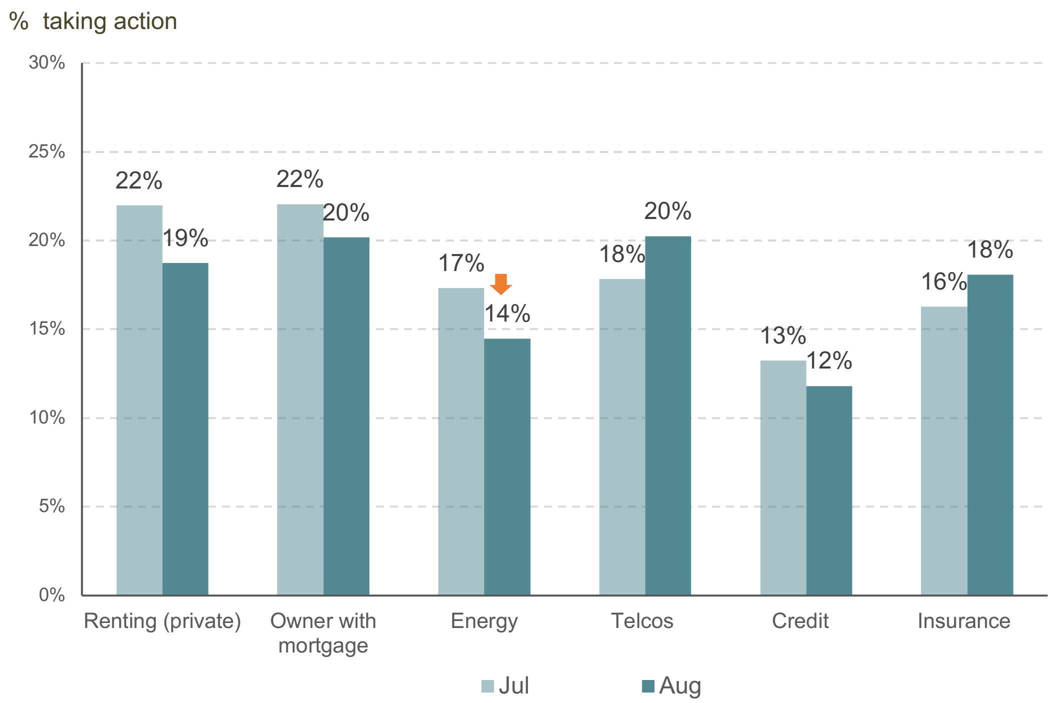
Data from August revealed some consumer subgroups continued to be more reliant on their savings or increasing debt to manage their household expenses:

- over half of those with incomes affected by COVID-19 dipped into savings (52%), higher than the national rate (29%). Over a third (39%) of casual workers did the same
- 38% of casual workers used a credit card or buy-now-pay-later service, double the rate in July (19%). Conversely, there was a significant decrease in the proportion of casual workers who borrowed money or resources from family or friends in August (12%), to half the rate reported in July (24%), but still at more than double the rate reported in June (5%)
- early access to superannuation continued to be much more common among some subgroups, including casual workers (15%), renters (14%), young people (13%), and those with incomes affected by COVID-19 (12%), all higher than the average Australian (8%)
- even relative to the elevated proportion of Australians cancelling ongoing services, those with incomes affected by COVID-19 (28%) and young people (27%) were more likely to close or cancel ongoing services in August.

Consumers continue to take action to manage payments

After a month where almost all sectors saw a significant increase in consumer actions to manage their expenses (July), August has seen these behaviours stabilise. Across all sectors, there were only small changes in the number of Australians taking action (such as switching plan/provider or refinancing, asking for payment assistance, cancelling a contract, etc.) to manage essential household bill payments in August compared with July (Figure 4).[3] The only significant change observed was in the energy sector, which saw a significant decrease in consumer actions in August, with 14% of Australians taking action in relation to their energy bills, compared to 17% in July.

Figure 4: Consumers continue engaging providers to manage payments in August 2020



QTN Thinking of your bills (electricity, gas, rent, mortgage, telecommunications, credit, insurance), have you attempted any of the following in the last 4 weeks?
Orange arrows: Survey results significantly higher/lower than previous month

Analysis by consumer subgroups (not shown in Figure 4):

- a significantly lower proportion of casual workers took action to manage mortgage repayments during August (17%), a third of the rate reported in July (51%). There was also a significant decrease in the proportion of casual workers taking action manage rent payments in August (8%, less than a quarter of July's 37%), and energy bills (9%, almost three time lower than the previous result of 24%)
- a significantly smaller proportion of homeowners with a mortgage reported taking action relating to their energy bills in August (13% compared to July's 18%) and their credit payments (10% in August compared to 17% in July)
- a significantly higher proportion of people with incomes impacted by COVID-19 reported actions to manage insurance bills in August (29%) compared to July (12%)

[3] Consumer actions to manage payments include: refinancing a mortgage/loan/credit card with the same or a different provider; moving house or rental property; reducing mortgage payments to interest only amount; switching plan or provider; asking for payment assistance; applying for a government concession; and ending a contract.

- across all sectors, a higher proportion of young people took action to manage their household bills compared to the national average. In particular, 31% of young people reported taking action on their telecommunications bills, compared to the national average of 20%. Conversely, a significantly lower proportion of young people reported taking action on their energy bills in August, going down from 30% in July to 22%, which was still considerably higher than the average Australian at 14%
- across all sectors, a higher proportion of people with disability also took action on their household bills compared to the national average (see **In focus in August***)*. In particular, 32% of people with disability took actions on their mortgage repayments, compared to the national average of 20%.

Across all sectors, the number of consumers switching or cancelling certain services registered relatively small but significant variations:

- 7% switched to a different insurance provider, up from 5% in July
- 6% switched to a different telco provider, up from 4% in July
- 6% cancelled a telco service or contract, up from 3% in July
- 5% cancelled a credit, personal loan, or buy-now-pay-later service or contract, up from 3% in July
- 4% switched their energy plan with their current provider, down from 6% in July.

"I have stopped buying products I don't need. I have looked into getting better deals for the essentials (energy, insurance, internet, phone) but the information available is unclear and the companies seem to want to sign you up before giving pricing."

Male, 35-49, Melbourne, Casual employee, Renting (private)

The proportion of consumers missing payments for energy bills significantly decreased in August (2%), compared to July (5%), and returned to the levels reported in June (2%). In particular, a significantly lower proportion of COVID income impacted consumers reported missing payments for their energy bills in August (1%) compared to July (8%). Conversely, a significantly higher proportion of consumers missed their telco payments in August (5%) compared to July (3%). Across all sectors, young people and those with disability missed payments at a higher proportion compared with the broader population (see **In Focus in August**).

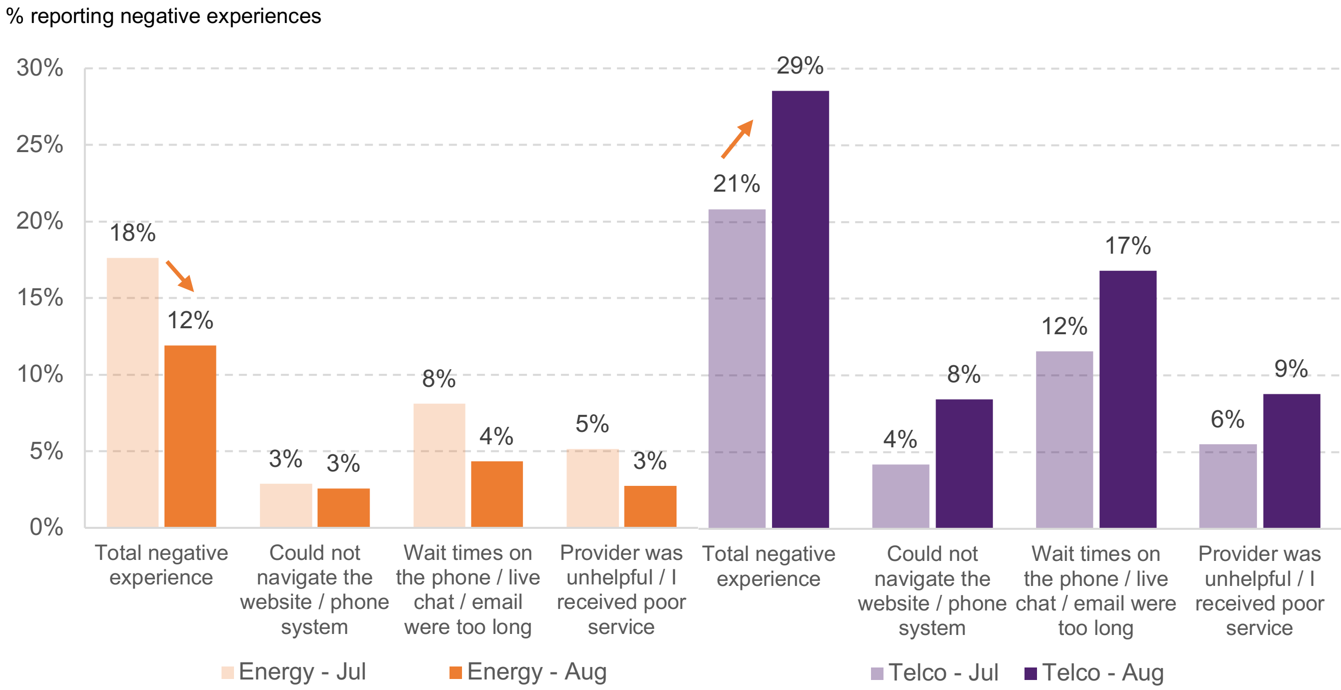
"I'm always concerned about if I can afford it or if my next payment is going to be cancelled or delayed and I could be in debt. I have no savings anymore and don't have a cushion in case something goes wrong financially. I have to think long and hard if I really NEED something before I can purchase it."

Non-binary, 18-24, Perth, JobKeeper, Renting (private), identifies as disabled

Telco woes on the rise

Since CPRC initiated its COVID-19 survey in May, a larger proportion of consumers have reported negative experiences with their telecommunications providers than any other sector.[4] This trend continued in August, jumping from one in five (21%) reporting a negative experience with their telco provider to nearly one in three (29%), with increases across all types of experiences (see Figure 5). By comparison, reported negative experiences with energy retailers fell from 18% in July to 12% in August, with a decrease in different types of experiences (see Figure 5). The proportion of consumers reporting negative experiences across other sectors remained largely stable between July and August. Analysis of our results found 36% of consumers reported some type of negative experience with at least one service provider across the previous four weeks in August, which was significantly higher than July (31%).

Figure 5: Increase in negative experiences with telco providers, decrease in negative experiences with energy retailers in August 2020



QTN: Thinking about any interactions with your (service providers) in the last 4 weeks, which, if any of the following have you experienced?

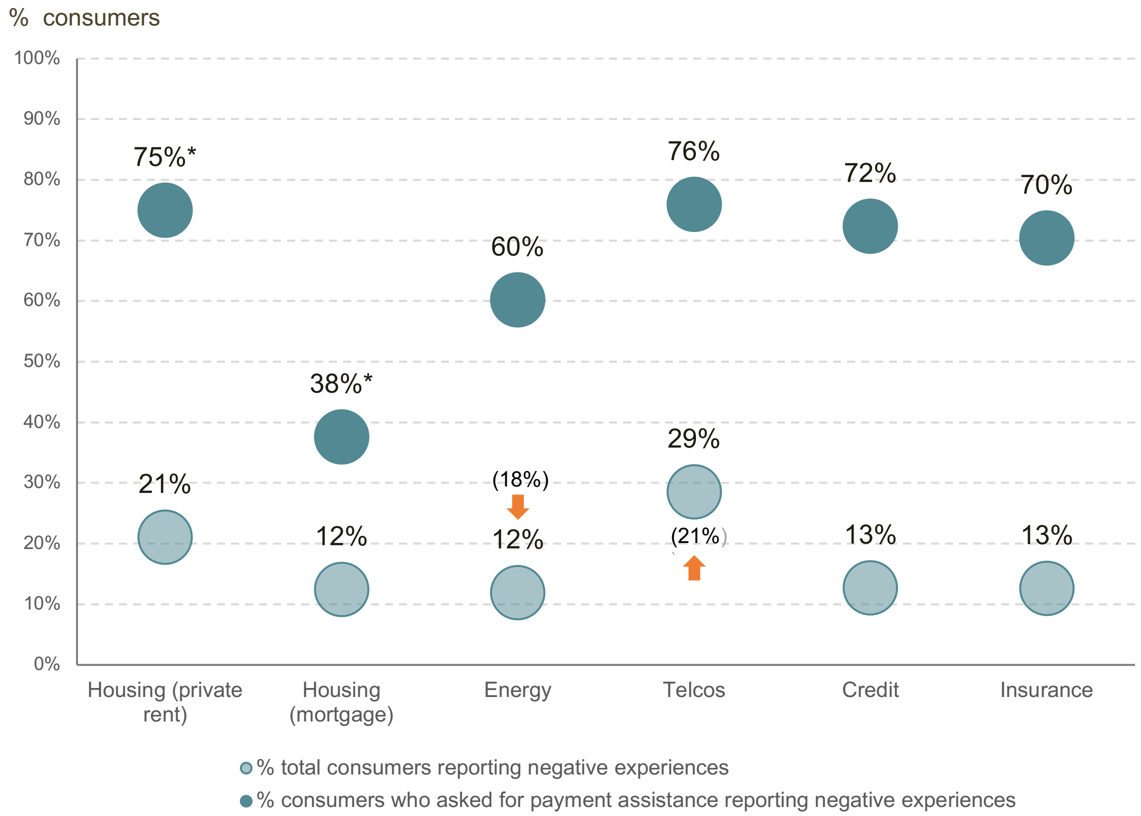
People seeking payment assistance were significantly more likely to report a negative experience with their provider (see Figure 6).[5] This was particularly the case in telecommunications, where 76% of those seeking payment assistance reported a negative experience, down from 85% in July, but still the highest across sectors. After the significant increases reported in July, the number of people seeking payment assistance and having negative experiences in other sectors remained stable in August.

[4] Negative experiences include: 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
[5] Note the small sample size of both renters and owners with a mortgage who sought payment assistance and reported a negative experience

The biggest challenge I face today is…*“Hidden terms and conditions for products like insurance and other lending products, such as credit cards.”*

Male, 35-49, Sydney, Full-time employee, Owner-occupier with a mortgage

Figure 6: Consumers seeking payment assistance report higher levels of negative experiences across every sector in August 2020, but generally lower than July 2020



QTN. Thinking about any interactions with your service providers in the last 4 weeks, which, if any of the following have you experienced?
* Base n<50, results are indicative only
Orange arrows: Survey results significantly higher/lower than previous month
Grey scores in bracket show result for previous month

“Getting through to call centres has been major problem. Either can't get through or there's an extremely long wait time.”

Female, 50-64, Melbourne, JobKeeper, Owner-occupier outright

Mortgage providers offer less proactive assistance to consumers in August than July, but still perform better than other sectors

During August, positive actions (such as offers of payment assistance, helpful information or reduced costs) from service providers were most commonly reported by consumers in relation to their mortgage provider at 20%, though this represents a significant decrease compared with 26% in July (see Figure 7). In particular, 3% of consumers reported mortgage providers proactively offering assistance to access government concessions (significantly down from 6% in July), and 5% of consumers reported reduced cost of mortgage payments (significantly down from 9% in July). There were no significant changes reported in the actions of landlords in August compared with July.

By comparison, there was a small (but statistically significant) increase in helpful advice or information about managing usage or payments in August compared to July from telco providers (8% up from 6%), and credit providers (7% up from 4%).

The biggest challenge I face today is…*"Trying to establish the honesty and integrity of the supplier for online purchasing*"

Male, 65 years+, NSW, Applied for/ receiving other government income support (including pensions), housing reported "other", identifies as disabled

Consumers reported a significant decrease in both positive actions (14% down from 20% in July) and negative actions (9% down from 11% in July) by energy providers in August. In particular, significantly fewer consumers reported their energy provider providing helpful advice in August (6%) than July (10%). However, only 2% of consumers reported their energy provider making unsolicited pressure-sales/ cold calls, significantly down from July (4%).

Negative provider actions in most other sectors remained relatively stable. The only significant increase observed was 5% of consumers reporting increased cost of service from their telco provider, up from 3% in July. Small but statistically significant decreases were seen in reports of credit providers making unsolicited pressure-sales/ cold calls (2%, down from 3% in July) and insurance providers stopping providing the service (1%, down from 2% in July). While the proportion of consumers reporting negative or positive actions are quite small month-to-month, we may see significant changes once payment supports taper off. We will continue to track these actions over the remaining months of the survey as crisis-stage support measures begin to be wound back.

The biggest challenge I face today is… *"Affordability. The costs of some services are too much to afford or keep long term, e.g. insurance, energy costs, health related costs."*

Male, 50-64, Melbourne, No income, Owner-occupier outright

Figure 7: Most commonly reported actions taken by essential service providers, August 2020

	Rent	Mortgage	Energy	Telcos	Credit	Insurance
Base n=	*440*	*672*	*2,154*	*2,154*	*1,785*	*2,032*
Total took actions	**19%**	**22%** (28%) ↓	**19%** (26%) ↓	**21%** (18%) ↑	**16%**	**20%**
Total positive actions	**15%**	**20%** (26%) ↓	**14%** (20%) ↓	**15%**	**13%**	**14%**
Provided helpful advice/information about managing payments during COVID-19	7%	10%	6% (10%) ↓	8% (6%) ↑	7% (4%) ↑	7%
Proactively offered payment assistance (payment plan / deferral)	5%	6%	3% (5%) ↓	4%	4%	3%
Waived fees or late charges	3%	5%	3%	3%	4%	2%
Proactively offered support to access government assistance to pay rent or mortgage	1%	3% (6%) ↓	2% (4%) ↓	2%	na	na
Reduced cost of service / rent or cost of mortgage payments / provided a discount	6%	5% (9%) ↓	5%	5%	2%	6%
Total negative actions	**8%**	**6%**	**9%** (11%) ↓	**10%**	**7%**	**9%**
Increased cost of service / cost of rent or loan fees / charges	3%	2%	5%	5% (3%) ↑	2%	5%
Made unsolicited pressure-sales/ cold calls to you	2%	2%	2% (4%) ↓	3%	2% (3%) ↓	2%
Issued repayment ultimatum via notice or phone call	3%	2%	1% (2%) ↓	2%	2%	2%
Engaged debt collection to recover missed payment	1%	1%	1%	1%	3%	2%
Stopped providing you the service / took steps to evict you or repossess your house	2%	2%	1%	2%	2%	1% (2%) ↓
None of the above	**74%**	**72%** (65%) ↑	**71%** (61%) ↑	**70%**	**76%** (72%) ↑	**73%**
Can't say / don't know	**7%**	**6%**	**10%** (13%) ↓	**9%**	**8%** (11%) ↓	**7%** (10%) ↓

QTN. Which, if any, of the following actions have any of your (service providers), taken in the last 4 weeks?
Orange arrows: Survey results significantly higher/lower than previous month
Grey scores in bracket show result for previous month

4. In focus in August: consumers with disability

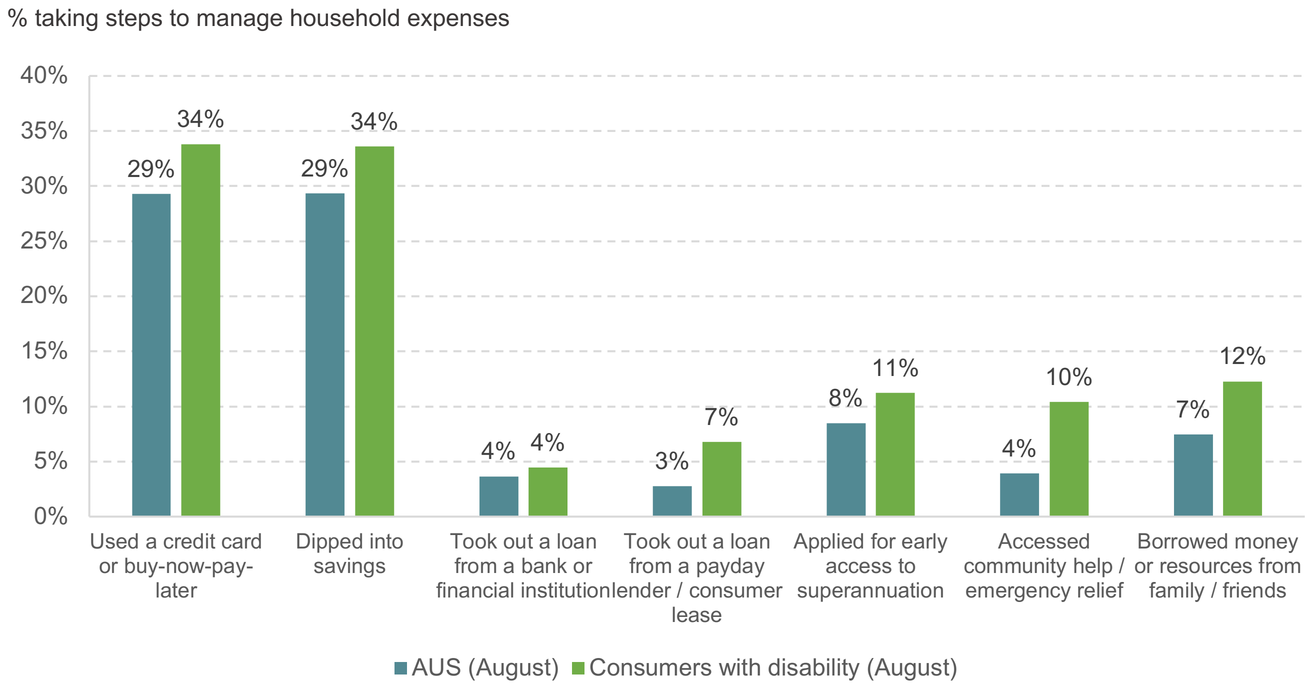
Much like young people (see 'In focus in July' section of our July results briefer) consumers with disability have been affected particularly badly by COVID-19. Importantly, many of these August findings were similar to findings from July, reflecting concerning trends about the wellbeing of this consumer segment.

Consumers with disability increasingly relying on debt and informal supports to get by

In August, more than two thirds (69%) of consumers with disability took steps to manage their household expenses (up from 63% in July), well above the 58% of the broader Australian population. Compared with the broader Australian population (see figure 8), more consumers with disability:

- used credit or buy-now-pay-later services (34% vs 29% nationally)
- taken out a payday loan or consumer lease, at twice the national rate (7% vs 3% nationally)
- applied for early access to super (11% vs 8% nationally)
- are relying on informal resources such as borrowing from family/friends (12% vs 7% nationally) or emergency relief or community help (10% vs 4% nationally).

Figure 8: Consumers with disability more commonly taking steps to manage household expenses in August 2020



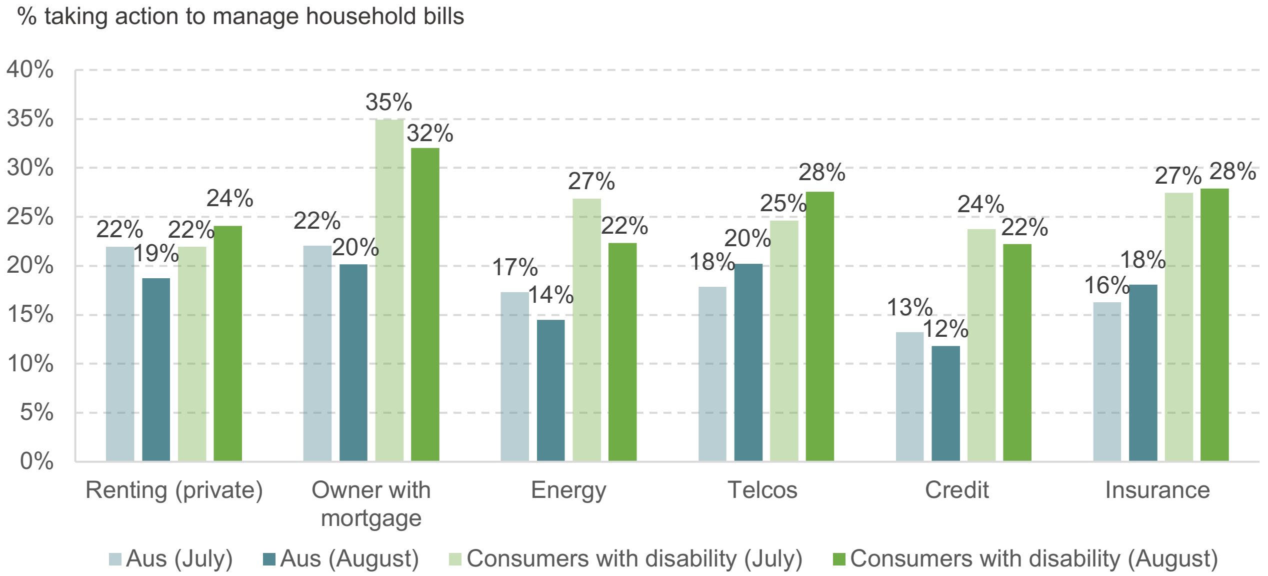
QTN: In the past month, have you taken any of the following actions to manage your household expenses?

Many of these actions suggest some consumers with disability are experiencing financial stress and are having to use finite resources and supports that are unsustainable long term.

Consumers with disability are much more likely to take action with providers to manage bill payments

Compared with the broader population, consumers with disability more commonly took action with their service providers (e.g. refinancing their loan or mortgage, switching plan or provider, seeking payment assistance) across all sectors from July to August, well above national rates (Figure 9). Almost a third (32%) of consumers with disability took action to manage their mortgage (vs 20% nationally), and over a quarter took actions in relation to their telco bills (28% vs 20% nationally), their insurance costs (28% vs18% nationally) and rental payments (24% vs 19% nationally).

Figure 9: Consumers with disability more commonly taking action to manage household bills in August 2020



QTN:Thinking of your (household bills), have you attempted any of the following in the last 4 weeks?

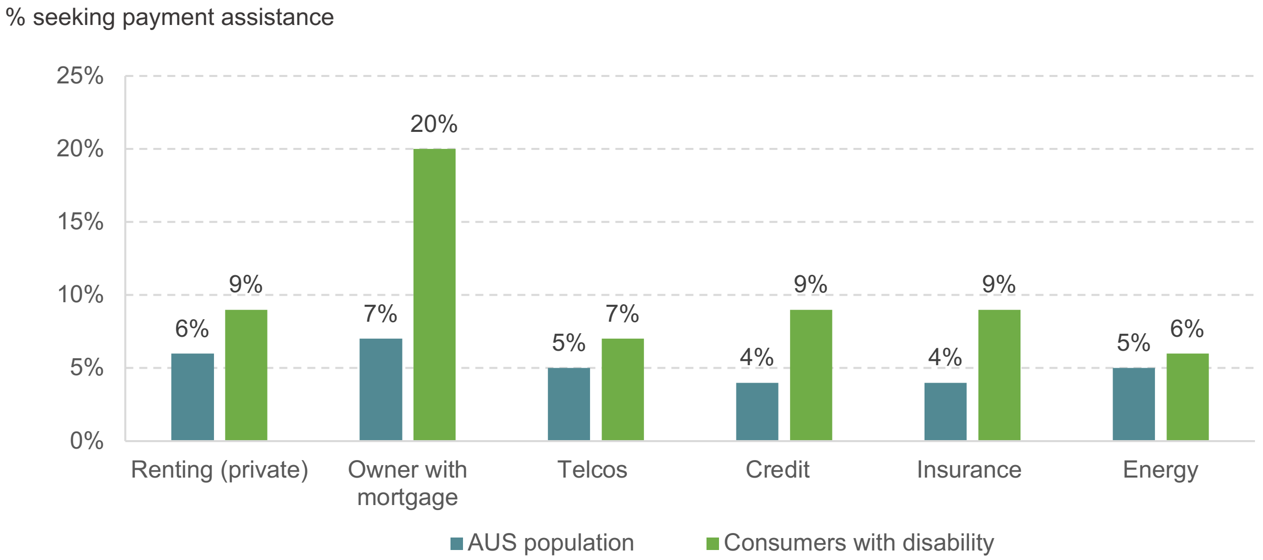
Among the actions taken, consumers with disability were particularly active in switching plans or service providers in August:

- 11% refinanced their mortgage with their current bank (vs 8% nationally) and 10% refinanced with another different bank (vs 4% nationally)
- 10% switched a mobile/internet plan (vs 8% nationally) and 11% switched telco provider (vs 6% nationally)
- 9% cancelled a credit card/personal loan/BNPL service (vs 5% nationally)
- 7% switched insurance plan (vs 5% nationally) and 13% switched insurance provider (vs 7% nationally)

Consumers with disability sought more payment assistance

One in five (20%) consumers with disability sought assistance with their mortgage (vs 7% nationally), while almost one in ten consumers with disability sought payment assistance across most other sectors, often well above national rates, reflecting widespread financial difficulties among this group (see Figure 10). Twice as many consumers with disability sought payment assistance compared with the broader population to manage their insurance payments (9% vs 4% nationally) or to manage credit payments (9% vs 4% nationally), while 9% sought assistance to pay rent (vs 6% nationally) and 7% sought payment assistance from their telco provider (vs 5% nationally).

Figure 10: Higher proportion of consumers with disability seeking payment assistance in August 2020

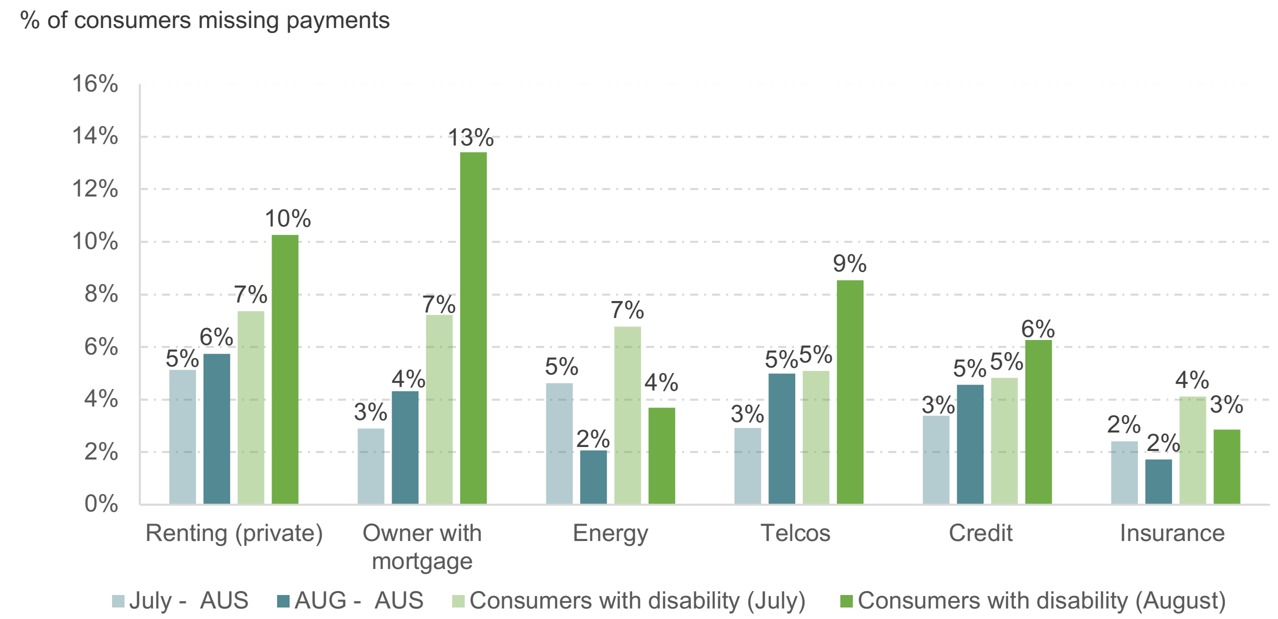


QTN:Thinking of your (household bills), have you [asked for payment assistance from your service provider/landlord] in the last 4 weeks?

Consumers with disability miss bill payments at higher rates

In August there was an increase in the proportion of consumers with disability missing payments in some sectors, up from an already elevated base in July (see Figure 11). One in ten (10%) missed a rental payment (up from 7% in July) while 13% missed a mortgage payment (also up from 7% in July), compared to lower rates among the broader population (6% missed a rental payment and 4% missed a mortgage payment in August). Almost one in ten (9%) consumers with disability missed a telco payment in August (vs 5% nationally).

Figure 11: Growing proportion of consumers with disability missing bill payments in August 2020



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

Barriers and difficulties contacting telco providers disproportionately affect consumers with disability

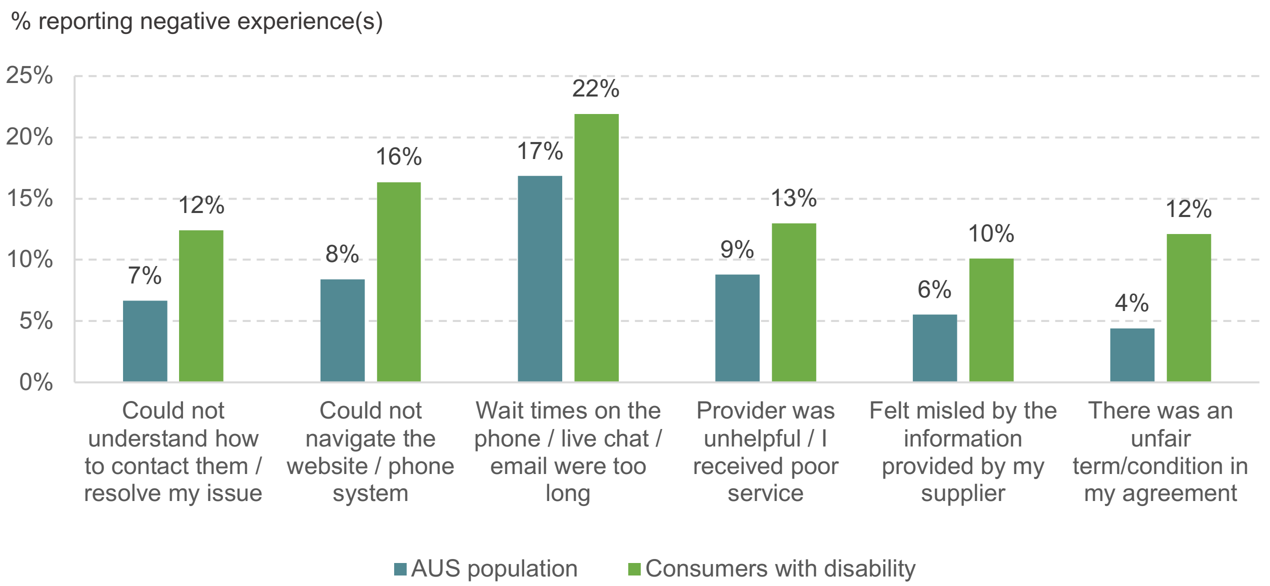
In August almost a third of the broader population reported a negative experience with their telco provider (29%). But when broken down by subgroup, our data shows consumers with disability were disproportionately affected, with a little under half (43%) reporting a negative experience in August:

- 22% reported wait times on the phone or email were too long (vs 17% nationally)
- 16% reported difficulties navigating the website or phone system (vs 8% nationally)
- 13% reported their provider was unhelpful or provided poor service (vs 9% nationally)
- 12% reported difficulties understanding how to contact their telco provider (vs 7% nationally)
- 12% reported unfair terms or conditions (vs 4% nationally)
- 10% reported misleading information by their telco provider (vs 6% nationally).
- 12% reported unfair terms or conditions (4% nationally).

"Chronic illness management impossible since March. Higher costs involved in delivery compared to shopping in-store. Limited financial assistance to people with disabilities"

Victorian, 18-24, female, Applied for/ receiving other government income support (including pensions), renting, identifies as disabled

Figure 12: Consumers with disability had more negative experiences with telco providers in August 2020



QTN: Thinking about any interactions with your internet or telecommunications service providers in the last 4 weeks, which, if any of the following have you experienced?

5. Consumer policy implications

In each edition of the Monthly Policy Briefing we highlight some key consumer policy implications, drawn from the survey results, to help inform consumer support and recovery measures during COVID-19. CPRC's *Consumers and COVID-19: from crisis to recovery report* (Chapter 5) sets out 'building blocks' policymakers and industry can adopt to support consumers during the uncertain journey from crisis through to recovery, including:

Help consumers cope with the shocks

Sustain, adapt and adjust consumer support measures

Build resilience through fairness and inclusion in recovery

Telco services are more essential than ever – and customer supports should match this

For the fourth month in a row since May this year, consumers reported the highest rate of negative experiences with their telco provider out of all essential service providers during COVID-19. Almost one in three Australians reported some form of negative experience with their telco provider in August, equivalent to some 5.7 million Australians. While reported negative experiences remained steady or fell in other services in August, growing issues contacting telco providers to resolve issues, access support, or understand key information come at a time when telecommunications have definitively been established as an essential service that is vital to the economy and our daily lives. The consequences of inadequate or unaffordable telco services are severe, hindering people's ability to communicate with social and support networks, access government and social services, work or learn from home, engage with markets and access consumer products, and use assistive and mobility technology.

Poor service provision and system design also has a bearing on the ability of individuals facing financial difficulties to seek assistance. Our COVID-19 survey found that three-quarters of people (76%) who sought payment assistance from their telco provider in August reported a negative experience or difficulties contacting their provider. Ensuring that consumers can access payment support is increasingly important as government income supports such as JobKeeper, JobSeeker and Youth Allowance are tapered or wound back, along with the ending of industry support measures such as mortgage deferrals.

In the telecommunications sector, the Consumer Safeguards Review provides an opportunity for policymakers to ensure regulators are able to develop and enforce minimum standards of customer hardship and payment difficulty assistance, and to ensure telecommunications providers lift their game in providing Australians with a fair essential service.[6] More broadly, policymakers and regulators – as market stewards - should turn their focus to measuring consumers' experiences as a key outcomes of competitive markets.[7]

[6] CPRC, *Submission - Consumer Safeguards Review Part C: Choice and Fairness*, 24 September 2020 https://cprc.org.au/publications/submission-to-the-consumer-safeguards-review-part-c-choice-and-fairness/

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

Consumers also reported elevated rates of switching behaviour between telco plans and providers. But in the absence of comparable information about the quality of customer service consumers cannot differentiate higher/lower quality and choose accordingly. Market stewards should adopt “sunlight remedies” such as consumer facing measures of service quality to enable consumers’ to make informed choices.[8] CPRC’s own collaborative research has identified consumers value the service quality of essential services, and will make different choices about providers when information about service quality are made available.[9] As identified in other markets, this sunlight remedy can facilitate competitive tension to improve quality across whole sectors.[10]

Inadequate support amplifying vulnerability and financial hardship

Consumers with disability make up almost one in five Australians (18%) yet have received limited financial support in the current economic recession. COVID-19 has exacerbated the financial vulnerabilities already experienced by many people with disability, with approximately half (50%) of people with disability living in poverty pre-COVID-19. Over 40% of those receiving JobSeeker support payments are also people with disability and/or chronic illness, while those relying on the Disability Support Pension are excluded from the Coronavirus Supplement. Many of those reliant on NDIS supports may have received fewer supports, due to social distancing measures.[11] The National Inquiry into employment discrimination found employment discrimination against people with disability is ongoing and systemic – which may see those without work more likely to fall into long term unemployment.[12] For people with disability, the increased costs of groceries and food, healthcare, internet and phone costs are ‘tipping people over the edge’.[13]

The consequences of this creeping financial hardship are borne out in our survey findings – compared with the broader population, a higher proportion of consumers with disability are seeking emergency relief, borrowing from friends or family, accessing super early and borrowing from payday lenders rather than taking out personal loans. Across most sectors consumers with disability also sought payment assistance or missed payments more often than the broader population.

As the Australian and Victorian Governments look to announce new support measures in their forthcoming budgets, we recommend they give greater consideration to the heightened vulnerabilities some consumer cohorts are facing and ensure adequate supports are available for those at risk of material hardship.

“*I am an NDIS participant and have services in place to help make my life somewhat liveable. Due to COVID-19 none of my services are able to work, therefore making my living circumstances much worse than they were before COVID-19*”

Female, 50-64, Victorian, Applied for/ receiving other government income support (including pensions), renting, identifies as disabled

[8] Ben Martin Hobbs, “*But are they and good?”: The value of service quality in complex markets,* (Consumer Policy Research Centre, 2018).
[9] Ben Martin Hobbs, *Picking Peaches: Service quality in the Victorian energy market,* (Consumer Policy Research Centre, 2020).
[10] Martin Hobbs, “*But are they and good?”.*
[11] People with Disability Australia, *People with Disability and COVID-19,* 2020. https://pwd.org.au/wp-content/uploads/2020/06/PWD_and_COVID_report-final.pdf
[12] Australian Human Rights Commission, *Willing to Work: National Inquiry into Employment Discrimination against Older Australians and Australians with Disability - Factsheet: Australians with Disability,* 2016.
[13] People with Disability Australia, *People with Disability and COVID-19.*

Businesses and policymakers need to put inclusive design into action

Changes arising from COVID-19 have improved the accessibility of some services – for example, the increased prevalence of telehealth has improved accessibility for some consumers with disability, though not all consumers with disability have found the technology viable (e.g. those with hearing impairments) or accessible.[14] Where service mechanisms and systems are not designed with the broader lived experience of all consumers in mind, some groups will find it more difficult to assert and access their consumer rights. Our survey findings demonstrate the disproportionate impact of poor telco service and systems on consumers with disability, affecting just under half (43%) of this group.

Given the essentiality of telecommunications, market stewards must ensure consumer protection frameworks are designed inclusively so they can be accessed by all Australians, particularly those who are especially dependent on telecommunications for health, safety and wellbeing. Inclusive design involves adjusting norms and crafting products and services to meet the needs of 'edge users' rather than asking those at a disadvantage to find another way to access a service. Far from simply adding cost, evidence suggests inclusive design makes interactions easier for all consumers.

Research from the Centre for Inclusive Design found inclusive design can enable businesses to reach up to four times the number of intended customers – and in doing so provides a significant opportunity to increase profitability by extending a services' reach to a larger customer base.[15] Adopting inclusive design as a central regulatory principle can also ensure markets and marketplaces are accessible for all consumers, and is an approach already being adopted by UK regulatory bodies and in the Australian Banking Associations' new Banking Code of Practice.[16]

[14] Ibid.
[15] PwC Australia, *The Benefit of Designing for Everyone*, (Centre for Inclusive Design, May 2019).
[16] See Emma O'Neill, *Exploring Regulatory Approaches to Consumer Vulnerability: A Report for the Australian Energy Regulator,* (Consumer Policy Research Centre, February 2020).

Appendix

Table A: 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.