

AER Review of payment protections in the NECF

Joint Submission

5 July 2024

Justice and Equity Centre
ABN 77 002 773 524
www.jec.org.au

Gadigal Country
Level 5, 175 iverpool St
Sydney NSW 2000
Phone + 61 2 8898 6500
Email contact@jec.org.au



About the Justice and Equity Centre

The Justice and Equity Centre is a leading, independent law and policy centre. Established in 1982 as the Public Interest Advocacy Centre (PIAC), we work with people and communities who are marginalised and facing disadvantage.

The Centre tackles injustice and inequality through:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change to deliver social justice.

Energy and Water Justice

Our Energy and Water Justice work improves regulation and policy so all people can access the sustainable, dependable and affordable energy and water they need. We ensure consumer protections improve equity and limit disadvantage and support communities to play a meaningful role in decision-making. We help to accelerate a transition away from fossil fuels that also improves outcomes for people. We work collaboratively with community and consumer groups across the country, and our work receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

Contact

Douglas McCloskey & Thea Bray
The Justice and Equity Centre
Level 5, 175 Liverpool St
Sydney NSW 2000

T: +61 2 8898 6500
E: tbray@jec.org.au

Website: www.jec.org.au

The Justice and Equity Centre office is located on the land of the Gadigal of the Eora Nation

Contents

Contributing and supporting organisations	3
Summary of recommendations	6
1. Introduction.....	8
Building on long-term work	8
An improved payment difficult framework is needed	9
Measures to prevent payment difficulty are required.....	9
Addressing the needs of those in perpetual payment difficulty.....	10
Recognising and minimising hidden payment difficulty	10
Protections must apply equally for all consumers.....	10
Ongoing reform founded on robust principles.....	11
2. Proposed approach of the review	12
Definition of the problem.....	12
Scope.....	12
Objective focus for the review.....	13
Approach of the Review.....	14
The case for change: Criteria for assessing potential changes	15
Intended outcome	16
Indicators measuring intended outcome	16
3. Strengths and weaknesses of the existing NECF payment difficulty framework	18
Wider context for supports.....	18
Strengths of the existing framework.....	18
Weaknesses of the existing framework	19
Framework is not future focused	19
Current indicators of payment difficulty are not effective	19
Costs are currently shifted elsewhere.....	20
An insufficient platform to assist those with ongoing need	21
Issues with ensuring consistent eligibility for protections.....	21
Identifying and engaging with consumers experiencing payment difficulty	22
Ineffective assistance for consumers experiencing payment difficulty	24
Disconnection is used as an engagement tool not a last resort	25
4. Strengths and weaknesses of the Victorian payment difficulty framework	26

Strengths of the Victorian Framework.....	27
Weaknesses of the Victorian Framework	28
Framework insufficiently focused on consumer outcomes	28
Failure to adequately assist people in long term or permanent payment difficulty	28
Insufficient direction or incentive to provide more than minimum assistance	28
Inconsistent application of the Framework	29
Households still get disconnected	30
No mechanism to identify and assist people with ‘hidden’ payment difficulty.....	30
The consumer still bears most responsibility for engaging assistance	31
5. Models elsewhere	32
Catalonia, Spain.....	32
6. Protections for a more inclusive energy system.....	32
Vision 32	
Objectives 33	
Principles 33	
Minimising payment difficulty and responding to hidden payment difficulty.....	34
Assistance is universally offered by obligation	35
7. Response to consultation questions	38

Contributing and supporting organisations

This submission was collated and drafted by the Justice and Equity Centre (formerly PIAC) with contributions and support from the following organisations, who support its conclusions and recommendations.



South Australian Council of Social Service (SACOSS)

The South Australian Council of Social Service (SACOSS) is the peak non-government representative body for non-government health and community services in South Australia, and has a vision of *Justice, Opportunity and Shared Wealth for all South Australians*. SACOSS' purpose is to influence public policy in a way that promotes fair and just access to the goods and services required to live a decent life. We undertake policy and advocacy work in areas that specifically affect disadvantaged and low-income households in South Australia.

Queensland Council of Social Service (QCOSS)

QCOSS is Queensland's peak body for community services. We bring our members, the community sector, other peak bodies, government, business and the community together in our work to improve the lives of all Queenslanders. Our work is evidence based, focused on the whole of Queensland and reflects the views and perspectives of our members, who share our vision and are deeply involved in our work. We are committed to self-determination for First Nations Peoples.

Council on the Ageing Australia (COTA)

COTA Australia is the peak body representing the almost nine million Australians over 50. For over 70 years our systemic advocacy has been improving the diverse lives of older people in policy areas such as health, retirement incomes, and more. Our broad agenda is focussed on tackling ageism, respecting diversity, and the empowerment of older people to live life to the full.

COTA Energy Advocates is a panel of consumers, consisting of representatives from each State and Territory jurisdiction in the National Energy Market. COTA Energy Advocates are supported by COTA Australia.

Council on the Ageing ACT

Council on the Ageing NSW

Council on the Ageing (COTA) NSW is the leading not-for-profit organisation representing the rights and interests of people over the age of 50 in NSW. We advocate to ensure that the voices of older people in NSW are heard and respected to create a just and inclusive society.

Sydney Community Forum

Sydney Community Forum is a regional community development organisation that has worked towards social justice, inclusion, and sustainability outcomes for disadvantaged and marginalised communities in Sydney since 1974. Since 2017, in collaboration with the Sydney Alliance, we have worked closely with migrant community leaders through the Voices for Power project to highlight the climate justice and energy equity related issues, concerns and priorities of migrant communities in Western and South-Western-Sydney.

Ethnic Communities Council of NSW

The Ethnic Communities' Council of NSW (ECCNSW) is the peak body for all culturally and linguistically diverse communities in NSW. It undertakes a range of activities on behalf of its members and has maintained an energy advocacy officer who operates across the National Energy Market (NEM) for nearly two decades.

Northern Territory Council of Social Service (NTCOSS)

The Northern Territory Council of Social Service (NTCOSS) is a peak body for the Social and Community Sector in the Northern Territory (NT) and an advocate for social justice on behalf of people and communities in the NT, who may be affected by poverty and disadvantage. NTCOSS advocates for policies and programs to eliminate energy poverty in the NT

Uniting Vic.Tas

Summary of recommendations

Recommendation 1

That the Victorian Payment Difficulty Framework (VPDF) be used as the basis for the development of a payment difficulty framework in the NECF, with experience of VPDF implementation and AER work on consumer vulnerability informing development of a protections framework improving on the VPDF.

Recommendation 2

That the AER develop a broader definition of energy payment difficulty capable of underpinning a comprehensive understanding of energy payment difficulty and consideration of a more effective protections framework. This should help ensure assistance with energy payment difficulty does not unreasonably add to risks to health and wellbeing elsewhere.

Recommendation 3

That the scope of the review be broadened to consider delivering better outcomes for all consumers through more effective payment difficulty assistance and protections.

Recommendation 4

That the approach to the review be amended to include consideration of measures to more effectively avoid the experience of payment difficulty and identify and respond to 'hidden payment difficulty'.

Recommendation 5

That the approach to the review identify related measures outside the scope of payment difficulty assistance which contribute to the objective of improved consumer outcomes, and include recommendations to progress them.

Recommendation 6

That the approach to the review adjust the relative consideration of consumer impacts and 'market impacts' and ensure an appropriately robust and transparent weighting is adopted which prioritises improved outcomes for consumers over consideration potential impacts on retailers.

Recommendation 7

That the indicators of intended outcomes be augmented to recognise a broader scope for the review and a more effective focus on improved consumer outcomes, including minimising the experience of payment difficulty.

Recommendation 8

That the protections framework resulting from this review adopt a set of explicit objectives outlining the focus of protections and their role in delivering intended outcomes for consumers.

Recommendation 9

That the payment difficulty and protections frame include measures to more effectively identify and respond to hidden payment difficulty, and make recommendations for other relevant measures required to support the protections framework in minimising the incidence of payment difficulty.

Recommendation 10

That the payment difficulty protection framework be based on universal entitlement to assistance with a retail obligation to offer (or initiate) assistance in response to objective triggers.

Recommendation 11

That the protections framework (and retail regulation more broadly) be centred on an explicit retailer duty of care and responsibility to act in the best interests of the consumer in the delivery of good consumer outcomes in access to energy as an essential service.

Recommendation 12

That processes regulating the threat of disconnection recognise, reflect and mitigate the harm impact to the consumer and involve measures to limit retailer discretion in issuing threats of disconnection.

Recommendation 13

That no-one is disconnected because they cannot afford to pay for the energy they need. Processes regulating any permitted disconnection should take a precautionary principle to protect consumers and ensure retailers have demonstrated all possible steps to avoid disconnection have been taken in advance of authorising disconnection.

Recommendation – 14

That the framework is designed to be transparently monitored, with intended consumer outcomes enforced. Monitoring and enforcement should be structured to place the onus on retailers to provide they have fulfilled their duty of care and undertaken all possible actions to deliver intended good consumer outcomes.

1. Introduction

This is a joint submission on behalf of:

- The Justice and Equity Centre (Formerly PIAC),
- South Australian Council of Social Service (SACOSS),
- Ethnic Communities Council NSW (ECC NSW),
- Council on the Ageing NSW (COTA NSW),
- Council on the Ageing Australia (COTA),
- Council on the Ageing ACT (COTA ACT)
- Queensland Council of Social Service (QCOSS),
- the Australian Council of Social Service (ACOSS)
- Sydney Community Forum (SCF)
- Uniting Victoria-Tasmania
- Northern Territory Council of Social Service (NTCOSS)

We welcome the opportunity to collectively respond to the Australian Energy Regulator's (AER) Review of payment difficulty protections in the National Energy Customer Framework (NECF) (the Review) Issues paper (the Issues paper).

In addition to our own submission, we support the work and recommendations of the Consumer Action Law Centre (CALC) in their submission to this process¹. We have incorporated many of their observations into our work and consider their recommendations aligned with those contained in this submission.

Building on long-term work

This submission builds on years of work by members of the National Energy Consumers Roundtable, including responses to the AER's previous reviews of Hardship Protections² and collaborative work with retailers to develop Best Practice responses to payment difficulty.³ The objectives, principles and approaches developed through that work remain relevant to this process, with its priority to minimise energy related payment difficulty, and ensure better outcomes for those who do experience difficulty paying for the energy they need.

In developing this submission, we have undertaken a series of meetings with stakeholders, including the Victorian Essential Services Commission (ESC), Energy and Water Ombudsman Victoria (EWOV), Victorian Department of Energy, Environment and Climate Action (DECCA) as well as a range of energy consumer advocates in Victoria and the National Energy Consumer Framework (NECF) jurisdictions. We have drawn on the observations and recommendations of Victorian consumer stakeholders including the Consumer Action Law Centre (CALC). Our engagement has sought to build on our understanding of the operation of the NECF and the

¹ <https://consumeraction.org.au/wp-content/uploads/2024/06/20240628-CALC-AER-NECF-Payment-Difficulty-Review-Submission.pdf>

² <https://jec.org.au/wp-content/uploads/2019/03/19.03.01-PIAC-response-to-AER-draft-hardship-guidelines-final.pdf>

³ <https://www.energycouncil.com.au/best-practice-resources/>

Victorian PDF, the outcomes they deliver for energy consumers, and where the needs of energy consumers are not being met as intended.

An improved payment difficult framework is needed

The central conclusion of our work is that the National Energy Customer Framework (NECF) is failing to prevent energy related payment difficulty and provides inadequate protections and assistance to consumers to help them overcome it when it occurs. We further conclude that the Victorian Payment Difficulty Framework (PDF) offers a superior platform to address these issues, with the adoption of a range of augmentations we explore in detail in this submission (and which CALC and others have recommended in their responses to this process).

The Justice and Equity Centre's (JEC) research, *Powerless: Debt and disconnection* (which is provided as Appendix A and is referred to in this submission as '*Powerless*') provides clear evidence that most households experiencing payment difficulty are not receiving effective assistance that helps them overcome it and prevents them from re-experiencing issues in the future. 83% of household respondents (who have experienced a disconnection, been notified of a disconnection, or are seriously worried about a disconnection in the preceding 2 years) indicated that they are still grappling with payment problems.

Measures to prevent payment difficulty are required

The Issues Paper and the own AERs' retail reporting demonstrates ongoing issues with the accumulation of energy related debt, and the difficulty (even with support) in overcoming debt once it has been accrued. The experience of payment difficulty, particularly when it is associated with ongoing debt, is stressful and often adds extra expense (through fees and costs associated with credit products used to manage bills). We contend this should be taken as an indication effective response to payment difficulty must include measures to mitigate payment difficulty and debt before it occurs. While much of this work may sit outside the direct scope of this review, we highlight the need for this process to consider and progress these measures as part of comprehensive response to payment difficulty, including:

- Reform to the Default Market Offer and price regulation to ensure availability of a genuine, efficient and fair default consumers can access whenever they wish, including in circumstances where they have not chosen another deal, or where the deal they have chosen has changed or is not available.
- Reform to retail market regulation to ensure more meaningful retail choice and assert robust explicit informed consent so that consumers can access the retail deals that best suit their needs and be assured the terms of that deal will persist, as expected, for the term of that contract.
- Measures to make smaller and more frequent bills the default arrangement for all consumers.
- Continue to progress other measures to materially reduce bills for those experiencing long-term payment difficulty, including social tariffs, improved equity in the recovery of environmental scheme costs, and recovering the costs of transmission and renewable

energy zones on government budgets, as examples.

- Supporting advocacy to Increase the quantum of support offered to those on key Government and income supports, including JobSeeker.

Addressing the needs of those in perpetual payment difficulty

Both current protections frameworks are founded on an assumption that payment difficulty is transitory, and focus on assisting people who are experiencing a short-term issue impacting on their ability to pay. However, many households experience circumstances which make their inability to afford the energy they need ongoing. For them it is often likely to be permanent absent any additional measures (such as substantially increased income, substantially reduced energy costs or improved housing quality and household circumstances). We understand there are limits to the scope of this review and what can be achieved by payment support protections. However, this review has a role to play in ensuring assistance frameworks are:

- robust,
- do not involve unreasonable burden for those being supported,
- can be relied on to do all that is possible for those experiencing energy payment difficulty, and
- provide a reliable and consistent basis for consideration of other Government and industry supports which may be required (such as those assessed through the Gamechanger process).

Recognising and minimising hidden payment difficulty

A substantial dimension of payment difficulty experienced by people goes unrecognised by retailers and is not captured by existing energy-related monitoring. Increasingly people may access credit and payment advance products to pay bills they cannot otherwise afford. They may reduce usage, go without other essentials such as food and healthcare, and borrow from friends and family. These behaviours demonstrate energy payment difficulty shifted elsewhere from energy (because energy is seen as a priority household bill). The payment difficulty exists, and often continues to worsen, until the point at which even energy bills cannot be sustained.

This is an important consideration, as the longer hidden payment difficulty persists, the more difficult the resulting energy debt is to overcome. Any approach to payment difficulty must attempt to recognise this reality and seek to consider ways to 'internalise' payment difficulty within the energy protections framework, and ways to use signs of hidden payment difficulty as triggers for energy payment assistance.

We are not recommending the burden of all payment difficulty be assumed by energy assistance frameworks. But energy frameworks must reliably assist with the energy-related aspects of payment difficulty to the greatest degree possible, and minimise the burden of energy payment difficulty which is 'externalised'.

Protections must apply equally for all consumers

All people experiencing, or at risk of experiencing, energy payment difficulty should be equally entitled to protection and assistance. This must include all people living in embedded networks and those currently served through pre-payment arrangements. The National Energy Objective

does not discriminate between consumers. It refers to the long-term interest of consumers. We regard this as implying universality, as it is not in the interest of consumers for protections and assistance to be provided differentially, based on living arrangements of the consumer or the business structure or discretion of the energy provider.

The goal of payment difficulty protections for all consumers, must be to help people maintain/achieve control of their energy bills and a sustainable connection to energy they need to support their health and wellbeing. It cannot simply be to 'reduce' debt and disconnection.

Ongoing reform founded on robust principles

There are limits to what can be achieved through improvements to energy protections frameworks, particularly given the rapid change in the energy system, the development of new services and the evolution of new practices and problems. But success requires this process to adopt a strong objective to build the most robust energy protections framework, founded on durable principles of:

- Entitlement for all consumers to be protected and assisted,
- energy being an essential support for household health and wellbeing,
- that harm to consumers from disconnection (and threats of disconnection) should not be risked without demonstration that all other options have been exhausted,
- that, retailers have a duty to act in the best interests of good outcomes for consumers, and be required to demonstrate that they have done so,
- that consumer requests for assistance or statements regarding their circumstances must be regarded and responded to in good faith,
- That there is a focus on actual consumer outcomes in monitoring, compliance and enforcement.

This process should act as a robust platform for future action and should be regarded as a tangible step towards the implementation of the Protections framework for future energy services.

The structure of this submission

In this submission we:

- Comment on the AER's approach to the Review.
- Provide our insights into how the protections in the NECF are failing consumers.
- Provide our insights into what is and isn't working well in Victoria's Payment Difficulty Framework (PDF).
- Provide an international example of a precautionary principle approach to payment difficulty.
- Provide input on key aspects of an improved payment difficulty framework and how it could be incorporated into the NECF.
- Respond to the consultation questions.

2. Proposed approach of the review

Definition of the problem

The Issues Paper outlines a review scope focused on reducing debt and disconnection and assisting people to recover from ‘transitory’ payment difficulty. These are valid and worthwhile aims, but we consider this scope to be too narrow to meet the intent. We recommend that a more comprehensive view of the experience of (and response to) payment difficulty be adopted.

This wider view should commence from a robust definition of payment difficulty capable of serving as a durable and objective basis for considering the evolution of protections and assistance frameworks. We propose developing a broader understanding of payment difficulty such as:

‘Energy payment difficulty refers to any circumstance where a consumer cannot afford to pay for the energy services they need to sustain their health and wellbeing without impact on their ability to afford other essentials’.

A definition such as this can better serve as the basis for considering how such circumstances are to be identified, minimised and overcome with the assistance of retailers, Governments and the community. In adopting a definition, we strongly recommend that it explicitly recognise the interaction between energy payment difficulty and the wider financial sustainability of the household and their access to essentials.

Recommendation 2

That the AER develop a broader definition of energy payment difficulty capable of underpinning a comprehensive understanding of energy payment difficulty and consideration of a more effective protections framework. This should help ensure assistance with energy payment difficulty does not unreasonably add to risks to health and wellbeing elsewhere.

Scope

The Review scope must consider outcomes for all household consumers, regardless of their metering or billing arrangements.

There are many vulnerable people living in embedded networks (such as caravan parks) and they disproportionality experience poor outcomes as review after review has confirmed.⁴ While we understand the current intent is to consider reform options for exemptions in a parallel process, this review must consider outcomes for these people with the intent that the future path for reform should work towards all consumers having equal protections.

While pre-payment arrangements are noted in this review, there is scope for more robust consideration and application of the principle that all consumers are entitled to equal protection. It

⁴ For example, NSW Parliament Committee on Law and Safety, [Embedded Networks in NSW](#) (2022), EWOV, EWON, EWOSA and EWOQ, [Submission to the AER exemption framework for embedded networks – issues Paper](#) (2024), Australian Energy Market Commission, [Updating the regulatory frameworks for embedded Networks: Final Report](#) (2019).

is the JEC's contention that equal protection is fundamentally incompatible with energy prepayment. Pre-payment is currently prevalent in many remote Aboriginal communities and presented as a debt-mitigation measure. This review process should identify or initiate consultation to work with Aboriginal stakeholders and communities to understand the energy needs of those communities. This should form the basis of further consultation to design appropriate energy payment platforms for those communities which better enable equal entitlement to the full range of energy consumer protections.

As we discuss throughout this submission, the current scope of this Review should also be expanded to consider instances of hidden payment difficulty and measures to mitigate and minimise the development of payment difficulty, as a key part of an objective to comprehensively address the problem of energy payment difficulty.

Accordingly, the scope of this review should then be widened to recognise all relevant considerations, with the challenge to:

- Consider how to implement an equal entitlement to protection from, and assistance with payment difficulty for all household consumers regardless of their circumstances (including those served through exempt selling and prepayment arrangements)
- Identify ways to reduce 'hidden payment difficulty' and systems to identify and respond to it.
- Consider other opportunities to reduce the instances of payment difficulty.
- Assist people experiencing 'transitory' payment difficulty to return to financial stability and more sustainably manage bills for the energy they need.
- Provide protections for people in long-term or entrenched payment difficulty, securing their connection, minimising their accumulation of debt and minimising the ongoing burden on them (in time, money and stress)
- Manage debt accrual, exploring options to mitigate and eliminate it, and implementing robust systems to identify debt which is unlikely to ever be repaid (as a basis for informing the development of other measures to deal with this).
- Reform the role of disconnection, implement measures to reduce instances of it and ensure that where any disconnection for non-payment is allowed, processes and protections reflect the level of harm it inflicts on impacted households.

Recommendation 3

That the scope of the review be broadened to consider delivering better outcomes for all consumers through more effective payment difficulty assistance and protections.

Objective focus for the review

We welcome recognition of the need for the review (and the payment difficulty protections which result from it) to be grounded in an explicit set of objectives. Following on from the expanded scope, the Review objectives should include:

- Understanding the incidence, experience and contributors of payment difficulty in all jurisdictions (NECF and those covered by the PDF).
- Identify the structural elements of effective payment difficulty protections and assistance measures.

- Implement payment difficulty protections framework to minimise the experience of payment difficulty, ensure effective support to overcome payment difficulty and ensure support for ongoing connection to energy services for all consumers.
- Identify enabling and complementary reforms to support the objectives of effective energy payment difficulty protection.

Approach of the Review

We broadly support the approach to the Review identified in the Issues Paper and welcome the AERs intent to identify the flaws in the existing framework and consider a range of alternative approaches. We further congratulate the AER for the flexible approach they have taken to the consultation process and the willingness to adopt a range of consultation methods in order to ensure a comprehensive survey of perspectives and experiences from stakeholders and consumers.

While the proposed approach is robust, we have some concerns with aspects which could curtail the scope of the review and, potentially, skew its findings. These include:

- Insufficient scope to consider opportunities to avoid and minimise the experience of energy payment difficulty.
- Insufficient recognition of the incidence of ‘hidden payment difficulty’ and the role identifying hidden energy payment difficulty could have in improving the effectiveness of responses to the experience of energy payment difficulty within the framework.
- The absence of explicit consideration of the role of the payment difficulty framework as a platform for potential measures to deal more effectively with those experiencing entrenched, long-term inability to afford the energy they need.
- An apparent equivalence in the consideration of consumer impacts and ‘market impacts’ of proposed changes. These should not be regarded as equivalently important in the review. A robust explanation of how consumer harm impacts and market impacts will be relatively weighted in considering potential reform measures is required.

Recommendation 4

That the approach to the review be amended to include consideration of measures to more effectively avoid the experience of payment difficulty and identify and respond to ‘hidden payment difficulty’.

Recommendation 5

That the approach to the review identify related ‘enabling’ measures outside the scope of a payment difficulty assistance framework which contribute to the objective of improved consumer outcomes, and include recommendations to progress them.

Recommendation 6

That the approach to the review adjust the relative consideration of consumer impacts and 'market impacts' and ensure an appropriately robust and transparent weighting is adopted which prioritises improved outcomes for consumers over consideration potential impacts on retailers.

The case for change: Criteria for assessing potential changes

We support the AERs presentation of the case for change and strongly support a focus on consumer outcomes and experience being the central consideration in assessing the need for change and the scope of change required. We highlight the recent report⁵ released by the Consumer Action Law Centre (CALC) as well as our own research on disconnection and debt (attached as Appendix A) as further evidence demonstrating the experience of consumers with payment difficulty, and the serious harm impacts of that experience.

Assessing potential changes should, likewise, be firmly centred on the impact on consumers experience of payment difficulty and its related harms. This should include (but not be limited to):

- Impact on ability to prevent the experience of energy payment difficulty and minimise its incidence.
- Impact on consumer utilisation of payment difficulty supports when they are experiencing or anticipating experiencing difficulty paying their bills.
- Impact on the experience of payment difficulty, particularly:
 - addressing debt early,
 - minimising debt accumulation,
 - shortening periods of debt,
 - minimising the burden on consumers of time, stress and administration in accessing assistance,
 - preventing disconnection and threats of disconnection,
 - ensuring those experiencing long-term payment difficulty are supported without shame and added burden and stress.
- Impact on the retailer reliance on disconnection threats.
- Impact on instances and duration of disconnection.
- Considering the 'cost' impact (in consumer harm and wider costs) of not making a potential reform.

While impact on retailers should be considered, we are concerned at the apparent equivalence of 'market impacts' with impacts on consumers. We strongly recommend the AER clarify how 'market' impacts will be weighted and considered relative to the consumer outcome improvements associated with these 'costs'.

⁵ [Energy Assistance Report, 4th Edition](#)

We recommend adopting transparent principles and approach for how this will be done as part of the next stage of this review. In doing this the potential for consumer harm (as documented in the JEC's *Powerless* research) should be given priority, and any cost impact on retailers should be assessed against this harm. The potential for harm to consumers should also be considered differently to the potential for costs to retailers in recognition of the different scope for response. Consumers are likely to experience the harm impacts with limited or no alternative avenues to manage those impacts. Whereas retailers have a range of tools available to them to manage costs and potential risk impacts associated with regulatory changes. In other words, managing risk and cost is fundamental to retailer's role as businesses providing an essential service.

Intended outcome

The intended outcome should be expanded to reflect the scope and wider objectives outlined above. It should be framed as a simple statement of the role payment difficulty protections must play in supporting access to an essential service. For example:

People can use the energy they need to support their health and wellbeing and be supported to afford it when they cannot, with specific outcomes including:

- *Hidden payment difficulty is reduced.*
- *Consumer experience of energy payment difficulty is minimised.*
- *Instance of payment difficulty are identified early.*
- *Assistance with payment difficulty is determined by the needs of the consumer, and provided at the time it will have the best impact for the consumer.*
- *Retailers can (and must) demonstrate how they are acting in the best interests of their customers.*
- *Consumer experience of payment difficulty lasts no longer than necessary.*
- *Repeat and long-term payment difficulty is minimised.*
- *People experiencing long term payment difficulty continue to get the support they need to stay connected without accumulating more debt.*

Indicators measuring intended outcome

In addition to the indicators identified in the Issues Paper, indicators of the intended outcomes outlined above should include:

- Decreased (or eliminated) disconnections for non-payment.
While we agree that process indicators should include reducing repeat disconnections or disconnections following being on a payment plan, there should also be an absolute aim to eliminate disconnections due to debt and payment difficulty.
- Decreased disconnection notices issued.
The JEC's *Powerless* research shows the notification process itself is harmful. Even where the disconnection is avoided this often involves measures the household takes which don't involve retail assistance and often leave the household more likely to

experience future disconnection and debt.⁶

- Increase in number of all consumers (particularly people experiencing payment difficulty) on their retailer's best offer.
- Reduction in the number of late payments
Although some households pay late for other reasons, it does remain a strong indicator of payment difficulty.
- Reduction in age of debt and the incidence of longer-term debt
The longer debt persists the more stress consumers experience, the less likely it is to be resolved and the less likely it is a retailer is fulfilling their obligations to make every effort to address debt.
- Increase in numbers of eligible people continually receiving their concession/rebate.
Retailers have a critical role in improving uptake of concessions and rebates and JEC research shows the substantial impact receipt of rebates has on reducing the incidence of disconnection.
- Reduction in numbers of people using credit products to pay for their energy bills.
Noting that most credit products mirror the role of payment plans and other assistance measures, they should not be required (or allowed) for the payment of energy bills and retailers should be actively undertaking measures to identify and reduce consumer use of these products for energy.
- Reduction in the number of consumers 'under-consuming' or energy rationing
While this is difficult to identify in monitoring, evidence suggests it is a significant (hidden payment difficulty) issue with direct impacts on household health and should be identified as a key outcome measure.
- Increase in the number of 'additional support measures' provided by retailers
Indicators of payment plans, and hardship support provided should be augmented with increases in the numbers (and amount) of payment matching undertaken, debt written-off, appliance and energy efficiency support provided.

Recommendation 7

That the indicators of intended outcomes be augmented to recognise a broader scope for the review and a more effective focus on improved consumer outcomes, including minimising the experience of payment difficulty.

⁶ In the research, 54% of 'notified' households became anxious or distressed, 48% significantly reduced their energy use and 24% took on additional work (see page 70). To avoid the disconnection, 'notified' households were most likely to delay or miss other important payments (34%), cut back on food/groceries/access a foodbank (32%) and/or borrow money from friends/family (32%) (see pages 78-80).

3. Strengths and weaknesses of the existing NECF payment difficulty framework

As noted earlier, we support the critique of the current framework provided in the Issues Paper. We again highlight the work of CALC and our own research in support of the case presented by the AER, and our recommendations for an expanded scope in this Review, and consideration of more robust reform measures.

Wider context for supports

While the primary consideration for this review is the framework for energy payment difficulty support, it is important to consider the wider social and economic context and the widespread affordability issues of which energy payment difficulty is a part.

Energy is fundamentally a cost of housing and prioritised after mortgage and rent costs. For many, these costs collectively exceed their capacity to pay. Increasingly this results in households with even with middle and higher incomes, facing difficult decisions of which essentials to prioritise and which to sacrifice.

As important investments in the distribution and transmission system proceed, further costs are being added to energy bills. Those who can afford it, are protecting themselves from these costs, through solar, batteries, improved energy efficiency and new energy services. For those who rent or have inefficient homes they cannot afford to upgrade, these are costs they cannot mitigate.

The energy retail market continues to be complex, opaque and stacked against consumers simply seeking to access the energy they need and pay a fair price they can afford. Alongside the markets for other essentials, the retail energy market requires ongoing engagement, understanding and oversight from consumers, increasing the burden on many households and leaving them with the significant costs of any inability to navigate the market successfully.

This is the context in which energy payment protections and assistance exists, and the context which must be a significant part of the AERs consideration of the role and success of payment protections, and identification of what reforms are required.

Strengths of the existing framework

For those experiencing 'transitory' payment difficulty, the existing NECF has demonstrated some success in providing support to assist people to restore financial stability. This is particularly true for those with the capacity, information, time and resources to advocate for themselves, and for those fortunate enough to successfully contact the right staff at their retailer who understand their needs and effectively connect them with assistance.

It is important to recognize that good outcomes are possible under the current framework. But it is also important to recognize the majority who miss out on those good outcomes, the inconsistent nature of good outcomes, and their contingency on self-advocacy, luck and a high degree of ongoing effort from impacted consumers. The key issue is that the current framework is not capable of delivering any good outcomes consistently and effectively and is not capable of delivering them for those in most need.

Given the identified case for change in the Issues Paper, we will focus on aspects of the existing framework which are failing consumers as a more useful basis for identifying where reform is required.

Weaknesses of the existing framework

The consumer impacts of the current frameworks' flaws are well documented. As noted in the Issues paper, the current system doesn't lead to financial control/stability for households. The JEC's research, *Powerless*, aligns with this understanding, finding that 83% of respondents who experienced payment difficulty in the last two years are still grappling with ongoing payment difficulty.⁷

We consider there to be a range of structural contributors to these outcomes, which are relevant points in assessing potential reforms to payment difficulty.

Framework is not future focused

At the outset we must note the lack of future focus and fitness for purpose of the current framework. For example:

- It is only fully applied to those consumers served by authorized retailers. It does not fully apply to those in exempt selling and prepayment arrangements, and is not compatible with expansion required to deal with new service structures which are increasingly prevalent as part of the energy system transition.
- It does not acknowledge or seek to address the widening bill differences between those who can safely reduce energy use (through energy efficiency and CER) and those who are unable to do so. It is only able to alleviate the symptoms of this gap, rather than more durably address the causes for more long-term resolution of this inequity.
- It does not have scope to deal with the range of issues which arise from the increasingly severe impacts of climate change. As our climate changes, and we face more extreme temperatures and more frequent natural disasters, we need to reconsider how we see our homes as safe places which protect us from extremes. This includes stronger protections through natural disasters as well as measures to ensure protection and restoration of services through the long tail after disasters.⁸

Current indicators of payment difficulty are not effective

The current focus of payment difficulty indicators does not present an accurate and comprehensive picture of payment difficulty. The narrow focus on energy debt and disconnection can leave retailers and the AER without an accurate picture of the actual consumer experience of energy payment difficulty and the true scope and impact of that experience on consumers. In particular the current framework has no scope to consider:

⁷ Page 84.

⁸ For more information see: EWON, [Spotlight On: Natural Disasters – the long-term customer experience](#), 2023.

- Those going without the energy needed for health and wellbeing, and social and financial inclusion. This is often referred to as under consuming, is anecdotally very widespread, but poorly recognized or quantified by retailers and the AER.
- Those going without other essentials, such as food and healthcare. Energy payment difficulty does not exist in isolation. People are often forced to make impossible decisions between paying energy bills and buying food or essential medicine or treatment. The current framework (and retailers) are concerned only that bills are paid, with no consideration of the impact of making those payments on other essentials.
- Those utilizing pay advance and other credit products, such as Buy Now Pay Later (BNPL) to defer payments and break up large bills into manageable amounts. These products serve a function equivalent to many forms of retail support (such as bill smoothing and flexible payment plans, but without their oversight and protections) but are utilized because consumers are experiencing difficulty paying their bills when they are due and don't know retail support is available or because they can't easily access it. Accordingly, where these products are allowed as payment methods for energy, they are a relevant indicator of payment difficulty.
- People effectively deciding to give up an electricity connection. The JEC's *Powerless* research found this to be an issue for some people as a result of ongoing inability to afford their bills or deal with the requirements of retailers. This is particularly relevant for those served through prepayment arrangements. Who may be disconnected multiple times for extended periods and regarded as 'self-disconnected'.
- The numbers of people served by exempt sales and embedded networks and their experience of energy payment difficulty. Monitoring requirements for exempt sellers are not as robust. Comprehensive indicators of payment difficulty are not consistently available for many consumers in these circumstances. This includes fundamental figures on disconnection, debt, payment and hardship support. Given the number of consumers these circumstances apply to and the fact that many experience greater vulnerability, this is a significant and unacceptable gap.

The full extent of the payment difficulty is not captured in the current system. People in these circumstances outlined above are not recognized by the existing energy payment difficulty framework. They are seen as 'managing' because they avoid energy debt and paying late⁹ but their experience of the impacts of payment difficulty is just as significant, and in the case of those disconnected even more so.

Costs are currently shifted elsewhere

Significant costs and harms associated with payment difficulty are currently shifted elsewhere through the frameworks inability to deal with hidden payment difficulty, or to effectively assist households to overcome payment difficulty without unreasonable burden. These costs and harms manifest as stress and 'health and wellbeing' impacts on households, their family, community

⁹ See pages 47-50 of PIAC's *Powerless* research for more information.

services, and the health system. While there are obviously limits to what issues an energy protection framework can solve, it is crucial that the framework is better able to ‘internalize’ as much of the energy related payment difficulty impact as possible – where it currently shifts much that could (and should) be done through energy assistance by retailers, onto the consumer and community.

An insufficient platform to assist those with ongoing need

It is increasingly true that a significant cohort of people will never be able to afford the ‘market cost’ of their energy needs without unreasonable impact on their health and wellbeing, or without accumulating unsustainable debts. The current framework is not capable of ensuring these people receive the maximum support possible ‘within the system’. This makes reliably identifying additional need (potentially addressed through social tariffs and other measures explored through the Gamechanger initiative) impossible. A more robust and reliable energy protections framework is crucial to ongoing work to develop more sustainable solutions for people with ongoing need.

Issues with ensuring consistent eligibility for protections

The AER is correct in highlighting significant issues with the consistency in retailer assessment of eligibility for protections. We agree and note a number of structural flaws in the NECF protections which undermine any scope to effectively and consistently ensure those who need protections are ‘eligible’ for them.

- **No clear definition of ‘hardship’ or ‘payment difficulty’**

The current framework distinguishes between payment difficulty and payment difficulty due to hardship, without providing an objective definition for either. This leaves retailers unreasonable discretion in their responsibility for determining who needs assistance, on the basis of a definition they are also responsible for framing. This discretion doesn’t provide scope to be flexible in the consumers best interest, but simply drives inconsistency in response, and subjects ‘eligibility’ for assistance to the retail incentive to ‘gatekeep’ as a means of reducing cost.

- **Distinction between payment plans and payment plans in hardship**

Discriminating between payment plans in different circumstances provides yet more discretion to retailers with a strong short-term incentive to offer one over the other. This introduces complications and potential harms which are unnecessary. Payment plans which include consideration of capacity to pay must be the standard which is applied universally. Where there is scope to offer plans without these requirements there is no transparency on how decisions are made and how that discretion is exercised. The JEC’s *Powerless* research found considerable harm being caused where there is no consideration of capacity to pay.¹⁰

- **The word ‘hardship’ is fundamentally problematic**

Hardship is a pejorative and subjective term which many people (including those most likely to be experiencing it) do not identify with. Many people dealing with extreme payment difficulty may simply regard their circumstances as the ‘usual’ and are unlikely to

self-identify as in hardship. The subjective nature of the term means retail staff are likely to have widely varying perceptions of who may or may not be in hardship. Both of these factors mean that the use of the term has a material impact both on those seeking assistance from their retailer, and the likelihood their retailer will recognise and respond to their need appropriately.

- **Retailers ‘gatekeep’ access to hardship support**

Related to the distinction between payment difficulty and hardship is the resulting ‘gatekeeping’ by retailers, restricting access to more substantial supports either intentionally or through poor structures. Retail staff decide who is passed to hardship specialist staff, who is regarded as eligible (even when people may explicitly ask for hardship support) and who can access any of the individual supports provided through hardship programs. This leads to significant inconsistency within and between retailers, and makes that inconsistency opaque to the AER, making meaningful monitoring and enforcement impossible.

The JEC’s *Powerless* research revealed concerning incidents where people are asked to provide personal details and ‘evidence’ in support of hardship eligibility, though this is not consistent across retailers/within retailers.¹¹ Even where people are contacting their retailer in response to disconnection or a disconnection threat, they are often not offered hardship support¹² as a result of the exercise of retailer discretion.

- **People served through exempt sales and prepayment have less protection**

‘Eligibility’ for protection from payment difficulty is not equally applied to those served through exempt sellers or prepayment. Despite some of the most vulnerable people living in embedded networks (such as people living in caravans) and prepayment arrangements (remote Aboriginal communities), people living with these arrangements often have less (or no) access to protection. The business choices of suppliers should not structurally disadvantage consumers access to essential energy and protections when they experience difficulty paying for it.

- **Low English or digital proficiency reduces access to assistance**

All consumers may experience difficulty paying for the energy they need, but the current frameworks disadvantage those with lower English proficiency and less access to reliable digital platforms. Access to assistance will be inconsistent as long as it continues to rely on English-only digital channels.

Identifying and engaging with consumers experiencing payment difficulty

Related to the issue of inconsistently applied eligibility are the flaws in the current frameworks capacity to effectively identify consumers experiencing payment difficulty and engage assistance early enough to have the intended impact.

While the intent of the current framework is to encourage retailers to identify and respond to payment difficulty early, this intent is not being consistently delivered. In part this is due to the

¹¹ Page 54.

¹² PIAC found this occurring in its *Powerless* research – see pages 60-61; 71-72 and 81-82.

flaws in the understanding of payment difficulty we have outlined, and in part this is due to the structure of the protection framework itself and the nature of obligations on retailers and the lack of robust prescription. Issues with the identification of consumers experiencing payment difficulty currently include:

- **The onus is on consumers to self-identify**

While retailers are encouraged to provide assistance early, most of their systems (and the regulatory requirements they respond to) put the onus on the consumer to indicate when they are in payment difficulty (or hardship). This creates a number of points at which the framework can fail – because people don't know about assistance, don't know how to access it, have physical or communications barriers in accessing it, or what they say is not recognised by their retailer as a request for help.

It is also increasingly apparent that many people aren't likely to request help from their retailer because of the stress, worry or shame it causes. This is especially problematic for people experiencing issues such as physical and/or mental health issues or trauma of some type. As The JEC's *Powerless* research shows, many people – especially First Nations people – can also feel too ashamed or embarrassed to contact their retailer about payment difficulty.¹³

- **Assessment of need is too subjective to be consistent**

While guidelines give some indication of the intent behind hardship support, the assessment of who may be experiencing payment difficulty 'due to hardship' is made by the retailer, and often by staff with very different understandings of what this refers to. Fundamentally, even with a more effective definition it is problematic that retailers are required to identify that a consumer is experiencing hardship. Given the potential for added cost and administration in supporting hardship customers, retailers have some degree of incentive to minimise the number of people regarded as in hardship regardless of how many people may otherwise meet the criteria. Identification needs to be simpler, more objective and more openly accessible.

- **There are no consistent, transparent triggers for assistance**

Evidence consistently shows there are a number of points at which assistance, if provided earlier, would have been more effective. The current system does not have any transparent triggers related to these points and is often not engaging assistance until it is too late (if at all). People who call up to complain about a bill, have a history of late payments, a history of broken payment plans, a history of requested payment extension, have received a disconnection warning notice or have been disconnected in the last 12 months are providing objective signs of payment difficulty which should trigger more tangible assistance than being provided information about a hardship program they may or may not be able to access. These points should be considered as triggers for required assistance or offers of assistance.

- **Staff capability and training is insufficient and inconsistent**

While some staff in retail support teams may be well trained and capable of the

¹³ Pages 51-53 and 68.

awareness, sensitivity and flexibility to identify and respond to the needs of people in payment difficulty, a consistent and reliable assistance process relies on all staff having more capability. If general service staff receiving calls lack cultural competency, are insensitive or unable to interpret customer messages and identify need, then the consumers path to effective assistance is broken.

We share the AER's concerns that the type and quality of retailer training varies and there is little cultural competency training. This is particularly concerning given the over-representation of First Nations people in payment difficulty.¹⁴

Ineffective assistance for consumers experiencing payment difficulty

The Issues paper correctly identified a number of issues with the assistance provided to people experiencing payment difficulty and hardship. Some of the issues relate to the effectiveness of measures themselves, some related to how often and early they are made available, and some related to the conditions or other aspects of how they are provided. These issues include:

- The limited assistance measures made available to people experiencing payment difficulty who aren't in a hardship program.
- That the Sustainable Payment Plans Framework is voluntary, is inconsistently applied and not enforceable. Requirement to consider capacity to pay is not required for all payment plans.
- That arrangements for payment plans seem to prioritise the recovery of arrears and expected consumption over capacity to pay. In these circumstances they are not so much a payment assistance measure, as a debt collection tool.
- In setting up payment plans, when consumers present what they can afford, it is not necessarily accepted by retailers.¹⁵
- That referrals to hardship programs only tend to occur when a payment plan exceeds a specific time period, not because the retailer has considered the consumers circumstances warrant it.
- That people feel pressured into agreeing to payment plans (especially in response to disconnection threats), even if they know it is unaffordable for them and will drive more severe payment difficulty in energy and elsewhere.
- That default on a payment plan can occur when an agreed payment is not made in full, or not made on time – payments made in good faith or attempts to make payments are not recognised.
- That defaulting on two payment plans in the previous 12 months acts as a 'two strikes and you're out' system and can exclude people from receiving the assistance they need

¹⁴ See pages 10-11 of PIAC's *Powerless* research report.

¹⁵ See quotes from 'Anna' and 'Jodi' on page 34.

through further payment plans.

- That retailer discretion in the provision of support doesn't result in the most effective measures being employed when they would have the best impact for the consumer. Payment plans are the most commonly applied assistance measure and are often applied in isolation, rather than in conjunction with emergency assistance payment applications, better offers and other measures. Even for consumers in more serious need other supports available such as payment matching, debt waivers, best offer or energy efficiency assistance are rarely provided.
- There is insufficient independent support and flexibility to ensure that payment plans, and payment matching arrangements are set up in a sustainable way that does not place undue financial or psychological burden on consumers in a vulnerable circumstances.
- Assessments for retrospective readjustment of debt are not required as part of the establishment of payment plans. Many consumers are not on the best possible offer and have not had their concessions/rebates applied in the accumulation of their debt. Readjusting their debt with a better plan, application of concessions/rebates, alongside any other measures, would ensure the resulting payment plan is a more accurate reflection of actual consumer debt, and result in more sustainable payments.
- That protections and assistance for payment difficulty is lost when a consumer switches. This is exacerbated by the fact that accumulated debts are often sold to recovery, with less protections relating to how that recovery is undertaken.
- There is limited (or no) effective assistance available for people in prepayment arrangements.

Disconnection is used as an engagement tool not a last resort

Disconnection and threats of disconnection are a central element of the current framework. Retailers rely on being able to threaten disconnection and regard the consumer 'reaction' to these threats as an important point of 'engagement'.

However, disconnection, including threats of it and the fear of it, cause people real harm. The fear and threat of disconnection drives people to unhealthy responses which endanger their health and wellbeing, and often cause them to agree to financial arrangements which are unsustainable and cause further financial difficulty.

The framework may employ language asserting disconnection is a last resort, but the frequency of threats and completed disconnections indicates it remains a more commonly accessed tool and 'business as usual'. In any case it is too easy for retailers to resort to the threat without oversight, a fact which leaves them little incentive to genuinely find more positive and effective ways to engage consumer assistance. Consumers experiencing payment difficulty pay the full cost, in stress and angst as well as increased cost, for the failure to appropriately ensure disconnection is only ever threatened when no other option remains.

There is no consistent human intervention at the point of disconnection

Anecdotally, we are aware that meter readers sent to undertake a disconnection might not complete the disconnection if they can see that it would not be appropriate (for example the householder is clearly vulnerable). This human intervention is not built into the framework and is itself inconsistent and not undertaken by anyone appropriately qualified to do so. This informal protection is also disappearing as advanced metering allows the possibility of remote disconnection placing greater risk of harm on households.

Extreme weather protections are largely undefined

Whilst disconnection for non-payment can't be undertaken in extreme weather, South Australia is the only NECF jurisdiction that has a consistent definition of what extreme weather is. These protections do not apply to people with pre-payment meters who involuntarily 'self-disconnect'. As our weather changes and becomes more extreme, these extreme weather protections will be more important to keep people safe, where disconnection for non-payment continues to be allowed.

The minimum disconnection amount is not fit for purpose

The current framework allows disconnection once an amount of debt has been accumulated. This is currently set at \$300, an amount well under the average quarterly bill. This leaves households at risk of disconnection after a single bill. Whilst retailer practice varies widely, it is a matter of discretion they can exercise without any oversight or demonstration of compliance before initiating a threat. Given the substantial harms associated with a disconnection or threat of a disconnection, the ability to trigger this in response to such a low debt, and with such discretion, is not appropriate.

To date retailers have argued retaining this discretion enables them to get a response from consumers who are difficult to contact, ostensibly to get them the assistance they may need. We do not consider this acceptable and see no evidence that disconnection threats are effective in consistently initiating support consumers need.

In any case the current level of disconnection debt trigger does not reflect the intent for disconnection to be initiated only as a last resort.

Reconnection fees add expense for households who can least afford it

Reconnection fees and other payments vary widely and are levied on people at a point of maximum vulnerability. Where peoples disconnection results from payment difficulty they add further financial burden that makes recovery from debt even more difficult. We do not consider any fees for reconnection following a disconnection due to inability to pay, to be acceptable.

4. Strengths and weaknesses of the Victorian payment difficulty framework

We reiterate our support for the main elements and principles of the Victorian Payment Difficulty Framework (VPDF) and our support for it being utilised as a template when considering reforms to payment difficulty protections in the NECF.

While we support the broad structure of the VPDF, experience with its operation to date demonstrates there are a range of augmentations and improvements required to deliver the intended better outcomes for consumers. In this section we consider the strengths of the VPDF which should be adopted, and the weaknesses, which should help inform required augmentations and improvements. In addition to our own assessments here, we highlight a number of reviews undertaken by the Essential Services Commission (ESC) and Energy and Water Ombudsman Victoria (EWOV), and recommend the AER draw on their observations and recommendations, as well as those contained in the recently released report by CALC.¹⁶

Strengths of the Victorian Framework

Aspects of the VPDF which should be adopted in reform of NECF payment difficulty protections include:

- Payment difficulty protections based on universal entitlement.
- An explicit aim for more consistent and equitable consumer outcomes.
- Creating triggers for assistance which are transparent and 'objective'.
- Less onus the consumer to request or initiate assistance, with obligations placed on the retailer.
- An explicit aim to prevent people getting into arrears.
- An explicit intent for assistance to be provided based on the needs/situation of the consumer (tailored assistance)
- Requiring a range of payment assistance information to be readily available to all consumers, at all times.
- Requiring retailers to provide additional forms of practical assistance, including:
 - Assistance to apply for concessions (Victoria has highest level of people applying for concessions in the NEM).¹⁷
 - Requiring an application of assistance for Utility Relief Grant Scheme (URGS).
 - Making 6-month debt freezes available (noting some mixed outcomes from this provision).
- Allowing bill due dates to be extended by at least a year, assisting people in short term payment difficulty.
- Providing some protections for people who try to switch retailers when they have debt.
- Adding an extra step with an intention to disconnect notice in the disconnection process, giving people an additional opportunity to avoid disconnection.

Broadly, as it has operated to date, it appears the VPDF has improved outcomes for those experiencing less serious, more transitory payment difficulty. The VPDF has demonstrated failure to consistently deliver better outcomes for those with more significant needs and has also struggled to get the levels of consistency of response, particularly for those with more significant

¹⁶ [*Energy Assistance Report, 4th Edition.*](#)

¹⁷ Consumer Policy Research Centre, [*Mind the Gap: Identifying the gap between concession eligibility and concessions received*](#), November 2022, p. 4

assistance needs. In this context, assessing the VPDF weaknesses contributing to that inconsistency is key to identifying where further improvements are required.

Weaknesses of the Victorian Framework

The Issues paper noted areas of potential improvement in the VPDF. We provide further comment on these and other areas where Victorian consumer stakeholders recommend reform.

Framework insufficiently focused on consumer outcomes

Victoria's PDF aims to reduce disconnections for non-payment, debt and lower energy costs. While it has had success in achieving this, an effective payment difficulty framework must lead to good outcomes for consumers. This means maintaining and restoring financial stability, and where this can't be achieved (because the payment difficulty is based on broader structural issues and/or significant personal issues), the energy connection must be secured, and more substantial assistance provided long term.

Failure to adequately assist people in long term or permanent payment difficulty

Similar to protections in the NECF, the Victorian Framework is primarily focussed on people whose payment difficulty is short term. The ESC's 2021 review found that people who could pay for their ongoing energy use benefited most from the PDF.¹⁸

For a range of often overlapping reasons there are people who experience longer term, permanent and/or more complicated payment difficulty. The PDF does not effectively support these people and in some cases (such as where payment plans are limited to 2-year durations) they can be left worse off. The impact of elements, such as this 2-year timeframe, are not designed to improve outcomes for these people, or they are not delivering on their intent because they are interacting with other aspects of the PDF in unintended ways. For instance, they are not being supported by requirements to waive or forgive debt that cannot be repaid in 2-years.

People in these longer-term circumstances are likely to be left 'cycling' through support programs with significant debts and payment obligations, as well as the associated stress and compounding impacts which result. We highlight CALC's submission to this process, which documents several such cases to illustrate the consequences of this failure. The experience of those with longer term issues needs to inform improvements to better manage risks and ensure better outcomes for people in these circumstances.

Insufficient direction or incentive to provide more than minimum assistance

Commentary regarding the PDF consistently notes that improvements are needed to ensure minimum assistance measures are regarded as a floor, not a ceiling. Triggers to offer 'minimum' assistance are transparent and objective, but there is still significant discretion in the activation of more significant 'tailored' assistance measures, and evidence that this is resulting in little application of those measures where they are needed.

Payment plans are often one of the first – and sometimes only – assistance measures provided for people in payment difficulty. As financial counsellors are aware, for a person experiencing

¹⁸ As reported in the Issues paper, 14.

payment difficulty, there should be an order established of what assistance helps. A payment plan is valuable but should be established when 'affordability' assessment is more meaningful. That is, after ensuring the best offer, checking for rebates and concessions, and applying for emergency assistance. Ideally establishment of a payment plan should come after all other measures to minimise the debt to be recovered (for instance through reassessment of the debt after better-offers and concessions/rebates or emergency assistance are applied).

We also note that the impact of Government funding on concessions/rebates and URGs (emergency supports) is hugely reduced (even eliminated) if people who receive this assistance are not on their retailer's best offer.

Flaws in the establishment and review of payment plans

As outlined above, the PDF allows considerable variation in how retailers approach payment plans, leading to poor and inconsistent consumer outcomes. A key cause is the 2-year limit placed on the repayment of debt through payment plans.

Data published by CALC on National Debt Helpline calls indicated that the majority of payment plans set up in Victoria are based on retailers insisting the debt be repaid in a two-year period, without supporting measures to waive or forgive debt that cannot sustainably be recovered in a 2-year period. As a result, some repayments are as high as \$300 a fortnight.¹⁹ Where consumer capacity to pay (including consideration of their other essential payments) is not considered, this drives them to seek other credit, adopt unhealthy behaviour or otherwise 'externalise' their payment difficulty.

This is a concerning trend and a failure of the intent of protections. Although the preference is to pay ongoing usage and pay down debt, of primary importance is that the consumer has a payment plan which is affordable and sustainable and allows them to afford their other essential expenses. For some households, payment difficulty is short term and, with assistance from the retailer, debts will be repaid eventually. There will also be households who have longer term and/or more significant payment difficulty issues and might take longer or never be able to afford the energy they need. Payment plan amounts must be based on the individual needs and circumstances, not set up with an arbitrary repayment timeframe. Where a timeframe applies, supporting systems must be in place to require retailers to match payments, and waive or forgive debt that cannot be sustainably recovered.

There is also no requirement for review of payment plans, or for those requiring support or assistance to have payment plans set (or reviewed) with access to independent support to do so. This absence compounds issues with establishment.

Inconsistent application of the Framework

We have also heard from sources, including the ESC, that there's inconsistent application of the Framework across retailers and within retailers. We are aware that this also occurs with the NECF protections.

¹⁹ At page 23.

Beyond the structural flaws of the frameworks themselves, a key contributor appears to be insufficient or inconsistent training undertaken by retailers. Some retailers provide low-level 'assistance' training to all their customer service staff in order to provide better outcomes at lower levels of need. But this means that complex issues are not able to be dealt with by more experienced and highly trained staff.

Other retailers take the approach that most call centre staff receive very little or no training in assistance, with a small specialist team receiving significantly more training. This repeats issues identified with the NECF, where untrained staff become a barrier to people experiencing payment difficulty being identified and supported appropriately to connect with more substantial assistance. The result is many consumers 'slip through the cracks' getting no or little help from frontline staff who effectively gate keep the specialist staff.

Missed intervention points

Despite the focus on objective triggers for assistance, some people still accumulate debt and are not assisted. The debt trigger is an effective measure, but it is not accompanied by other triggers which can indicate payment difficulty or expectation of payment difficulty. For example, EWOV reported they receive significant numbers of complaints where consumers have high bills and have not been assisted by their retailer. EWOV note a correlation between complaints about high bills and people experiencing payment difficulty and recommend bill complaint calls to retailers be considered as a 'trigger' for offer of assistance. An improved framework must consider a range of triggers for initial assistance, and for escalation of assistance obligations.

Disconnection notices are being used as an engagement tool

CALC note that regardless of the number of completed disconnections, the number of disconnection threats/notices continues to be high.²⁰ They conclude this indicates disconnection threats are not being regarded as a last resort as intended, but a common tool to elicit a response from the consumer. The JEC's *Powerless* research shows the same evidence and documents the harms that receiving a disconnection notification causes, even where the disconnection is avoided.²¹

Households still get disconnected

While some additional protections exist, the framework still allows a significant number of disconnections. As the JEC's *Powerless* report shows disconnection causes harm - in terms of stress and additional cost – particularly to the most vulnerable households. The PDF contains insufficient measures to ensure vulnerable people are not disconnected simply because they can't afford their energy bill.

No mechanism to identify and assist people with 'hidden' payment difficulty

As with the NECF payment difficulty framework, the PDF has no means of identifying and responding to energy payment difficulty which is 'hidden' (such as cutting back on energy use to

²⁰ [Energy Assistance Report, 4th Edition](#), 25.

²¹ Pages 70-73.

unhealthy levels; cutting back on other essentials such as food and health care; borrowing from friends, family, or using credit products; or even going without an energy connection at all).

In many cases people in 'hidden' payment difficulty may pay their bill in full and on time, or may pay their payment plan obligations as required. In these cases, retailers do not consider them as being in payment difficulty or in need of more substantial assistance. Similarly, consumers threatened with disconnection (or even being disconnected) who manage to make a required payment may not trigger a retailers offer of more substantial payment assistance. In effect, they may be regarded as having been 'able to pay' after all.

Retailers do not have an obligation to 'solve' all affordability issues, but they must be required to recognise the essentiality of energy and the priority energy payments receive. This places an obligation on them to do what they can to ensure paying for energy does not result in a cascade of unreasonable impacts on essentials elsewhere. To do so is to effectively 'externalise' or transfer payment difficulty from energy (where it is visible and subject to assistance) elsewhere (such as to BNPL or other credit products), where it is neither.

The consumer still bears most responsibility for engaging assistance

While triggers, obligations and entitlements exist, the onus for engaging actual support rests with the consumer. Consumers must still respond to retailer communications when their debt triggers a requirement to offer assistance. Systems to access assistance can be full of barriers, such as not (necessarily) having direct lines to retailer staff who can help them (meaning they get passed around between staff) and often being faced with impractically long call wait times.

In addition, eligible people don't automatically receive concessions/rebates and can unknowingly stop receiving them. Without triggers for more tailored assistance, the consumer is still required to advocate for themselves if they feel they need more help.

More broadly the VPDF exists in an environment where consumers can be impacted by price rises on their retail offer without their consent, yet cannot simply be given the best available offer. Reforms must consider how consumer consent can be retained while ensuring retailers are required and able to leave consumers better off when it is in their best interests.

No duty of care to ensure good outcomes

Like the NECF the PDF imposes no duty of care or obligation on retailers to act in the best interests of the consumer. The Victorian PDF does not require retailers to provide anything but minimum assistance to people experiencing payment difficulty. The lack of a duty or obligation on retailers is likely a key reason minimum standards remain the most common response and is certainly the reason why the most effective responses to payment difficulty are often only initiated well after they would have the most benefit for the consumer (if ever).

A well-crafted and robust consumer duty or obligation to act in the best interests of consumers is likely to be a key enabler of a more effective framework for payment difficulty support.

5. Models elsewhere

Catalonia, Spain

We highlight a protections model in place in Catalonia, Spain which we consider a relevant example demonstrating alternative approaches to disconnection, which better protect consumers and manage the risk of harm to them.

This framework adopts a precautionary principle to electricity, gas and water disconnections. If an energy or water provider considers it necessary to disconnect a service for non-payment, they must first consult the social services of the applicable city council to determine whether the person may be in a vulnerable circumstance. That service conducts an in-person visit. If they determine that the person is experiencing vulnerability, the provider is prevented from disconnecting the householder and must continue to guarantee supply.

Where a household has been protected against disconnection, the utility company and the public administration must cover or cancel the debt that the householder has accumulated. To date, the utility company has covered from 50% to 100% of debt, with the public administration covering the balance.

The determination of vulnerability also requires the utility company to provide lower prices by removing profit margin through:

- Putting the household on to the 'regulated market';
- Offering a social bonus (discount) of electricity;
- Seeing whether the contracted power can be lowered; and
- Deleting any extra services which have been added to contract conditions.²²

While this model is not directly applicable, it does provide an example of measures which can be adopted to ensure households who are vulnerable are better protected. It also demonstrates approaches to engaging broader assistance for households at risk of disconnection, including assisting with other debts they have, to help them achieve more long-lasting financial security.

6. Protections for a more inclusive energy system

Vision

Our vision for an inclusive energy market and the protections framework which supports it, is one that focuses on achieving equity of good outcomes for all consumers.

²² Alliance Against Poverty, 'The case of ban on disconnections in Catalonia: The law 24/2015, *Manifesto for a ban on energy disconnections in Europe*, 2023.

Objectives

The objectives of an effective energy protections framework should expand upon what is required to achieve the 'vision' and should include each of the key aspects of the protections framework. For example:

All consumers have ongoing access to the energy services they need to sustain their health and wellbeing and are equally supported where they are unable to afford the energy they need without impacting their access to other essentials.

Consumer experience of energy payment difficulty is minimized and resolved as early as possible where it occurs.

Consumers requiring longer term support are provided the support that best meets their needs to keep them connected and supported.

No consumers are disconnected because they cannot afford the energy they need.

Recommendation 8

That the protections framework resulting from this review adopt a set of explicit objectives framing the focus of protections and their role in delivering intended outcomes for consumers.

Principles

Robust principles should contribute to the objectives and inform how those objectives are to be achieved and, crucially, what structures and protections are required to achieve them. Principles supporting good consumer outcomes should include:

- Preventing payment difficulty is preferable to resolving it after it occurs
- All consumers are equally entitled to payment difficulty assistance that meets their needs
- Triggers for assistance should be objective and prescriptive, and minimise reliance on consumer self-advocacy
- Energy payment difficulty refers to inability to afford the energy needed without unreasonable impact on other essentials
- Consistency of good consumer outcomes must be delivered regardless of consumer circumstances
- Retailers have a duty of care and an obligation to act in the best interests of good outcomes for their customers
- The onus is on retailers to demonstrate they have acted in the best interests of their customer when their customer experiences a poor outcome
- Energy is essential and no-one should be disconnected because they cannot afford the energy they need to sustain their health and wellbeing
- Threats of disconnection have a serious harm impact on consumers
- The harm impact of disconnections and threats on consumers should be reflected in the processes regulating disconnection.
- Protections are future focussed

We expand on these principles and how they can be implemented in practice in the remainder of this section

Minimising payment difficulty and responding to hidden payment difficulty

Many aspects of measures to minimise payment difficulty require action outside of the protections framework. These measures can also contribute to the improved identification of hidden payment difficulty and better response to it. Measures to minimise payment difficulty and better identify and respond to hidden payment difficulty could include:

- Using payment by credit product providers as a trigger for assistance offers from the retailer – with specific focus on setting up flexible payment methods to break up or delay future payments and provide other assistance.
- Creating mechanisms to enable notifications (given with permission) by community organisations providing supports, that a household is in need in order to trigger assistance from the retailer.
- Measures to identify low users or a sudden reduction in energy use to trigger outreach by retailers to offer assistance.
- More widespread programs from retailers to support and enable energy efficiency improvements (these must extend beyond audits and ‘advice’ for all customers).
- Government messaging on energy use focussed on maintaining household health, and encouraging households to contact their retailer for help if they don’t think they can affordably use their heater or cooler.
- Measures to share the benefits of CER and demand management, even if a household does not directly have access to these.
- Automatic application of concessions/rebates to bills and systems to eliminate people ‘slipping off’ from having concessions/rebates applied to their bill.
- Ensuring effective, simple fair (flat price) default (through a reformed DMO) which applies in all circumstances where a consumer has not explicitly chosen an offer, has had their offer (or its terms) expire, or where they otherwise choose it.
- Reforming retail regulation and explicit informed consent to ensure consumers can identify the offer that suits them, sign up to the offer they expect, and be guaranteed to retain the terms of the offer they consent to for the duration of that offer (including preventing price rises or structure changes during the term of a contract).
- Ensuring consumers have genuine choice of energy deals and different price structures (rather than being required to adopt them). Those who can (and want) to use energy more flexibly should be able to do so and should be able to benefit from this.

- Payment structures and processes work better for people's circumstances and preferences and are better designed to mitigate the impact of high bills: for example, monthly billing as the default and greater scope for people to initiate and manage their own payment plans (with offers of further assistance at each step or where requested arrangements trigger 'concern').²³
- Exploring measures to substantially alter the cost of energy. This should include, improving the equity of cost recovery for environmental schemes, recovering the costs of large transmission investments and Renewable energy zones from government budgets, and implementing a form of social tariff.

Recommendation 9

That the payment difficulty and protections framework include measures to more effectively identify and respond to hidden payment difficulty, and make recommendations to progress other relevant measures required to support the protections framework in minimising the incidence of payment difficulty.

Assistance is universally offered by obligation

Assistance must be universally available and triggers for offer (or provision) of assistance must be objective. Where retailer discretion in assistance decisions is possible it should only be able to leave a consumer 'better off'. Measures should include:

- **Ensuring simple, objective triggers.**
In addition to an initial 'gateway' debt trigger as used in the VPDF, we recommend introduction of a range of other triggers, including those which may trigger obligations to provide more substantial assistance.

Triggers should be designed to deal with different aspects of the framework (and potentially refer to different objectives). For instance, addressing hidden payment difficulty could be implemented through a trigger related to payment by a credit product, multiple late payments, underconsumption (or consumption drops) or bill complaint calls.

Triggers for more substantial assistance could be multiple late payment plan payments and requests to reduce or suspend payment plans.

It may be that the framework adopts a range of triggers and that retailers can select a number from each 'category' to demonstrate how their processes will comply.

Given Victoria's experience these need to be carefully defined and there needs to be clear enforcement for when retailers are not acting as required.

- **Ensuring evidence of payment difficulty cannot be requested**
Consistent with new rules relating to domestic and family violence which prevent retailers from requiring evidence, people should not be required to 'provide evidence of payment

²³ For more details, please see PIAC's *Powerless* research, pages 86 and 88-90.

difficulty' in order to get assistance. People should only provide personal information voluntarily where they are comfortable doing so and should have the option to disclose this information with the support of independent assistance in circumstances where that information can help them receive more targeted/appropriate assistance.

Recommendation 10

That the payment difficulty protection framework be based on universal entitlement to assistance with a retail obligation to offer (or initiate) assistance in response to objective triggers.

Retailers have a duty of care and a responsibility for consumer outcomes

Energy is an essential service and retailers have a 'duty of care' to their customers in providing that essential service. Enshrining this duty, and responsibility for customer outcomes would put the onus on retailers to demonstrate they have fulfilled their duty and acted to deliver the good outcomes understood and agreed upon by their customer. The onus of proof would be on retailers to show how they helped the consumer in need and contributed to a good outcome for them. Where defined 'poor outcomes' occur, the onus would be on the retailer to demonstrate they have still fulfilled their duty and done everything possible to avoid that outcome. This is particularly important in relation to disconnections and large debts.

Recommendation 11

That the protections framework (and retail regulation more broadly) be centred on an explicit retailer duty of care and responsibility to act in the best interests of the consumer in the delivery of good consumer outcomes in access to energy as an essential service.

Retailer responses are consistent both across retailers and within

Requirements for defined approaches to training (of both specialist and general staff) could help implement greater consistency of retail response to payment difficulty and could be supported through monitoring and enforcement frameworks which enable more qualitative assessment of assistance. This could include audits of consumer relationships, outcomes and experiences.

Protections are maintained when switching retailers

Consumers with debt who switch need protection for that debt. The AER should consult more deeply on the most appropriate measures to implement this. Options could include requiring the initial retailer to retain this debt and either write it off or continue to assist the consumer with it, mechanisms to transfer debts to the new retailer, or supported measures to ensure a customer stays with the original retailer and is better supported to deal with this debt. Preventing the sale of debt for external (to the energy system) recovery must be a key consideration.

Disconnection threats are not used as an 'engagement tool'

Disconnection and threats of disconnection have harmful impacts on consumers and are not effective or appropriate means of engaging support in the consumers best interests. Where allowed the level at which such threats can be initiated should reflect the harm inflicted on the consumer. In any case, the 'minimum disconnection amount' must be substantially increased.

Recommendation 12

That processes regulating the threat of disconnection recognise, reflect and mitigate the harm impact to the consumer and involve measures to limit retailer discretion in issuing threats of disconnection.

No-one should be disconnected because they cannot afford the energy they need

A robust focus on reducing energy payment difficulty, providing early and more effective assistance, and placing the onus on retailers to ensure that assistance results in good outcomes for consumers, should reduce the number of consumers at risk of disconnection.

There are likely to be some circumstances where a retailer struggles to get the engagement, they wish from a customer who is behind in their energy bills. This should be regarded, according to the precautionary principle, as an indicator that additional assistance is required.

This 'precaution' could be implemented through a transparent process requiring a retailer to demonstrate all other possible measures have been employed. A qualified, independent person could then attend the home to assess the circumstances and the households need for further assistance. Where no contact is made or assistance required, the disconnection can proceed.

Such a process would ensure that disconnection is guaranteed to be absolutely the last resort. In any case reform to disconnection should place the onus on retailer demonstration of appropriate action supporting good consumer outcomes before any initiation of disconnection threats is allowed.

Recommendation 13

That no-one is disconnected because they cannot afford to pay for the energy they need. Processes regulating any permitted disconnection should take a precautionary principle to protect consumers and ensure retailers have demonstrated all possible steps to avoid disconnection have been taken in advance of authorising disconnection threats.

The framework supports robust monitoring and enforcement of outcomes

Key to robust monitoring and enforcement is placing the onus on retailers to demonstrate their fulfilment of their duty of care and their responsibility to deliver good outcomes in the consumer's best interest. We contend this change enables greater delivery on the intent of protections and allows outcome indicators to operate more effectively as monitoring and enforcement tools.

The AER will need to develop a comprehensive set of indicators as well as implement new processes to require 'customer relationship audits' by a retailer, and mechanisms for retailers to indicate how they will demonstrate outcomes when they are required to do so.

Later stages of this review process should consult specifically on the development of indicators which can be effectively used as monitoring and enforcement tools.

Retail performance reporting should be made more accessible and directly practical to consumers. This could include published guides for each retailer with accessible reports on their performance against key consumer outcome indicators. This could be an important accountability

measure to help drive retailers to move beyond ‘minimum required’ measures in fulfilling their duty to their customers.

Recommendation – 14

That the framework is designed to be transparently monitored, with intended consumer outcomes enforced. Monitoring and enforcement should be structured to place the onus on retailers to prove they have fulfilled their duty of care and undertaken all possible actions to deliver intended good consumer outcomes.

7. Response to consultation questions

We have provided targeted response to questions in the Issues Paper. However, more detailed recommendations and reasoning are contained throughout the submission. We recommend the AER read responses to each question in conjunction with the relevant sections identifying issues with the existing frameworks, and our recommendations in section 6 detailing aspects of a more effective framework.

Question 1. Do you have any feedback on the proposed approach for the review?

Refer to ‘Proposed approach to the Review’ above.

Question 2. What can we learn from other approaches to strengthening protections for consumers experiencing payment difficulty?

The Sustainable Payment Plans Framework has shown that an unenforceable guideline is not sufficient to encourage consistent standards from retailers. The minor repercussions for signatories not complying has not had the desired effect of encouraging application of the guideline. All guidelines, particularly those pertaining to payment plans and assistance should be mandatory and applied consistently to all consumers.

Evidence has shown that the exemptions framework results in poor outcomes for some consumers²⁴. The NEO refers to consumers and does not make a distinction between some consumers and others. Frameworks should apply equally to all consumers to ensure the interests of all consumers are equally promoted and protected.

Remote disconnection is a risk for consumers. Evidence in Victoria indicates full implementation of remote disconnection resulted in substantial increases in disconnection completion rates - and repeated disconnections - of households.²⁵ Human intervention programs such as Knock to Stay Connected will not work, for example, if there is no distributor involved in the disconnection

²⁴ For example, NSW Parliament Committee on Law and Safety, [Embedded Networks in NSW](#) (2022), EWOV, EWON, EWOSA and EWOQ, [Submission to the AER exemption framework for embedded networks – issues Paper](#) (2024), Australian Energy Market Commission, [Updating the regulatory frameworks for embedded Networks: Final Report](#) (2019).

²⁵ St Vincent de Paul Society (2016) *Households in the dark: Mapping electricity disconnections in South Australia, Victoria, New South Wales and South East Queensland*, 4.

process. Where distributors are removed from the process, disconnection interventions will need to be conducted by independent third parties.

Question 3. How adequate, effective and appropriate is the current eligibility framework for payment difficulty protections?

Please refer to the section covering Issues with eligibility for protections. We broadly support the AER identification of eligibility issues with our commentary and addition as follows:

- **No clear definition of ‘hardship’ or ‘payment difficulty’**
The current framework distinguishes between payment difficulty and payment difficulty due to hardship, without providing an objective definition for either. This leaves retailers responsible for determining who needs assistance, on the basis of a definition they are also responsible for framing. This discretion doesn’t provide scope to be flexible in the consumers best interest, but simply drives inconsistency in response, and subjects ‘eligibility’ for assistance to the retail incentive to ‘gatekeep’ as a means of reducing cost.
- **Distinction between payment plans and payment plans in hardship**
Discriminating between payment plans in different circumstances provides yet more discretion to retailers with a strong short-term incentive to offer one over the other. This introduces complications and potential harms which are unnecessary. ‘Hardship’ payment plans, which include consideration of capacity to pay should be the standard. Where there is scope to offer plans without these requirements there is no transparency on how decisions are made and how that discretion is exercised. PIAC’s *Powerless* research found considerable harm being caused where there is no consideration of capacity to pay.²⁶
- **The word ‘hardship’ is fundamentally problematic**
Hardship is a pejorative and subjective term which many people (including those most likely to be experiencing it) do not identify with. Many people dealing with extreme payment difficulty may simply regard their circumstances as the ‘usual’ and are unlikely to self-identify as in hardship. The subjective nature of the term means retail staff are likely to have widely varying perceptions of who may or may not be in hardship. Both of these factors mean that the use of the term has a material impact both on those seeking assistance from their retailer, and the likelihood their retailer will recognise and respond to their need.
- **Retailers ‘gatekeep’ access to hardship support**
Related to the distinction between payment difficulty and hardship is the resulting ‘gatekeeping’ by retailers, restricting access to more substantial supports either intentionally or through poor structures. Retail staff decide who is passed to hardship specialist staff, who is regarded as eligible (even when people may explicitly ask for hardship support) and who can access any of the individual supports provided through hardship programs. This leads to significant inconsistency within and between retailers,

and makes that inconsistency opaque to the AER, making meaningful monitoring and enforcement impossible.

PIAC's *Powerless* research revealed concerning incidents where people are asked to provide personal details and 'evidence' in support of hardship eligibility, though this is not consistent across retailers/within retailers.²⁷ Even where people are contacting their retailer in response to disconnection or a disconnection threat they are often not offered hardship support.²⁸

- **People served through exempt sales and prepayment have less protection**
'Eligibility' for protection from payment difficulty is not equally applied to those served through exempt sellers or prepayment. Despite some of the most vulnerable people living in embedded networks (such as people living in caravans) and prepayment arrangements (remote Aboriginal communities), people living with these arrangements often have less (or no) access to protection. The business choices of suppliers should not structurally disadvantage consumers access to essential energy and protections when they experience difficulty paying for it.
- **English or digital proficiency reduces access to assistance**
All consumers may experience difficulty paying for the energy they need, but the current frameworks disadvantage those with lower English proficiency and less access to reliable digital platforms. Access to assistance will be inconsistent as long as it continues to rely on English-only digital channels.

Question 4. How could the framework better support early identification of consumers experiencing payment difficulty?

Understanding the incidence and impact of 'hidden payment difficulty' is key to ensuring more effective early identification of payment difficulty and effective interventions to avoid and mitigate payment difficulty.

Early identification of hidden payment difficulty and engagement of effective assistance could be improved if:

- Using payment by credit product providers as a trigger for assistance offers from the retailer – with specific focus on setting up flexible payment methods to break up or delay future payments and provide other assistance.
- There are mechanisms to enable notifications (given with permission) by community organisations providing supports/, health care providers that a household is in need in order to trigger assistance from the retailer.
- There are measures to identify low users or sudden reduction in energy use to trigger outreach by retailers to offer assistance.

²⁷ Page 54.

²⁸ PIAC found this occurring in its *Powerless* research – see pages 60-61; 71-72 and 81-82.

- Government messaging on energy use is focussed on maintaining household health, and encouraging households to contact their retailer for help if they don't think they can affordably use their heater or cooler.

Question 5. How could the framework better support effective engagement with consumers experiencing payment difficulty?

It is important to qualify the focus on 'engagement' with consumers. The focus should be on improving the effective delivery of assistance, and ultimately to improve outcomes for consumers experiencing payment difficulty. 'Increasing engagement' should be regarded as a (possible) means to an end only, and should not be focus in and of itself. A focus on engagement places a responsibility on consumers, rather than retailers. We strongly recommend a focus on the intended outcome (provision of assistance and better consumer outcomes) and opportunities to improve outcomes without the need for engagement, including:

- Ensuring concessions/rebates are automatically applied and that retailer systems ensure they are retained (including when consumers switch) without consumer self-advocacy, or consumer detriment (through ensuring continuity of payment, and back-payment in circumstances of failure).
- Ensuring automatic assignment of 'best available offer'. The current framework of consent allows retailers to increase retail prices during the course of a contract and change the pricing structure of a deal during a contract, leaving consumers worse off. This does not align with consumer expectations on robust consent and does not support their best interests.

If action without consent can leave consumers worse off, there must be scope to require retailers to 'automatically' make changes leaving consumers better off. Such a change would require a robust process to enable consumers to opt-out of a change where they choose to. Absent such a change, reforms are needed to ensure that retailers are prevented from increasing prices or making other substantive changes to a retail deal during the course of a contract. If consent prevents a consumer being made better off, it should also prevent them from being made worse off.

- Moving to monthly billing processes as a default (with opt-out provisions) will narrow the gap between 'normal' payment practice and the engagement of support through payment plans and other associated assistance. Providing all consumers with an 'app-based' payment platform which allows them to make flexible payments, smaller and more manageable payments, and be offered (and provided) assistance more immediately is an example of options which should be explored further.
- Automatically providing information about supports available from the retailer, government and community groups, to all customers at sign-up and making it easily available through many platforms without requiring a response from the consumer.

Framing and understanding engagement from the consumer perspective

Notwithstanding the need to improve automatic outcomes, we understand that effective engagement between retailers and their customers is likely to be crucial to ensuring better and more consistent payment difficulty protection and consumer outcomes. Key to improved engagement is ensuring that engagement is framed and considered from the consumer perspective, in the context of the consumers' needs and experience, rather than those of the retailer.

Broadening what is considered engagement

Understanding engagement from the consumer perspective requires having a broader understanding of what is considered 'engagement'. It must commence from the start point that use of energy is the consumers primary engagement with energy and their retailer.

At the next level, payment of bills (in whole or in part) must be regarded as a fundamental form of engagement with the consumer. This understanding would inform a greater flexibility from retailers, such as accepting payments in good faith (even relatively small amounts) as engagement with the consumer.

Beyond these fundamental engagement points, it is necessary to consider other consumer actions or behaviour which can be regarded as engagement from the consumers perspective and leveraged as opportunities to initiate assistance. For instance, evidence from Ombudsman services indicate that bill complains are often actually driven by affordability issues and indicate a consumer in payment difficulty. This could be used as a sign of engagement from the consumer and trigger an offer of assistance.

Fundamentally, its necessary to understand the limitations consumers experience in 'engaging' with retailers in the form that most suits retailers. For example, people experiencing family violence, physical and/or mental health issues, bereavement and other economic or personal stresses should not be required to engage in particular ways simply to access and retain assistance.

Given the associated heightened anxiety and other barriers that a householder experiencing payment difficulty is likely to have, any effort made by a consumer to make a 'good faith' payment (no matter how small) or reach out or respond in some way (such as answering a phone call) to their retailer should be considered engagement from a consumer. Retail systems should be designed to make 'passive' or simple engagement more common (such as through apps, responding yes or no to text messages, and other innovative service designs). The framework can encourage this by focusing regulatory requirements not on 'attempts' to contact – sending letters or emails – but on receipt or impact of contact.

Understanding and overcoming barriers to engagement

As detailed in the attached research report,²⁹ barriers to consumers engaging in forms retailers currently require include:

²⁹ Pages 51-55.

- Discomfort/nervousness/shame asking for assistance.
- Not knowing where to go for assistance/what's available/what they are entitled to.
- Being overwhelmed with circumstances/too many other things happening in their life (including burdens resulting from requirements to engage with housing, insurance, health and telecommunications).
- Not recognising available assistance is 'for them' or is intended for their circumstances.
- Not understanding what they are required to do to get help.
- Mental health issues including mental illness, anxiety and trauma.
- Previous experiences of poor treatment by their retailer/another retailer: Past experience with being denied help, having assistance being ineffective or too difficult to access and maintain, having to 'jump through hoops or wait too long for responses, a lack of compassion, asking too much personal information, or generally frightening people has an ongoing impact on people's assessments of what to expect from retailers and whether it is worth the time and effort to engage.
- Long call wait times and indirect service pathways and a lack of direct access to phone numbers for assistance (and properly trained staff).
- Inability to access transport, reliable phone or internet services required to navigate assistance processes.
- Not being contacted by the retailer through their preferred means.
- Having the retailer contact not recognising that they are in payment difficulty or not believing their need for assistance when told (ie being assumed they don't want to pay, rather than accepting they cannot pay).
- Lack of access to people trained to provide supports with the required professionalism, sensitivity and understanding.
- Concerns about scams – this is particularly important where texts or emails are being used for critical contacts, where people are increasingly told to avoid clicking on links or responding to contacts purporting to be from service providers utilising 'fear' messages to drive responses.

Many of the 'Measures to reduce disconnection and debt' in JEC's attached research report include recommendations to address these barriers.³⁰

Diverse communication channels

As The JEC's research revealed,³¹ different people prefer different communication channels, and a variety of ways to interact should be available for consumers, including a direct phone line for support.

People are increasingly familiar with managing their banking through dedicated apps and retailers could explore simple app platforms to help people manage payments, access direct messages and easily initiate support requests without excess time or resource constraints. There is a need to retain a range of alternative pathways to ensure those who do not have reliable smartphone access are not excluded or disadvantaged.

³⁰ Pages 84-105.

³¹ Pages 98-100.

Addressing overrepresentation of certain groups in payment difficulty

The JEC's *Powerless* research has identified that there are certain groups or cohorts of people who are significantly over-represented in payment difficulty. This includes First Nations people, young people, women, people with disability (particularly with mental health issues) and renters.

Although not shown in JEC's research, it is also well known that people from CALD backgrounds are overrepresented in hidden payment difficulty because they are less likely to present to retailers.

COTA has documented the particular challenges that older people experience due to payment difficulty.³²

People with low incomes, particularly those on JobSeeker (and related payments) are also consistently over-represented among those experiencing entrenched energy payment difficulty.

The JEC's *Powerless* research includes recommendations regarding how these over-represented groups could have their needs better met³³ such as culturally appropriate assistance phone lines for First Nations people and designing retail services for young people which provide additional assistance to manage paying bills, more information to understand energy use drivers and platforms to easily enable payment from multiple residents.

Language to build confidence

Retailer communications and materials must make it clear the retailer has a legal obligation to assist consumers having trouble paying their bills in full, when they are due. As evidenced by the inclusion of the mandatory statement – 'The Australian Energy Regulator requires us to include this information' – which must accompany better offer information as part of the Better Bills Guideline, mandatory statements such as this can help overcome consumer cynicism and preconceptions and build trust required for them to respond to retail communications and request and accept offers of assistances. For example, communication to households whose situation or actions have triggered support offers should include a mandatory statement such as 'Energy is essential, and we are required to help you if you are having trouble paying your bill in full or on time.'

Utilising artificial intelligence

As a principle, AI must only be used for consumer benefit. It must not be used by retailers to the detriment of consumers, such as to automate debt collection or to alter plans or payment arrangements which result in more cost to the consumer. Any employment of AI should only be able to improve circumstances or add functionality to consumers, and should always be subject to review by a person.

Question 6. How could the framework better ensure that consumers experiencing payment difficulty are supported appropriately with assistance that is tailored to their individual circumstances?

³² SEC Newgate, [State of the Older Nation](#), 2023 and COTA Australia Cost of Living Survey 2023.

³³ Pages 86 and 90-91.

We reiterate our recommendation that this process take every opportunity to identify measures to avoid and mitigate the development of payment difficulty. These measures should either be directly implementable as part of the framework or recommended for progress in other processes.

Retailer duty of care or obligation to act in the interest of good consumer outcomes

We strongly support the adoption of a retailer duty of care or obligation to act in the interest of good consumer outcomes. We contend this is a crucial enabler to an effective payment difficulty framework which overcomes the issue of minimum standards becoming a ceiling rather than a floor. Implementing this duty or obligation would see a focus on consumer outcomes, placing responsibility or onus on providers to demonstrate they have acted according to their duty, or otherwise in the interest of good outcomes for their customer.

Early intervention

As stated in the issues paper and as also found in The JEC's research, early assistance is vital to avoiding, minimizing and eliminating payment difficulty more effectively. Early intervention, in the context of a retailer duty of care or obligation to act in the interests of good consumer outcomes, means providing more coordinated assistance, more substantial assistance, and doing it earlier.

Automatic assistance

Default for monthly payment (with flexibility and opt-outs) as well as the automatic application of 'best possible offers' and automatic application of concessions and rebates should be a priority. But more broadly the framework should seek to explore other opportunities to make assistance which can improve outcomes for the consumer, automatically applicable after certain triggers.

Affordable, sustainable and flexible payment plans

All consumers experiencing payment difficulty should be equally entitled to assistance through a payment plan.

All payment plans should be required to abide by the sustainable payment plans framework, and be set with consideration of the consumers capacity to pay, considering their income and energy and other essential costs.

There should be scope to 'readjust' the debt a payment plan applies if a consumer has not had their concession/rebate applied, or if they were not on the best possible plan available. Other emergency relief should also be required to be applied before debt is calculated.

There should be no limit on the obligation to offer payment plans (in time or in number) to consumers experiencing payment difficulty. Where timeframes apply there should be systems to require retailers to match payments, or waive or forgive debt where debt cannot be repaid sustainably within the timeframe.

Payment plans should be flexible and enable people scope to pay late, miss a payment or make part payment or 'good faith payments' without the plan being cancelled. These should be regarded as triggers for contact or further assessment of assistance, rather than cancellation of a plan.

Consumers should be able to have access to third party advice in setting up or reviewing a plan, to ensure it remains sustainable.

The JEC's research showed that there is considerable harm being caused where consumers adhere to payment plans that are not affordable.³⁴

Assistance alongside and beyond payment plans

Payment plans are important tools, but should not be the first assistance offered, and shouldn't be offered in isolation.

Our understanding is that retailers are most likely to only offer payment plans when a household indicates that they are experiencing payment difficulty, and that other forms of assistance – that actually improve affordability - are not as readily provided before, or at all.³⁵

Greater consideration and implementation of other measures outside of payment plans must be given. Experience in Victoria indicates it may be necessary to require other assistance to be offered before (or at least alongside) payment plans.

The framework could include a list of all possible assistance measures, with a retailer being able to select from that list according to the needs and circumstances of the consumer. For example, each assistance measure could be given a value and retailers can choose a way to reach a required value (similar to how the 100 points of identification system works). It would be necessary to weight the most substantive measures more highly, and similar to identification, some measures could effectively be required, such as:

- Being moved to the retailer's best offer
- Recalculating and reducing debt according to the 'better offer' a consumer was eligible for
- Pausing payments when the payment difficulty is expected to be short-term.
- Ensuring any concession and rebates are applied.
- Recalculating and reducing debt by the amount of concessions/rebates should have applied
- Assistance/referral to energy crisis support payments.
- Referrals, as appropriate, such as to financial counsellors and/or community organizations/supports to review a payment plan and provide advice for issues broader than energy.

³⁴ For example, this quote from a Financial Counsellor: "One thing I will say that's really annoying is, often, by the time they've come to us, they probably had to wait a little while [because financial counselling services are so stretched]. And so, they've attempted to be in touch with their retailer, done the right thing, and the retailer has set them up on a really unaffordable payment plan. And, obviously, the client is pressured to say yes to it. One of my clients had stuck to the payment plan for four or five payments, but I was like, 'How?'... And once we worked out what she could afford to pay, she was like, 'Oh, wow! Now I'll be able to afford food.' So, yeah, obviously the communication is 'you're about to be disconnected. In order to not be disconnected, you have to commit to this payment plan.' So, people say yes, which you understand, you don't want to be disconnected and then they give up other things."

³⁵ For example, in PIAC's research, of the households who were receiving assistance from their provider, 57% were receiving a payment plan they could afford, 28% were on a payment plan that they could not really afford, 23% were on a smoothing arrangement, but only 14% were put on a better offer, 14% received energy cost saving advice; 1% indicated they got a deferral for a period of time before they had to pay anything and 2% indicated something else. See page 31 of the report for more information.

Others could be assigned a value, based on the level of assistance given, such as:

- Energy efficiency assistance (beyond an audit or information, this would have to involve an intervention that leads to an improved outcome – such as links with appliance replacement or other government and industry programs).
- Payment matching (with the assistance of an independent third party, or subject to review by them)
- Waiving of debt.

Energy efficiency assistance

Improved energy efficiency (of home and/or fixtures and appliances) can make real improvements in reducing energy bills and addressing longer term payment difficulty while supporting household health and wellbeing.

To be meaningful for people experiencing payment difficulty energy efficiency assistance must go beyond assessment or advice. It must link to measures which can meaningfully improve actual outcomes for the consumer, while maintaining their health and wellbeing. This means ensuring assessments or advice being connected to appliance swap programs, free or subsidized upgrades, links to energy efficiency schemes to replace hot water or electrify, or other specialized programs. Without this, energy efficiency advice is ineffective at helping households reduce their energy bills. This is because:

- People experiencing payment difficulty have often already cut back on their energy use to an unhealthy minimum.³⁶ Behaviour change advice to these households should be about how to ensure more healthy energy usage, with tangible assistance to access improvements to fixtures and appliances/weather sealing/insulation to enable this.
- Affordability issues underly most payment difficulty (even if there are other factors involved) meaning that households can't afford to implement energy saving measures beyond behaviour change that is most likely to exacerbate their circumstances.
- A high percentage of people experiencing payment difficulties are renters,³⁷ which limits what action they can take.

As the AER has previously found, there is a widening gap between households who can reduce their energy use and those who can't. Addressing this gap wherever possible is vital to address energy affordability issues.

No mandated timeframes to repay debt

As noted above, capacity to pay must be at the heart of all payment plans.

³⁶ PIAC's research found that 62% of respondents already use as little energy as they can, even if that impacts their wellbeing. See pages 48-49 for more information.

³⁷ PIAC's research found that 38% of respondents were in private rental (compared to the state average of 27%) and 15% were in social housing (compared to the NSW average of 4%). See page 9-10 for more information.

The signatories to this submission have heard the harm caused by the provision in the Victorian PDF that requires debt to be repaid in two years. The JEC's research found that at least one retailer is using this as a guide for setting up payment plans in the NECF. Whilst for some households repaying the debt in a timely manner is an achievable goal, for many it is not. It cannot be the default. The priority should be good consumer outcomes through assistance, not debt repayment. Where timeframes for debt repayment apply, retailers must be required to waive or forgive debt which cannot be sustainably repaid within the timeframe.

Question 7. How could the framework better ensure that disconnection is a last resort?

We assert that no-one should be disconnected from an essential service because they cannot afford to pay. While the current framework asserts the intent it should be a last resort, it is in effect being utilised as a much more 'usual' threat which causes multiple harms.

Disconnection creates extra expense for households who can least afford it³⁸ as well as causing considerable stress for households who can least cope with this.³⁹ Receiving a notification of disconnection, even if that disconnection is avoided also causes stress for households.⁴⁰ There is consistent evidence, including from CALC's recent energy assistance report,⁴¹ that disconnection threats are being used as a common tool to drive people to accept payment plans they cannot afford. This is both unacceptable and a clear demonstration of the need to take the decision to initiate a disconnection threat out of the hands of the retailer.

Whilst some argue that a disconnection or threat of disconnection, is an intervention for the retailer to stop the consumer accumulating debt, given the harms involved in the disconnection process, disconnection can't be seen as having any benefit to the consumer and there is no evidence to show that it does.

More substantial action to reduce debt

Acting earlier and more substantively to avoid and address payment difficulty is the most effective way to prevent and address the accumulation of debt. More effective earlier action is also likely to minimize the prevalence of people who are currently threatened with disconnection because they are not paying or contactable, for all the reasons we have outlined throughout this submission.

Increase the minimum disconnection amount

Where disconnection and threats continue to be allowed, the amount of debt at which these threats are possible must be high enough to reflect the level of harm such threats (and disconnections) have on households. In this context \$300 is wholly inappropriate.

³⁸ From fees, spoilt food from fridges/freezers, having to stay elsewhere, having to buy take away food etc. PIAC's research found that disconnected households paid an average of \$241 in bond fees, \$316 in reconnection fees, \$149 in late payment fees and \$310 in other fees. See page 64-65 for more information.

³⁹ For example, PIAC's research showed that 39% of disconnected households had a person with a mental illness living in the home (see pages 12-13) and that 31% of people reported that people in the house became anxious or distressed as a result of the disconnected (see pages 66-67).

⁴⁰ For example, PIAC's research found that as a result of the disconnection notification, 54% of respondents reported that people in the home became anxious or distressed (see page 70).

⁴¹ Page 23.

\$300 in debt can be accumulated in less than a single quarterly bill, and for many households a single monthly bill. Retailers should not have the discretion to initiate an action with such harmful consequences for the consumer for debt equivalent to less than a single bill.

Debt triggers should remain for assistance and we support ongoing work to determine how effective triggers should be set for offers of assistance, steps escalating assistance, and initiation of a 'review of the customer relationship'. Debt triggers to initiate a disconnection process have merit, but should trigger a retailer request to a third party, and demonstration that all appropriate steps have been taken. We also note our recommendations on the value of human intervention at the point of disconnection (however it is initiated).

More steps needed ahead of a disconnection

Whilst the Victorian PDF disconnection safeguards are a step in the right direction, as noted above, more needs to be done to protect vulnerable households from the impacts of disconnection threats and action.

Disconnections should not occur without human intervention. We highlight the example of Catalonia as a demonstration of potential improvements which mitigate the harm to the household and provide an effective pathway to assistance.

Given the harms caused by disconnection, it should not simply be up to retailers to decide whether a disconnection should occur. There should be significant compliance and enforcement steps before initiation of disconnection to ensure retailers have demonstrated they have taken all possible steps before a disconnection (or threat) is able to proceed.

Question 8. What are the costs and benefits of potential changes to the framework?

Energy is an essential service and the implication of this is that regardless of their capacity to afford the energy they need, people must continue to use it to sustain their health and wellbeing. This must be restated as any relative consideration of the costs and benefits of changes to the framework must prioritise better outcomes for consumers in protecting their access to the energy they need to sustain their health and wellbeing. Consideration of the potential impact on retailing businesses is relevant after the fact, not an equal consideration to be weighed against consumer outcomes.

It is also important to note the starting point, which is a significant 'cost' burden that failures of the current framework shifts from retailers to other parties, such as:

- To the individual/household who use less energy than they need to sustain their health, cut back on other essentials, and take on debt.
- To the community sector as people experiencing payment difficulty rely on community services – often run by volunteers – such as food banks and welfare organizations.
- To jurisdictional governments. Many jurisdictional governments in the NEM provide rebates and crisis supports to help households pay down their energy debt and avoid disconnection. Often these supports are wholly or in part absorbed by retailers not

fulfilling their obligations (such as by leaving consumers on more expensive deals).

- Into the health system as people go without the energy they need to support their health and well-being, go without food and medicine and/or medical appointments, impacting health, mental health, the costs of which are not only borne by the individual and their family but also eventually by the health system.

The benefits of a more effective framework will necessarily involve some 'internalization' of these costs.

When considering the relative cost impact of addressing these failures on retailers, the AER must be transparent in assigning a relative weight to how that cost burden will be regarded. It cannot be equivalent.

Appendix A

Powerless: Debt and disconnection

June 2024

A PDF Version of this report is available [here](#)⁴².

⁴² The Justice and Equity Centre, 2024, 'Powerless: Debt and Disconnection', <https://jec.org.au/resources/powerless-debt-and-disconnection/>

Contents

1. Introduction.....	1
Research methodology.....	2
2. Who is impacted by debt and disconnection.....	4
Women are more impacted than men	4
Younger people are more impacted by payment difficulty than older people	5
Lower income households are most impacted, but middle-income households are increasingly prevalent.....	6
People who rent are more likely to be impacted but increasingly those with mortgages are also impacted	9
First nations people are over-represented across all three groups	10
Disconnected households have higher rates of disability, particularly mental illness.....	12
Respondents have slightly lower than average rates of people who speak a language other than English at home	15
3. Understanding payment difficulty experience and contributors	16
Frontline workers general observations.....	16
What is contributing to household debt and disconnection concerns?	18
Other factors impacting payment difficulty.....	26
4. Supports received at the time	32
Supports being received from provider.....	33
Supports being received from the Government.....	38
Complex consumer responses to payment difficulty	40
Households have low awareness of emergency assistance	42
Consumer relationships with retailers.....	43
Frontline workers experiences with retailers.....	48
5. Hidden payment difficulty impacts effective retail response	50
Households are going without other essentials	50
Households going without the energy they need.....	51
Turning to credit products, borrowing money, relying on family and friends.....	52
Disconnecting from having an electricity connection	53
6. Barriers to getting assistance	54
People are uncomfortable seeking assistance	55
Mental health issues such as anxiety make it difficult to contact retailers	57
Bad past experiences and lack of compassion from retailers.....	57
Retailers ask too much personal information.....	58

Retailers frighten people so they don't want to engage.....	58
Long telephone wait times and indirect phone numbers	58
Lack of awareness of what to do, what's available and what they're entitled to..	59
People are overwhelmed with their circumstances.....	59
Additional barriers.....	59
7. Experiences of disconnection, notification and worry	60
Rates of previous disconnections and notifications	60
Time since last payment and amount owing.....	62
Contact from provider ahead of disconnection/notification	64
Experiences of households who were disconnected	66
Experiences of households who received a notification of disconnection but avoided the disconnection	74
Experiences of households who are seriously worried about disconnection.....	77
Comparative strategies to get reconnected and avoid disconnection	82
Identifying what helped or would have helped.....	85
8. Measures to reduce disconnection and debt.....	88
Key Insights	88
Addressing the underlying drivers of energy and water unaffordability	88
Improved access to more efficient, electric homes	89
Access to affordable, appropriate tariffs	90
Flexible ways to pay that respond to changes in income and expenses	92
Targeted supports for groups over-represented in payment difficulty	95
Supports offered upfront.....	96
Better understanding of energy usage and bills	97
Targeted, flexible and accessible rebates	98
Limiting the use of credit products to afford essential services	99
Broader policy issues which would improve energy affordability.....	100
Improving supports for payment difficulty	100
Opportunities to help encourage people to reach out to their provider.....	101
Comprehensive, wrap around support.....	101
Enabling trusted intermediaries	102
Timely, proactive support and information.....	102
Retailer training and compassion	103
Diverse communication channels	104
Direct phone lines for support.....	104
Emotional support through communications.....	105

Easier access to hardship programs	105
Truly affordable, flexible payment plans	106
Home energy audits.....	106
Identification of low energy/water users and a process to check in.....	107
Consistent, achievable payment matching and other incentives	107
Protections remain on debt if there is switching	107
Improvements to crisis payments	108
Additional assistance for people in long term payment difficulty.....	108
A human intervention where contact can't be made/problems ongoing	109
Where there is a disconnection notification	109

8. Introduction

Throughout 2023, the Public Interest Advocacy Centre (PIAC) undertook research examining how NSW households are impacted by debt, disconnection and restrictions related to their use of electricity, gas and water services. This is the fifth time the research has been undertaken, with previous reports published in [2005](#), [2009](#), [2013](#) and [2018](#). This iteration of the research expanded on the scope of previous research and incorporated some changes in methodology which are detailed in this report, and the accompanying background and methodology document.⁴³

Despite a pause on disconnections during COVID-19 lockdowns, the 2023 research shows substantial numbers of people living in NSW have faced disconnection, been notified of an impending disconnection or been seriously worried about being disconnected due to bill debt in recent years.

It is clear that financial strain connected with the current cost of living crisis, coinciding with an increase in energy prices, is having a major negative impact on people. Many people are struggling to afford essential services, including energy and water.

The frontline workers we spoke to for the research said almost all people they saw in 2023 were experiencing difficulties with their energy bill payments. Households are making unreasonable sacrifices to try to save on their energy costs, including not using the heating and cooling they need to stay healthy.

Compared to previous rounds of research, we see higher rates of mental health issues disclosed, as well as higher rates of family violence. Most notably, the depth of the cost-of-living crisis is evidenced by the fact that middle income households account for a higher proportion of households being impacted by debt and disconnection.

Energy and water providers continue to argue that disconnections are necessary to elicit a response from consumers who are behind on energy or water bill payments. This claim is founded on an assumption that many people with debt can afford to pay their bill but choose not to. It also assumes that people requiring assistance need a threat to focus their attention and 'get the help they need'.

The fear of disconnection, the threat of disconnection and the experience of disconnection creates and compounds issues for households, adding anxiety and additional expense to the stress and cost of the experience of payment difficulty. Disconnection also impacts the relationship with the retailer, undermining trust which is crucial to managing effective debt repayment and payment assistance.

The research shows that households who go through a disconnection don't get assistance that improves their circumstances and helps them avoid future payment difficulty. Households who

⁴³ Refer to the detailed methodology report available online accompanying this document.

experience payment difficulty but don't get disconnected are still impacted by the stress and threat of disconnection and make worrying sacrifices to avoid a notification.

Payment difficulty then impacts on other essentials and results in sacrifices not visible to providers or regulators.

This report provides a summary of our research and recommendations to improve how retailers respond to payment difficulty, so households receive more substantial and consistent support to re-establish financial stability.

Further findings and deeper analysis from this research will be available in a series of follow-up topic and cohort-based reports.

Research methodology

PIAC engaged Action Market Research (AMR) for this research project. AMR worked with us to develop a multi-stage '360-degree view' research project, with several key lines of primary research. This research expanded on previous iterations and made a number of changes (detailed further in this section) including expanding the scope of the research to cover the previous 2 years, rather than 12 months.

The first stage involved qualitative interviews with 15 NSW financial counsellors and community service providers. Those interviews investigated key issues relating to consumers' energy/water use and affordability, experiences of disconnection and debt, and potential improvements to help people avoid disconnection and debt.

The second stage involved eight qualitative 'case study' discussions with key NSW stakeholders, including distribution businesses, an energy retailer, water providers and the Energy and Water Ombudsman NSW (EWON). These discussions investigated industry views on consumer energy use and affordability issues, targeted support and intervention programs, including the Knock to Stay Connected (K2SC) initiative.

The third stage involved 15 qualitative interviews with individual consumers in NSW. Each person had recently, or were currently, experiencing energy payment difficulty and/or had been impacted by disconnection, including by being notified or worried about disconnection.

The fourth and final stage was a quantitative survey with a broad sample of 1044 NSW residents. The survey asked about energy/water use and affordability, the impact and experiences of disconnection and debt, and potential solutions and improvements to help consumers avoid disconnection and debt. Respondents had to be in one of the following groups:

- Had been disconnected from electricity or gas or restricted from water in the last two years (referred to as '**disconnected**' households).
- Had been notified about an impending disconnection in the last two years, which could include receiving a visit to their home from their distributor or provider in relation to an upcoming disconnection but avoiding the disconnection (referred to as '**notified**' households).
- Had been seriously worried about having their electricity, gas or water disconnected and making sacrifices to ensure the debt was paid in the last two years (referred to as '**worried**' households).

PIAC and AMR made efforts to create a representative research project, but it is important to note some inherent biases resulting from a reliance on online surveys and the survey and interviews being conducted exclusively in English. The research may not capture the experience of people who are digitally excluded and/or who have low English literacy. As such, key groups such as older people, people from Culturally and Linguistically Diverse (CALD) backgrounds, First Nations people, people with low educational attainment and/or people on very low incomes are likely to be under-represented in the survey, and people who have lower English proficiency are not included in interviews. It is also difficult for the experiences of people with significant mental health issues or intellectual disabilities to be included in research of this kind.

More information about the research objectives, methodology and context of the research can be found in our document 'Powerless: Background and methodology'.⁴⁴

Notes:

- Where percentages do not add to 100%, this is due to rounding.
- Quantitative survey results are shown by total and analysed by three types of respondents: Disconnection, Notified, and Worried.
- For brevity, this report and other reports in this series use the term 'disconnection' to refer to both 'disconnection' from electricity or gas and 'restriction' from a water service, unless referring to water restrictions specifically.
- Where it was relevant to look at electricity, gas and water separately, this was done. Sometimes the survey question combines electricity and gas under the term 'energy' as a whole, and other times (such as when testing solutions), the question was asked in relation to all relevant utilities used by a household.
- 'Provider' and 'retailer' are used interchangeably and refer to energy retailers and corporations and councils that provide water services.
- Shading in the tables indicates the result for a subgroup is higher than the total.
- Any quotes from participants are presented in quotation marks.
- Names of participants are pseudonyms to ensure confidentiality.
- For brevity, financial counsellors and community service providers are referred to as 'frontline workers' in this report and others in the series.
- We make some comparisons between this research and previous research, particularly from 2018. It is important to note there are limitations with comparisons due to changes in scope and methodology, including changes in the way questions have been asked. In 2005, 2009 and 2013, we only collected data on disconnected households (not notified or worried households).
- The complete survey questionnaire can be obtained from PIAC on request.

⁴⁴ Ibid.

9. Who is impacted by debt and disconnection

Key finding: While demographic cohorts often associated with disadvantage continue to experience higher rates of disconnection and risk of disconnection, people from higher income groups are increasingly represented.

All participants in our research had to be NSW residents aged 18+. In the survey, two-thirds (63%) lived in a capital city or metropolitan area of a capital city, with the remaining (37%) living in a rural or regional area. Whilst not an exact comparison, Greater Sydney's population is about 64% of the total population of NSW,⁴⁵ so these figures are somewhat reflective of the NSW population.

As in past research the 2023 iteration shows that people who have been disconnected, notified of disconnection and/or who are seriously worried about being disconnected tend to come from demographic groups frequently associated with economic disadvantage. This supports our understanding that underlying financial capacity is the major factor contributing to people's experiences of disconnection. However, in this round of research, coinciding with a cost-of-living crisis, we saw an increased proportion of households in higher income brackets impacted.

Whilst almost anyone can become vulnerable to payment difficulty, understanding demographic nuances is crucial to ensuring support mechanisms work effectively and help all groups to avoid disconnection, notification and/or serious worry.

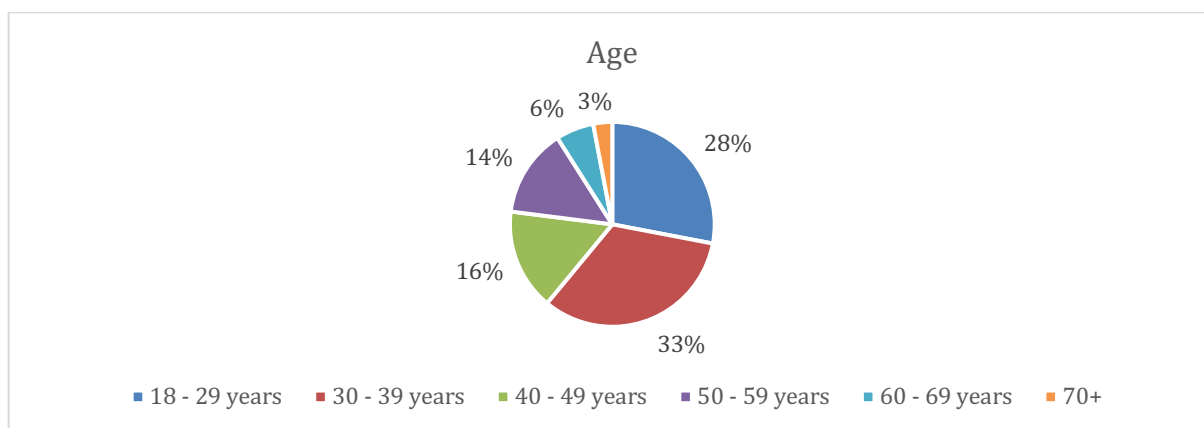
Women are more impacted than men

In the survey, gender skewed towards female, with 66% identifying as woman or female, and 34% identifying as man or male. Despite attempts to get a cross section of people in the interviews, this skew towards females was also apparent in our interviews – 11 out of the 15 were with women.

This skew warrants further analysis. Women are paid less on average than men and often work less hours than men to balance paid work with caring responsibilities which might be leading to this greater tendency to experience payment difficulty. Whilst we did not ask whether a household was a single parent household, this might also be a factor.

⁴⁵ Derived from <https://www.abs.gov.au/census/find-census-data/quickstats/2021/1GSYD> and <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>.

Younger people are more impacted by payment difficulty than older people⁴⁶



Age skewed towards younger people. Fewer older people appeared to qualify for the survey and while the majority of respondents were in middle age groups, there was a noticeable over-representation of young adults in the research. This may be because older people:

- Are more likely to be eligible to access energy rebates⁴⁷ which assist in energy and water affordability.
- Are more likely to own their home, noting that the cost of housing is a significant pressure in the current cost of living crisis.
- May be able to reduce their energy use (and other bills) more easily with smaller numbers of people in their households.

This is not to say that older people aren't experiencing payment difficulty, and many may be making significant sacrifices to keep their energy bills low. Some older people may not recognise this is a sacrifice, or simply may not want to participate in research of this kind.

Younger adults are more likely to be studying, working in casual and/or part time work⁴⁸ or participating in the gig economy. This impacts earning capacity, scope to budget and ability to afford essential bills, particularly those which are often large, infrequent and unpredictable like energy bills. Younger people are also less likely to have established savings to use to cover large expenses and help them deal with the impact of temporary income restrictions such as lost hours or illness.

Young people rarely own their own home and are more likely to live in shared or precarious housing. The nature of these circumstance, and their interaction with energy billing is likely to be driving the higher proportion of young people struggling with payment difficulty. Frontline workers spoke of the difficulties some young adults have managing bills, particularly when they first move out of home.

⁴⁶ We will explore the impacts of debt and disconnection further on young people in our forthcoming joint report with Youth Action.

⁴⁷ People on the age pension can access the Low Income Household Rebate (energy) and self-funded retirees can access the Seniors Energy Rebate. Some water providers provide pension rebates.

⁴⁸ <https://www.abs.gov.au/articles/employment-2021-census>.

“We’ve seen with young people, [unpaid electricity bills are] part of the reason they’ve been evicted from their accommodation and have had to return to our crisis refuge because they’ve not been able to keep up with their rent or their utilities, which has been significantly impactful.”

Residential and Assertive Outreach Coordinator

One of the consumers interviewed also spoke about learning about energy use and managing bills.

“[I was disconnected] around October/November 2021. It was through winter, so I think I was using the heater too much. It was my first time moving out that year, so I was kind of learning how much things actually cost...I didn’t really know how paying bills worked.”

Christine

Whilst we did not capture the age of all household members, we did find 57% of households disconnected had at least one person under 18 years old. Rates were a little lower for notified households (55%) and lower still for seriously worried households (46%).

In our interviews, 13 of the 15 had people under 30 living in the household.

Very little attention is given to the impact energy exclusion has on young people – including children and young adults - but the role energy plays in health, education, social inclusion and financial stability means it warrants more examination. We will explore this in greater detail in an in-depth report.

Lower income households are most impacted, but middle-income households are increasingly prevalent

Not surprisingly, given the high cost of mortgage repayments and rent, more middle-income households are facing payment difficulty for energy and water.

However, the pressure on lower income households remains most severe, particularly for those with little option to access more affordable housing, and a high risk of being pushed into homelessness when energy payment leads to difficulty in paying rent. This means the incidence of payment difficulty and issues with disconnection have simply expanded.

Which of the following describes you/your household's main source of income?				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
Work full-time	57%	53%	63%	53%
Work part-time	16%	19%	15%	17%
Work in a casual position	8%	7%	8%	8%
Job Seeker	4%	9%	2%	4%
Self-funded Retiree	0%	0%	0%	1%
Retiree receiving the aged pension	3%	3%	2%	5%
Other government support payments	9%	8%	8%	11%
Other source of income	1%	2%	1%	1%
Total	100%	100%	100%	100%

Across all three groups (disconnected, notified and worried) the main income for most households comes from full time employment.

The main income for 72% of disconnected households came from a wage or salary (full time or part time). In our 2018 research this was only 50% and in 2013 it was 44%. In 2009, coinciding with the global financial crisis, it was 62%. In 2004 it was 41%.

The group who had experienced disconnection had a higher proportion of people working part-time or receiving Job Seeker payments than the other two groups. Those people are likely to have less resources and capacity to avoid the disconnection.

"I would say that there has been an increase in struggles [with energy bills] because that Centrelink payment got reduced [after COVID-19]... So, you know, where they might have been able to pay their electricity instalment during that time because they still had an extra \$150 or whatever it might have been, now they don't have that anymore. That's been taken away from them and that's directly impacting their ability to pay energy."

Residential and Assertive Outreach Coordinator

There were higher rates of full-time workers amongst people who had been notified about a disconnection. Those seriously worried were more likely to be receiving the aged pension or 'other' government support payments. There was no significant presentation of self-funded retirees.

"I actually think [energy affordability] is affecting a lot more people now. I mean typically you would think maybe it is impacting people on Centrelink, but I think there are actually working people being affected now because of the rising costs - not just for electricity, but everything. It used to be just people on Centrelink coming to see us with these kinds of concerns but now it's becoming a concern for other people too. Also, because Centrelink income is only limited, and if everything – not just electricity – is increasing, the money can't stretch that far."

Financial Counsellor

What is your annual household income before tax? If unsure of the exact amount, please estimate approximately how much take-home pay your household receives in a single year.				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
Less than \$20,000	4%	8%	4%	3%
\$20,000 to under \$40,000	14%	16%	10%	17%
\$40,001 to under \$60,000	15%	18%	13%	17%
\$60,001 to under \$80,000	14%	15%	15%	14%
\$80,001 to under \$100,000	15%	14%	16%	14%
\$100,001 to under \$120,000	11%	7%	12%	10%
\$120,001 to under \$150,000	10%	11%	10%	9%
\$150,001 to under \$250,000	9%	7%	10%	9%
\$250,001 or more	2%	2%	2%	1%
Don't know	1%	3%	2%	1%
Prefer not to say	5%	1%	6%	6%
Total	100%	100%	100%	100%

For the group experiencing disconnection, household income before tax was lower, with 47% reporting income less than \$80k a year. Again, reduced access to financial resources is likely to reduce their capacity to source money and avoid disconnection.

Those notified tended to have middle-range incomes (\$80-\$120k), where the average household income in NSW is \$95,108.⁴⁹ Those seriously worried were more likely to be on lower incomes (under \$60k). Notably, every income bracket was represented, with 20% of those experiencing a disconnection having a household income over \$120,000.

⁴⁹ Australian Bureau of Statistics, ['New South Wales: 2021 Census All Persons QuickStats'](#).

People who rent are more likely to be impacted but increasingly those with mortgages are also impacted

Which of the following best applies to your current living situation?				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
Renting – social housing (eg public or community housing)	15%	27%	14%	12%
Private Renting – from a real estate agent/landlord	38%	39%	36%	39%
Paying off a mortgage	37%	31%	40%	37%
In a home I have fully paid off	9%	3%	8%	10%
Other	1%	0%	1%	2%
Total	100%	100%	100%	100%

Our survey shows a high proportion of people living in rented homes are impacted by disconnection or payment difficulty, with 38% of participants in private rental and 15% in social housing. In NSW, 27% of people live in private rentals and 4% live in social housing.⁵⁰ Renters lack ability to improve the energy efficiency of their home, decide to electrify, or take advantage of consumer energy resources such as solar and batteries, which reduce energy bills. Much rental housing is of a poor standard, and with no minimum energy standards can be expensive to run. These factors are strong contributors to the propensity for payment difficulty and experience of disconnection issues.

People living in social housing are concerningly overrepresented amongst disconnected households. 27% of disconnected respondents lived in social housing compared to 14% of notified households and 12% of seriously worried households. These households have less capacity to overcome debt and payment difficulty and would seem less able to avoid disconnection.

Private renters are consistently over-represented, with 39% of disconnected and worried households living in private rental and 36% of notified households.

“There are going to be some people who, because of their financial challenges, paying on energy bills is just an ongoing challenge. People on Centrelink are going to be most affected, but even people in a stable housing situation are affected because housing is usually one of the biggest financial costs I see in people's budgets. If you're in social housing it's controlled at 30% of your income plus rental assistance, so it's a lot better than someone who, for instance, are getting access to EAPA vouchers but whose rent is about 80% of their income in a private rental.

⁵⁰ <https://profile.id.com.au/australia/tenure?WebID=100>.

Financial Counsellor

Compared with past research, there was a higher proportion of households with mortgages than we have seen since the research that followed the global financial crisis (GFC).

In this research, 37% of those completing the survey had a mortgage, higher than the NSW average of 34%.⁵¹ In 2018, that figure was 29%.

When looking just at households who have experienced a disconnection, 31% were households with a mortgage. This contrasts with 18% in 2018 and 25% in 2013 and 19% in 2004. But in 2009, after the GFC, the figure was 42%.

Households with mortgages also represent 40% of those notified and 37% of those seriously worried, pointing to the prevalence of mortgage stress.

“The middle class is struggling at the moment, because a lot of the time they are people with mortgages and living in their home so there's a certain degree that they might be a little bit more vulnerable now [in the current high interest rate environment] and so we're definitely seeing across our services an increase in that cohort coming in. You know, traditionally we have always seen the lowest socioeconomic groups come through our doors, but now there's a big change in what we're seeing around the movement in that cohort, particularly that cohort moving into homelessness.

Community Centre Manager

Across all three categories, there are much lower rates of people living in homes owned outright (9%), with this being highest for worried households (10%) and lowest for disconnected households (3%). 31.5% of households in NSW live in homes they own outright, which again supports the link between housing costs and energy affordability issues.

First nations people are over-represented across all three groups

Do you identify as Aboriginal or Torres Strait Islander origin				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
Yes – Aboriginal origin, Torres Strait Islander original	8%	11%	9%	6%
No – neither	91%	89%	90%	93%
Prefer not to say	1%	0%	1%	1%

⁵¹ [ABS Quickstats NSW.](#)

Total	100%	100%	100%	100%
-------	------	------	------	------

Respondents identifying as Aboriginal and/or Torres Strait Islander origin are over-represented across all three categories. In NSW, 3.4% of the population identified as Aboriginal or Torres Strait Islander in 2021.⁵² In our research, 11% of people who were disconnected, 9% of people notified and 6% of worried people identified as Aboriginal and/or Torres Strait Islander. We only asked whether the survey respondent was First Nations, not whether anyone in the household was First Nations, so these figures may not capture all First Nations households impacted by disconnection.

Since our first report in 2004, our research has shown that First Nations are consistently disproportionately impacted by disconnection. We regard this as evidence of the structural disadvantages impacting First Nations peoples' economic stability and financial security, and a demonstration of the scope for improvements in payment assistance to support First Nations households.

Disconnection is expensive and extremely stressful for any household, but arguably has a greater impact on First Nations households, as this quote from a financial counsellor reveals:

"We've come out of COVID-19 with mental health dramas; [people are] actually quite anxious. If you're a First Nations person and you are in a situation that's precarious in some way and all of a sudden you can't pay your energy bill, if your energy gets cut off, you are worried about your children being taken from you. It is basically a core need that is treated like a luxury and, therefore, people live in fear of the impact, not only on their health and their well-being, but on their family structure."

Financial Counsellor

⁵² <https://www.abs.gov.au/statistics/people/aboriginal-and-torres-strait-islander-peoples/census-population-and-housing-counts-aboriginal-and-torres-strait-islander-australians/latest-release#:~:text=The%20number%20of%20Aboriginal%20and,people%20in%20NSW%20in%202021.>

Disconnected households have higher rates of disability, particularly mental illness

Do you or someone in your household have any of the following?				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
A medical condition that requires regular treatment/medication	31%	28%	28%	35%
A medical condition that requires the use of equipment that connected to household electricity	5%	8%	5%	5%
A serious or potentially life-threatening condition	5%	7%	4%	6%
A mental illness (including depression/anxiety)	32%	39%	30%	31%
An intellectual disability	5%	8%	5%	4%
A physical mobility problem	9%	8%	7%	10%
None of these	47%	36%	52%	45%
Prefer not to say	4%	4%	4%	4%

In this research, 49% of respondents indicated someone in their household has a disability. In NSW, 17% of the population (not households) live with a disability, indicating that people with disability are disproportionately impacted by payment difficulty in energy and water. In interviews, some people have also outlined how family health issues have had a big impact on their ability to afford their bills.

“Last year my daughter was severely sick and we had to put a lot of money into her health, and that’s how we got to this crisis point where we got cut off.”

Susannah

“It was just the one time with the energy when we missed that one that we got notified. We got home after nearly four months with family illness. I definitely wasn’t thinking about it, I wasn’t checking bills and things. A message was left from someone saying that they were from [the energy provider] and they really needed to talk to us about the bills and the possibility of disconnection.”

Cassie

The survey indicated high rates of mental illness including depression and anxiety (32%) within households experiencing disconnection or payment difficulty. Mental illness is even more prevalent among households that have been disconnected (39%). In NSW, 8%⁵³ of people reported having a mental health condition at the last census.

The rate of mental illness was higher than was disclosed in our 2018 research, where it was 28% for disconnected households (but highest for notified households at 31%). This rate is also higher than it was for disconnected households in 2013 (30%) and 2009 (28%).⁵⁴ It is well established that COVID-19 took a major toll on people's mental health. The greater attention has helped reduced stigma related to mental health issues. Accordingly, it is difficult to be confident of whether the increased numbers are the result of greater recognition of mental health concerns, or a greater incidence of mental health conditions as a contributor to payment difficulty.

Regardless, that 39% of households who experienced a disconnection in the last two years reported that a household member was suffering from mental health issues is a concern and a relevant consideration in assessing the appropriateness of disconnection and assistance being offered.

During interviews, frontline workers and consumers often spoke about mental health both impacting affordability and being exacerbated by disconnection or threats/worry about disconnection.

"We know the impacts of finance and mental health are so intertwined and they're so interrelated. [A lot of the people] that we see for financial counselling end up in mental health counselling, and the majority of people that we often see in mental health counselling end up in financial counselling... you know yourself if you get a big bill then that will side swipe you, [it's an issue] and we ruminate over it, like 'who left the lights on?' type of thing. Whereas, if people haven't got the capacity for that, they push it away and then that affects their mental health because they can't see a way out."

Community Centre Manager

"Mental health is a massive factor because I think that even though people are coming to us, by the time someone usually does come to us regarding a utility bill, it's well overdue - and I'm talking well overdue. So, by then, obviously their mental health's declined, they're just living off noodles and things like that because any little bit of money that they do have, they are probably throwing to a bill. But even then, it's not touching the side of it, especially when they're getting late fees and things like that as well. We do see a lot of people who come in very frustrated, but mental health is a huge thing that we face when it comes down to clients."

Case Manager

"And when there's mental health concerns, if people are being chased by creditors, they don't want to answer the phone. They may set up other emails to avoid contact."

Financial Counsellor

⁵³ <https://abs.gov.au/census/find-census-data/quickstats/2021/POA2022>.

⁵⁴ The question was not asked in 2005.

"[Having my cousin help me was] essential because, while I was worried about [my energy bill], I was so mentally ill that I [wasn't taking it seriously]. So, when I told my cousin, she was more worried about it than I was and she was like, 'It's time to do something.'"

Christine

"It just has a knock-on effect. It's not just the energy or the water. They need to understand that it has a knock-on effect to your mental health and well-being. The stress - I can't tell you. I have laid awake at night thinking, 'Oh my god, are they going to cut off the electricity and the gas? Because if they do, I don't have enough [money to buy petrol] to drive to Molong to use the equipment that my parents need.'"

Jodi

"[I was] quite behind. I was trying to catch up, but I couldn't catch up, so I freaked out. I suffer with depression, anxiety and PTSD, so things like checking my mailbox, it's really, really hard for me to do that. It's a trigger."

Angela

People living with a medical condition that requires regular treatment and medication are also more prevalent in households experiencing a disconnection when comparing our 2023 research (28%) with our 2018 research (18%). Those who have a medical condition requiring equipment connected to electricity are less prevalent (8% compared with 16% in 2018 for those who had been disconnected).

Where a medical condition requires the use of equipment connected to household electricity, a person is generally eligible to be on the [life support register](#), protecting them from disconnection for non-payment.⁵⁵ Other conditions such as a medical need for heating or cooling, hot water and/or refrigeration of medication could also allow someone to be [eligible for the life support register](#) and protected from disconnection for non-payment.

More than half of respondents across the three groups have at least one person in the home with at least one physical or mental health condition. This likely impacts on the household's capacity to avoid and recover from payment difficulty and should be a consideration in examining reforms to retail supports.

⁵⁵ National Energy Retail Rule 124B subrules (1)(c) and (2)(a)(iii).

Respondents have slightly lower than average rates of people who speak a language other than English at home

Do you speak a language other than English at home?				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
Yes	17%	23%	19%	14%
No	81%	77%	80%	84%
Prefer not to say	1%	0%	1%	2%
Total	100%	100%	100%	100%

17% of respondents indicated they speak a language other than English at home. This rate was higher for people who had experienced a disconnection (23%). The proportion of people in NSW who speak a language other than English at home is 26.6%.⁵⁶

Due to budget constraints, this survey was only provided online and in English, making accessibility difficult for people not proficient in English. This may account for the lower rate of people participating who speak a language other than English at home. Anecdotally, people from some cultural backgrounds can be reluctant to share their experiences of payment difficulty and many are unaware their situation is considered payment difficulty.

Our research included interviews with frontline workers who provide services to diverse communities, to help us understand the experiences of people unlikely to participate in an online survey. Frontline workers spoke about the high levels of English proficiency that retailers expect from consumers.

"I don't think [retailers] make it that easy to get help. One reason is language, and the reason is that some older people don't know how to use the phone or know how to talk to an answering machine. So, older people don't understand; they say, if you're using a mobile, for a resident, you have to press this number and this number. For older people, they don't understand that. And especially for people with different languages, with English as their second language, this is too difficult for them."

Community worker

Whilst there is a lower than expected proportion of people from CALD communities in this research, the numbers still demonstrate that language and cultural barriers will need to be overcome to reduce disconnections and payment difficulty for people from CALD communities.

⁵⁶ <https://profile.id.com.au/australia/language?WebID=100#:~:text=In%20New%20South%20Wales%2C%2026.6,at%20home%20other%20than%20English.>

10. Understanding payment difficulty experience and contributors

"I cannot tell you what it's like living with that pressure of such a huge amount of gas and electricity [debt]. You don't know how you're going to get on top of it and everything else is going up."

Jodi

The research indicates there are a range of interacting, structural, circumstantial and personal issues that contribute to payment difficulty. This section provides an overview, to demonstrate the range, nature and impact of these contributors, although this is not intended as a comprehensive listing.

At the outset, it is important to note that for many people, payment difficulty leading to disconnection is simply a result of having insufficient income to cover their needs.

Frontline workers general observations

Frontline workers shared their general observations about payment difficulty including that:

Energy is often part of wider household affordability issues

"When we actually talk to people and get their money plan down, energy is always one of the things that's a high cost and there's often sacrifices made. So, I'd say, on my line, it's close to 80% [of people who are struggling]. I'd say it's increased [since COVID-19]. I think in COVID-19 it increased because of the cost of having kids home and keeping kids warm. Pre COVID-19 I don't think was as bad, but post COVID-19, it's just skyrocketing."

Financial Counsellor

Cost of living pressures, including increased costs of housing, require some households to stretch every dollar

"There been a massive increase in clients both for EAPA and for NILS [No Interest Loans Scheme], just with affordability; nobody can afford anything. And trying to get people over the line, just trying to squeeze every last drop out of people's budgets and people being able to still manage to live. Rental increases are crazy; majority of people's wages are going on rent. Especially if they're in the private sector."

NILs Consultant

Experiencing a crisis impacts people's ability to deal with other problems, including bills

"When people are in a crisis, they kind of ignore everything. They won't open their mail. It's not a priority for them. They've got other stuff going on in their life."

Financial Counsellor

Debt and the prospect of disconnection exacerbates the situation

"I think it's distressing for people. I think the more debt they get in, the more overwhelmed they get, the more stressed they get, they push it to the side and ignore it. It just seems to be a big vicious cycle; they're robbing Peter to pay Paul. They're borrowing money from family which causes upset. I think being in debt really affects people's mental health and then, of course, when you've got bad mental health, you don't make good decisions."

Team Leader, Northern Rivers Community Gateway

Other factors

"I know substance addiction and gambling plays a big part. Lack of education around finances, a lot of people just don't know how to manage their money, they have not been taught how. People that have just lost jobs and then just don't have the money."

Team Leader

"And then there's some clients where what they have done is that, okay well if it's not working with this energy provider, we go to another energy provider. And so, this is how they also get bills that are from past life and everything like that... the bill is coming back through a debt collector. You know, so they keep on going, switching, and it's just a never-ending cycle..."

Financial Counsellor

Some frontline workers spoke about clients needing assistance to improve their financial literacy. However, others explained that households living on low incomes already demonstrate expertise in juggling extremely tight expenses and accounting for every cent. This suggests that advice and information will be of limited assistance to some people facing disconnection and it should not be assumed their circumstances result from incompetence.

What is contributing to household debt and disconnection concerns?

Which if any of the following were happening in your household at the time [disconnected / notified / seriously worried]?				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
It was generally hard to find money to pay bills when they were due	60%	58%	57%	64%
The electricity, gas or water bill was much higher than I had expected	54%	45%	52%	58%
A lot of expenses came up at the same time and I was managing multiple debts	38%	34%	38%	39%
My income was uneven / unpredictable, which made it harder to stay on top of bills when they were due	23%	27%	23%	22%
A big event had affected household members, such as relationship difficulties, bereavement, illness, injury or job loss	22%	21%	22%	23%
The weather was particularly hot, cold, rainy, or there was smoke haze which meant I needed to use more energy	17%	17%	16%	19%
I was using an unusually high amount of electricity, gas or water	16%	18%	18%	13%
I received an estimated bill/s, which meant the bill/s was not what I was expecting	9%	9%	10%	8%
I had not received a bill for some time	8%	12%	9%	6%
An extra person or people had come to stay with me for a long time	7%	9%	6%	7%
There was family violence in the household (this includes emotional, economic, psychological, sexual and/or physical abuse, and is behaviour which is violent, threatening, controlling or makes someone feel scared or unsafe)	6%	13%	6%	5%
My concession / rebate was not applied to the bill	5%	14%	6%	2%
Someone else in the household was receiving the bills and I wasn't seeing them	5%	7%	6%	3%
The landlord I was renting from failed to pay the bill	2%	3%	3%	1%
Some other special circumstance	8%	7%	10%	7%
None of the above	3%	9%	3%	2%

Prefer not to say	1%	2%	1%	1%
-------------------	----	----	----	----

In line with our 2018 research, 2023 shows a continued trend of disconnection resulting from a culmination of factors, especially long-term factors, rather than a single event. Although a single event, such as a job loss, illness or other kind of bereavement, might push people over the edge .

While the focus of policy makers and service providers is often on the catalysing event, a more effective response to payment difficulty and disconnection involves understanding evidence of longer-term issues that put households at heightened risk.

Many households generally struggle to find money

When asked about what else was going on at the time of the disconnection/notification/worry experience, the most common factor was that it was **generally hard to find money to pay bills when they were due**, with nearly two-thirds (60%) indicating this was a factor. This increased across all categories from 2018, but especially for disconnected households (from 34% in 2018 to 58% in 2023). This is unsurprising given the cost-of-living issues at the time of the research. The general struggle to afford essentials is notable as it requires a focus beyond energy and water, to understand households' broader circumstances when considering how to identify and more effectively assist them through payment difficulty.

"Well, really, a lot of the bills [are an issue]. What we get paid and all the bills that we've got, they kind of don't really match. Like for the income that we've got and what we've got to put out, it just makes all of them hard, really."

Cassie

"It's just the fact that I've never had enough money. I've been a single parent for 27 years, so it's always just been me. I don't have a partner. I started working the past few years because my youngest daughter was old enough for me to be able to go and get a job, but I'm now back to not working because [of mental health issues]... There's just not enough money coming in. So, I'm not ignoring it. It's just trying to make the best of my situation."

Angela

The bill is often higher than expected

Those indicating **the electricity, gas or water bill was much higher than I had expected**, was also up across all categories (from 44% in 2018 to 54% in 2023). Again, it was especially the case for disconnected households (from 27% in 2018 to 45% in 2023). This shows a very real impact from sharp rises in energy prices.

"I would say that the biggest key driver [of energy issues] is the cost of energy at the moment. For something that's essential, it's an unattainable, unmanageable cost unless you sacrifice your health and well-being."

Financial Counsellor

"It's just us three, but it just seems that this last term of our bill, it seems to be double what it was before for no reason, like no real change in what we use."

Bradley

“When a bill came, the money was always there and it'd get paid straight away and we'd have nothing outstanding. We were paying amounts in advance, so it worked out well. We didn't have to worry about it. And then when the prices went up, went crazy, it absorbed what we were in credit and we started getting bills.”

Craig

For those who received a higher-than-expected bill, 40% believed the reason was a price increase (rather than higher usage), and 20% believed it was weather-related, where particularly hot or cold weather drove a need for more heating or cooling. These factors are broadly 'out of the person's control'.

At the time of receiving an unexpectedly high bill, more than half (52%) of all respondents did not contact their provider, while 46% did (38% to query the bill and 8% to complain about the bill). For those who had experienced a disconnection, 48% said they did contact their provider to query/complain about the bill, while for those who had been notified, 43% contacted their provider to query/complain about the bill. Despite making this contact, these household still went on to be disconnected/notified of a disconnection by their provider. These figures indicate that there may be a missed opportunity on the part of providers to offer a household assistance when this contact is made.

We know that unevenness of energy bills is a problem for households. Most people receive quarterly bills, with seasonal peaks in winter and summer as people attempt to heat/cool their homes. Our research demonstrates the value of enabling monthly (or more frequent and flexible) billing to be much more commonplace.

Households have multiple expenses and debts and unpredictable income

A lot of expenses came up at the same time and I was managing multiple debts was not an option provided in previous rounds of the research. This was added as a result of PIACs research into the rapidly rising use of lightly regulated and unregulated credit products to pay essential bills. In this previous research, people indicated they turn to these products when too many bills come at once. Across the three groups of households, 38% indicated this was a factor, with slightly lower rates for disconnected households (34%).

“About a year and a half ago we were with [an energy provider] and we got disconnected for a little bit, a couple of weeks. We got that sorted and then swapped to [another energy provider]. I think it was just bad timing. A lot of bills came out. We had to pay our car regos and stuff. We ended up having no money for [the energy bill]. I think they reached out, but there wasn't really anything we could do.”

Lyndon

My income was uneven/unpredictable, which made it harder to stay on top of bills when they were due was the next most common factor. This was another new option added to recognise casualisation of work and the rise of the gig economy. Overall, 23% of households indicated this was a factor for them, with higher numbers for disconnected households (27%).

“Everything's getting more expensive, obviously, and my husband, who's the main earner, his work is seasonal so it goes up and down a lot. And then I just work casually, so that's not regular either. So, balancing all of that is pretty tricky sometimes.”

Kathleen

“I get paid weekly but each week it's a different pay. For example, this week's pay, I get \$25. That's it. Next week's pay it's about \$700, but I've got four different bills, food shopping, petrol, medications. That \$700 is gone. I get up in the morning, I pay all my bills, and it's gone by 8am.”

Angela

While retailers already provide options to more flexibly pay energy bills, there is scope to expand this, making more frequent and flexible payment options available earlier and more universally. The National Energy Retail Rules require retailers to offer flexibility through payment plans, but there is a great degree of inconsistency within and between retailers in how these are offered and how flexible they are.

For many people, expenses and debts coincide, and incomes are unpredictable. These factors are compounded by the uneven and unpredictable nature of energy bills, particularly when they come on a quarterly basis. These factors are key considerations in reforming the structure of retail offers and assistance measures, as well as how and when assistance is required to be offered. Simple misalignment between income and expenses should not lead to debt and disconnection.

Often a big event tips households over the edge

A big event had affected household members, such as relationship difficulties, bereavement, illness, injury and job loss was also a common response. A big event can refer to a wide range of issues impacting the household's wider coping capacity. Overall, 22% of households said this was a factor, with slightly higher numbers for worried households (23%) compared to disconnected households (21%). Rates were quite consistent with our 2018 research.

For those experiencing a big event at the time of being disconnected, notified or worried, two-thirds of respondents (66%) reported that the nature of the big event was family hardship (e.g. a death in the family, sickness / impairment or some other kind of family-related matter). 30% said it was a sudden loss of income through job loss / redundancy or something else. 6% of people opted to not say what the event was in relation to, citing personal or privacy reasons.

“It's a bad situation and it's just through unforeseen circumstances. I just want the electricity and gas company to know that I am not trying to avoid my responsibility. I am doing everything within my power to reduce my bills, but I need them to meet me more than halfway. And I need other things implemented to protect vulnerable people like myself... And when you're down on your luck and something like that happens, that sort of pushes you over the edge.”

Jodi

Weather can impact affordability

17% of households indicated **The weather was particularly hot, cold, rainy, or there was smoke haze which meant I needed to use more energy**. This rate was reasonably even across the three groups, but slightly higher for worried households.

This question helps understand the 'day to day' impact of weather on people's lives, and potentially the impact of climate change on energy affordability. Uneven weather is likely to make energy bills (and possibly water bills) higher and less predictable as people respond to hotter, colder and wetter weather with heating or cooling. Many people in NSW would recall the severe smoke haze associated with the 2019/20 bushfires and the need to keep windows closed and rely on mechanical cooling. These considerations are important as they add to the factors impacting energy use which households have little influence over.

"We try to leave the air conditioner off as long as we can, but the weather the last few days, it hasn't been turned off."

Craig

A sharp change in energy and water use

Disconnected and notified households were more likely to indicate **I was using an unusually high amount of electricity, gas or water** as a contributing factor in their household (both 18%) compared to worried households (13%) which may indicate a reason why the disconnected and notified households were pushed over the edge of affordability. Further analysis will seek to examine the causes of the higher usage to understand if there are implications for the provision of assistance.

Dealing with the impact of estimated bills

Estimated bills consistently present as a common contributor with 9% of households reporting **I received an estimated bill/s, which meant the bill/s was not what I was expecting**. This was slightly higher for notified households (10%). Estimated bills was a common factor leading to payment difficulty in our interviews with consumers and frontline workers. Estimated bills were widespread during Covid-19 lockdowns, where meter readers were not sent to people's houses to take readings. Recent media coverage⁵⁷ supports anecdotal evidence that a return to consistent actual reads has not yet taken place.

'Best endeavours' to undertake an actual read at least once every 12 months are usually required by the rules, but there are questions as to whether these requirements are robust enough to overcome incentives for retailers to rely on estimates. Estimates can have serious impacts regardless of whether they result in over or under charging. If an estimated read is higher than it should be, households can struggle to pay, going without in the meantime, and relying on an actual read before an adjustment. Conversely, if the estimated read is lower than it should be, when there finally is an actual read, the make-up bill can be unaffordable and result in significant debt.

⁵⁷ ABC News online: <https://www.abc.net.au/news/2024-06-10/australians-energy-gas-billing-estimates-/103895812>.

Experience of this issue is instructive in indicating where other enabling reforms, such as tightened requirements for actual reads, or regulations of how estimates are generated might be required to ensure more effective payment systems for households in payment difficulty.

"I know during Covid-19 the other thing that was happening is because they weren't doing actual reads, they were estimating everything, so then by the time they sent their meter readers out, there'd be massive increases in bills because they were underestimating and then having to bring it back up to what the actual usage was. So that scared a lot of people too. They're like, 'My God, how have I now got a \$900 bill when it's never been that high?'"

NILs Consultant

"At the time of being notified about a disconnection, I contacted [Service NSW] about the EAPA vouchers... [the person from Service NSW] said she was going to do a three-way conversation with [my energy provider]. She was really helpful. [I said], 'I want to know why I've been estimated on my bills.' I was actually being estimated at the highest level you could be. They hadn't applied my concession card. They looked into and worked out that I've been charged \$1,800 [more] than what I should have. They didn't [give a reason for overcharging]."

Naomi

Not receiving or noticing the bill in time

8% indicated **I had not received a bill for some time** as a factor in their payment difficulty. This was highest for disconnected households (12%). The reasons behind this are likely to be diverse but indicate a material number of people struggling to receive or recognise billing information. This may have implications for how information is provided by retailers and what assumptions are made when there is no response.

Extra people in the household

An extra person or people had come to stay with me for a long time was a factor for 7% of households, highest again for disconnected households at 9%.

The household is impacted by family violence

13% of disconnected households indicated **There was family violence in the household** at the time (compared to 6% of those notified and 5% of those seriously worried). This rate has increased from 2018 when 9% of those disconnected, 5% of those notified and 3% of those seriously worried indicated there was domestic violence in the household.

This is not surprising, given the rise in family violence during Covid-19 and on-going financial pressures. Increased public awareness of family violence and reduced stigma might also have an impact on willingness to disclose family violence. Regardless, it is concerning that 13% of people disconnected were experiencing family violence or were disconnected as a result of the impacts of family violence. This is a crucial consideration in improving retail systems and protections.

“Debt accumulation is definitely an issue for women that access our service. I've seen in the past, women with credit card debt that's been in their name, but they've not charged anything to that credit card because, unfortunately, the perpetrator has the credit card. We do have a lot of women that are in tricky situations with debt that they've incurred and it's not actually their debt.”

Case Manager

“[Victim-survivors] are so overwhelmed that they haven't even got the capacity to think about that bill... They live day-to-day, so the ability to even comprehend it doesn't come into it. So, it's like if I push it far enough into the future, it won't happen and then when it happens, they just go 'Oh!'... A lot of these women haven't got the capacity to ring up and [make arrangements].”

Community Centre Manager

The rule change, [Protecting customers affected by family violence](#), came into effect for energy retailers in 2023. The effectiveness of this rule will need to be carefully monitored and scrutinised.

Rebate assistance wasn't provided when it should have been

14% of disconnected households indicated **My rebate was not applied to the bill**. This represents a significant failure of existing support to ensure ongoing connection to energy for eligible households. Not having the rebate applied occurs in lower rates for notified households (6%) and worried households (2%). It could be inferred that rebates help people avoid disconnection, and resolving ongoing issues with the application of rebates should be prioritised as a means of better responding to payment difficulty and preventing disconnection.

So, there's been dodgy stuff in terms of a community member being eligible for the low-income household rebate and so the retailer will set it all up on their account and then all of a sudden it just disappears off the account. So, then they lose that concession and then we have to put it all through again.”

Financial Counsellor

Biggest contributors to household debt and disconnection

When asked which one of the prompted circumstances contributed most to the experience of being disconnected, notified or worried, 35% of all respondents indicated it was generally hard to find money to pay bills when they were due (51% of those who experienced a disconnection said this).

The second most common response was the bill being much higher than expected, with 26% of those seriously worried saying this.

Third most common response was that a lot of expenses came up at the same time and the household needed to manage multiple debts. This was particularly prevalent for those who were notified, at 12% of responses.

Observations between the three groups of households

When comparing factors that had been experienced by disconnected households against the other two categories in the research, those who had experienced a disconnection were more likely to report uneven/unpredictable income as a key household issue compared with the total. For people who had experienced a disconnection, at the time of disconnection:

- there are also higher incidences of unusually high amount of electricity, gas or water usage (18%),
- concessions and rebates not being applied to the bill (14%),
- family violence in the household (13%), or
- not having received a bill for some time (12%).

For those who had been notified, more people reported having a lot of expenses come up at the same time as a key contributor. For these people, there was also:

- higher incidences of electricity, gas or water that was unusually high (18%),
- receiving estimated bills (10%),
- some other circumstance (10%),
- someone else receiving the bill and the person surveyed not seeing the bill (6%), or
- the landlord failing to pay the bill (3%).

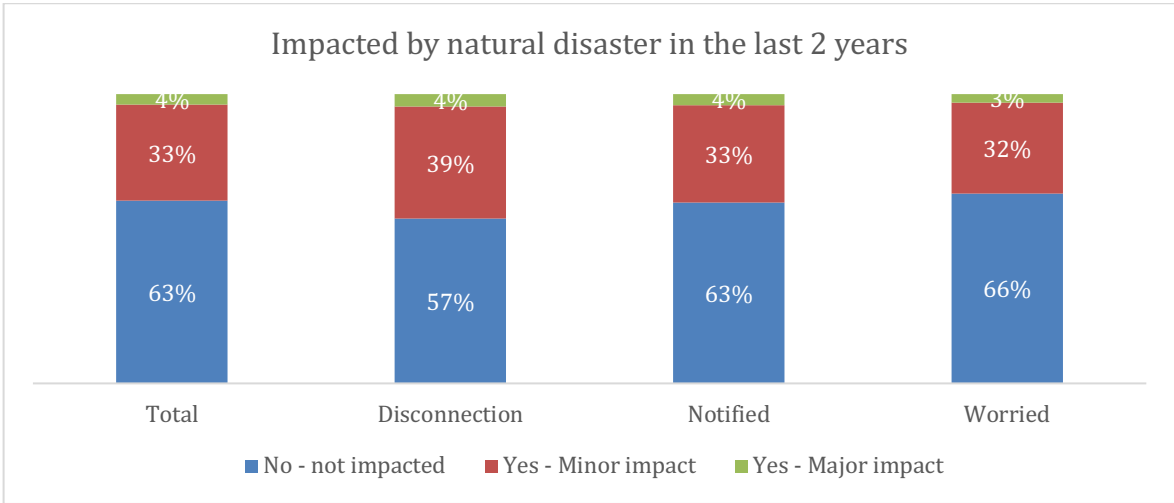
For those seriously worried about disconnection, finding money to pay bills in general was a more prevalent contributor (64%). For these people, other prominent contributors included:

- trying to manage multiple debts and expenses (39%),
- a big household event (23%),
- extreme weather conditions (19%)

Other factors impacting payment difficulty

Elsewhere in the research, the impacts of natural disasters, the poor energy efficiency of homes and the difficulty people have in understanding their bills and energy use were also revealed as contributing to payment difficulty.

Forty-three percent of households disconnected impacted by a natural disaster



37% of all the 2023 survey respondents reported they had been impacted by a natural disaster in the last two years. For those who had experienced disconnection the impact of natural disasters was even higher (43%). This was the first time we have asked this question in our disconnections research. The numbers are surprisingly high and highlight the importance of more robust and long-lasting supports for people impacted by natural disasters, particularly as the impact of climate change increases.

A frontline worker explained the impact a flood has had on their community and the long time it takes to rebuild and recover:

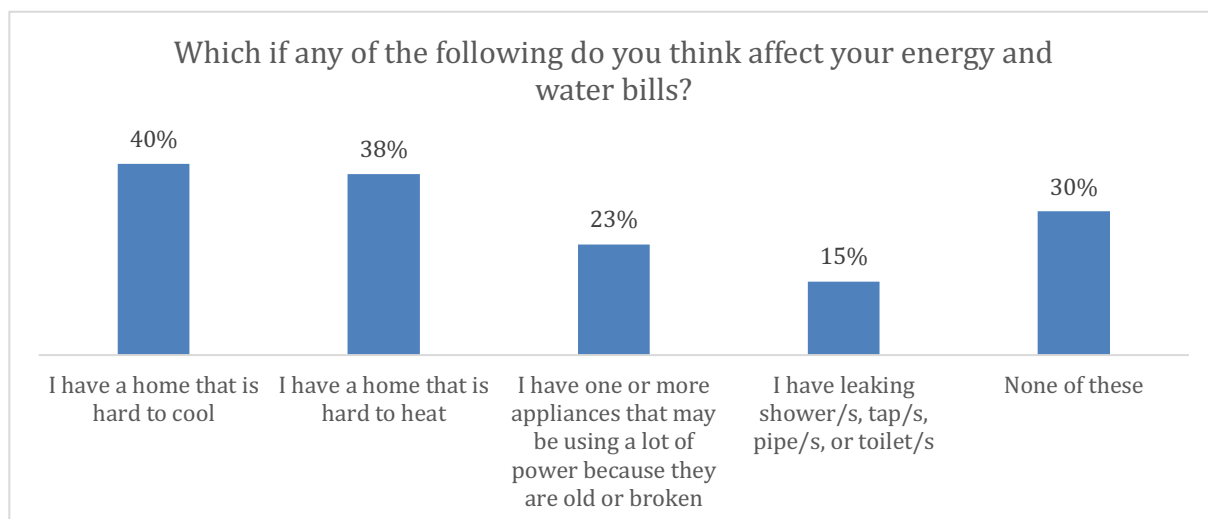
“People are still rebuilding [from the floods]. I spoke to a fellow the other day; he’s got one power point and he’s using candles. So, there’s lots of people that are still rebuilding, still struggling. They lost homes, belongings, cars, businesses and they lost jobs, they’re the ones that are coming in and saying, ‘I need help with my electricity,’ because their money is going to rebuilding and trying to survive. They don’t have a job anymore, and they’ve still got their mortgage, rates, loans and bills to pay.”

Team Leader

In an interview with a consumer, we heard how insurance had not completely covered repairs to flood damage for her home and this added to the financial pressure she was under, leaving her unable to deal with energy bills. Another householder interviewed told of their reduced income as a result of a natural disaster and the need for their spouse had to find another job, which was lower paid. This placed pressure on the household’s finances and contributed to payment difficulty.

“We were paying \$100 a week, but now we’re doing \$50 a week [towards our energy bill] because we had a big flood here in Lismore. My husband’s workplace got flooded, so he had to go to another workplace where there was less money. It’s not covering it at all.”

Lana



Hard to heat and cool homes impact affordability

The energy efficiency of a home is often a function of household income and housing and energy affordability. Tenure is also a strong contributor to the energy performance of a home and, by extension, the affordability of energy.

Due to the historically poor quality of Australian housing, people's expectations of thermal comfort are often very low. This is particularly true for lower income households and renters. These are important contextual considerations for the following results, which may represent an underestimation of the incidence and impact of energy efficiency issues.

40% of respondents believed they have a home that is hard to heat and 38% of people believed they have a home that is hard to cool. This directly impacts their energy and water bills but can also affect their health and wellbeing more broadly. Interviews with frontline workers and consumers revealed the difficulty people have, particularly in keeping homes warm.

"And, with privately renting, the landlords don't take care of the properties, so they're not efficient... They're trying to heat a space that doesn't retain heat and so it's just constantly exhausting the power to try and create some warmth. Where's the responsibility for the landlord in maintaining the house? They've got these people in dilapidated properties, how are you supposed to heat and cool that?... It's a knock-on effect, right? It just feels like things for so long have just been let go. And now we're at that stage where, you know, power is unaffordable, houses are not up to scratch, and it's bad after bad. Someone has to take responsibility, otherwise it's just going to get worse."

Financial Counsellor

"...in public rentals, I certainly think [housing quality] is a problem. Quite often you will get that feedback. I had one client tell me that something was wrong with one of her doors, that it wouldn't close, so, there was a draft coming through the door. She said no matter what she did, it's freezing and, obviously, then they're running heaters to try and keep warm."

Financial Counsellor

"I think where we are in the Highlands, obviously in Bower, it's really cold out that way. We're heading closer to the snow. So, I mean, you've got clients who can't afford a 3- star-plus energy rating heater, so they just buy blow heaters, which they just pump 24/7, and then when their bill comes in quarterly, it's massive. But again, at the same time, if they have got kids or things like that, they're trying to keep everyone warm and safe over the winter period."

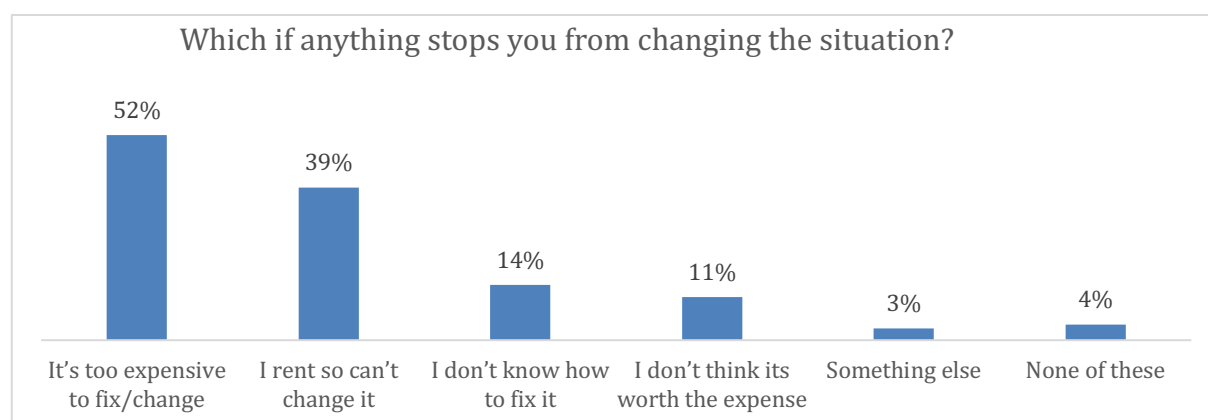
Case Manager

“[My house] is very difficult to heat. I live in a rural area where the winters are very brutal. It snows here. And because I’m in a rental property, there are no [methods] of energy saving. I don’t have solar and the only heating that I have is ducted gas heating. With the electricity and gas prices constantly rising, we are constantly cold because when my children are home, I only have the heating on for an hour in the afternoon until they have their showers. And then during the day when my children are at school, the heating is off, so my parents and myself are freezing. Mum and dad are often in bed, so they’re rugged up, but I freeze – and I have frozen for the last nine years that I have lived where I’m living now. I make that choice in order to cut my costs.”

Jodi

Just under a quarter of respondents (23%) believed they have one or more appliances that may be using a lot of power because they are old or broken.

For those with faulty or non-efficient appliances, most of these relate to air conditioners (54%), fridges (48%) or heaters (41%).



The key reason people don’t seek to change these issues is expense (52%), followed by the fact they are renting and unable to make changes (39%).

Results for household efficiency and having a home that is hard to heat/cool were not substantially different from the previous research. however, the number of people who said they were not affected by such issues is higher in 2023 compared with 2018 (e.g. 26% of those who were disconnected in 2023 said they aren’t impacted by heating/cooling/leaky appliance issues compared with 19% who said they weren’t impacted by these things in 2018). We consider it important to note that these questions are subject to risk of being impacted by self-assessment bias, and the impact of poor expectations on identification of poor energy efficiency. However, it is also possible that higher rates of home ownership in this survey capture people with greater scope to have made improvements. 37% of homeowners (including those with a mortgage) indicated their bills aren’t impacted by heating/cooling/leaky appliance issues. These results will be analysed further in subsequent topic-area reports.

For those who experienced a disconnection nominated that they have energy-efficiency related issues, 49% said that it was too expensive to fix/change, or that they were renting and could not improve it 47%. These results are important in considering the potential role of energy efficiency upgrades, including minimum energy efficiency standards in rentals, in addressing long term payment difficulty.

"[Debt becomes high] because energy is unaffordable and it gets that high because, if you are living in abject poverty, you can't afford the most recent four-star, five-star appliance that's not going to chew through energy. So, it gets there because you are destined to fail if you are put in a situation where you have to pay energy; energy is going up and up and up so it's unmanageable. You're put in that situation because your Centrelink, or your JobSeeker, or your DSP is not going up in comparison to your energy bill. You have the oldest fridge in the neighbourhood because you cannot afford a brand-new fridge because the bill is going up and up and up and you cannot commit to a NILs loan because you're [over-committed]. It's a debt trap for essentials."

Financial Counsellor

The research highlights some of the challenges being faced by NSW households when it comes to the energy efficiency of their homes. Heating and cooling issues, inefficient appliances, and water leaks contribute to financial strain and health issues, often creating long-term, compounding problems.

Energy usage and bills are hard to understand

Consumers and frontline workers expressed that it is often difficult to understand how to keep energy use low, whilst not compromising health and wellbeing. Consumers spoke about their considerable efforts to keep their bills low by switching off lights and switching appliances off at the wall, despite these actions being unlikely to make a significant difference to an energy bill, and often compromising their health and wellbeing.

"I try to unplug everything out of the wall because of my experience with almost getting disconnected."

Anna

People also spoke about trying to keep heating and cooling to a minimum, which is likely to make a more significant difference to energy bills, but there were only a few comments about keeping cool or warm in low energy ways.

Consumers and frontline workers also spoke about how difficult energy bills are to understand.

"[The bill] is hard to read. It has an option to look at it differently, but it's confusing. If I look at my bill, I want to see what I've used, where it's at, where I paid, where I'm owing, but you have to go out of the screen to look at it differently."

Bradley

"Looking at the bill now, there's a bit to understand... We don't have [comparisons on our bill]. I think my parents get one and it's compared to how many people live in your house, for an average household. [For our water bill], it just says how much you've used, really. Environmental charge, usage charges. I don't feel like [I understand the energy bill], you just kind of get peak time, off time. It'd be good if you knew what kind of things used more, like a bit more accessibly. I mean in terms of charting your use, if you were to be able to access like a smart app or something like that where you could see your usage. If it said something in my spare room is using X-amount, I'd know that I'm never really in that room, so I'll see what it is and turn it off."

Cassie

"[I don't have a good understanding of how to read my bills] and I don't think the majority do. [It would make it easier] having explicit instructions as to when different rates kick in and what different rates exactly mean. Like, I can't tell you what a shoulder usage is. I can't tell you why I need to have shoulder usage on this property when the property next door doesn't. I think it's a complete rip-off. Shoulder usage is like 52 cents a kilowatt. It's absolutely criminal. And then [my energy provider] doesn't have an answer about what it is because they just say, 'It's what Essential Energy say.' And I'm like, 'What the hell?'"

Dom

In lieu of access to energy efficient homes which are cheap to run, the results indicate a need for households to have improved access to trusted advice about simple and healthy ways to manage energy usage.

11. Supports received at the time

The research examines the experience of households in the lead up to a disconnection, notification or worry to examine what measures provide meaningful assistance and where failures occur. The results can inform what more effective assistance should look like and at what point it can give the most benefit.

What supports (if any) were you getting [at the time / getting before / in the lead up to] [disconnection / notified / seriously worried].				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
I was getting help from my energy provider to pay my bill	19%	29%	18%	17%
I was getting help from my water provider to pay my bill	9%	24%	10%	5%
I was getting government rebate support to help with my energy/water bills	12%	12%	12%	12%
None of these	60%	43%	61%	64%
Not sure	6%	6%	5%	7%

Energy retailers are required to proactively identify and assist people experiencing payment difficulty, and only consider disconnection as a last resort. As such, all households included in our

research should have been receiving some assistance from their provider. We also asked about government supports, to see what role rebates and EAPA/PAS play in protecting against payment difficulty and disconnection. Understanding what people are and are not offered or accessing helps us understand what supports are working and which are less effective.

Overall, the majority of respondents (60%) were not receiving any type of support at the time of being disconnected, notified or worried. This is a concerning indication of widespread failure by retailers to meet their obligations to provide support.

19% of respondents were receiving help from their energy provider to pay their bill, with this figure higher for those who experienced a disconnection (29%). 9% of respondents were receiving help from their water provider to pay their bill, with this higher for those who experienced a restriction (24%) and those who were notified (10%). The difference between energy supports and water supports is interesting given we would expect households experiencing payment difficulty to be struggling with both.

12% of respondents were getting government rebate support to help with their energy/water bills at the time.

Supports being received from provider

What was the nature of the help you had been receiving from your provider to help with your energy/water bills?				
	Total	Disconnection	Notified	Worried
Base	253	53	115	85
A payment plan that I could afford	57%	49%	56%	62%
A payment plan that I could not really afford	28%	42%	30%	15%
A bill smoothing arrangement	23%	32%	21%	19%
Being put on a better offer	14%	15%	15%	13%
Energy cost saving advice	14%	13%	14%	15%
A deferral or extension for a period of time before I had to pay anything	1%	6%	0%	0%
Something else	2%	0%	0%	5%

For those who were receiving support from their provider to help with the energy/water bills (24%), 57% were already on a payment plan they thought could afford. This was slightly higher for those who were worried (62%). 28% were on a payment plan they could not afford. This was higher for those who had experienced a disconnection (42%) and for those who had been notified

(30%), and significantly lower for worried households (15%). This may indicate that payment plan unaffordability is a key contributor to debt which leads to notification and disconnection.

23% of respondents were on a bill smoothing arrangement, with this higher for those who had been disconnected (32%). 6% of those who experienced a disconnection had received a deferral or extension.

As we found in the 2018 research, the 2023 survey shows that people are being disconnected despite being on a payment plan, even though this should not be possible. Whilst this could mean that a significant number of people thought they were complying with a payment plan, but they weren't, it could also indicate a breach of the National Energy Retail Rules (NERR). At the very least it indicates a breakdown in connection between retailer and household and has implications for the improvements to way payment plans are structured, maintained and varied.

Payment plans have the potential to enable households to repay their debt in a gradual, flexible and sustainable way that should enable them to meet their other expenses.

"[This one client], when she came in, she had so much stress outside of the bill... You don't understand where peoples' heads go when they're in these situations... And so, when we did get the arrangement in place, the fact that the 12-month plan was in place, it was like this massive weight was lifted off her shoulders... Retailers need to understand that the bill is one thing in a myriad of all this other stuff for people. You know, if you're undergoing cancer treatment, the last thing you care about is your energy bill."

Financial Counsellor

Whilst a consumer can be on a payment plan without being considered a hardship customer, it is arguable that the distinction between payment difficulty and hardship is not a meaningful one and many people who indicate they can't pay their bills should be in hardship programs. We did not ask households specifically if they were on a hardship program due to the wide variation in retailer labelling of support and the likelihood respondents would not be able to reliably answer.

If a consumer is on a payment plan as part of a hardship program the retailer is required to 'have regard to the customer's capacity to pay'.⁵⁸ Yet the survey indicated that across the three groups of households, significant numbers of people are on payment plans they can't afford.

Frontline workers shared how often their clients are pressured into agreeing to unaffordable payment plans that cause them more harm. This was one of the clearest and most consistent themes from their interviews.

"One thing I will say that's really annoying is, often, by the time they've come to us, they probably had to wait a little while (because financial counselling services are so stretched). And so, they've attempted to be in touch with their retailer, done the right thing, and the retailer has set them up on a really unaffordable payment plan. And, obviously, the client is pressured to say yes to it. One of my clients had stuck to the payment plan for four or five payments, but I was like, 'How?'... And once we worked out what she could afford to pay, she was like, 'Oh, wow! Now I'll be able to afford food.' So, yeah, obviously the communication is 'you're about to be disconnected. In order to not be disconnected, you have to commit to

⁵⁸ Rule 72(1)(a)(i).

this payment plan.' So, people say yes, which you understand, you don't want to be disconnected and then they give up other things."

Financial Counsellor

"I feel that the electricity companies get people on massive repayment plans. It frightens people because they're like, 'How am I going to pay that a fortnight?' There are some people coming in for [help with] food and for other things because they're paying so much to the electricity bill and then when they ring up service provider to say I want to go on a payment plan, the retailer will calculate the bill and then they're like, 'Okay, so you've got to pay \$180 fortnight to cover this bill and your next bill,' or they calculate off the highest bill from the year. People just push it to the side and then it becomes a problem." Or they will break the payment plan as it's not an affordable/achievable plan."

Team Leader

"At the moment, it's really difficult, even when you're calling with a financial counsellor, to get a payment plan approved. I say, 'We've done a money plan, we've worked on this person's affordability, this is what they can afford.' The retailer says, 'Well, if they're going to repay their arrears, plus cover their usage, really they need to pay x (much higher amount) in order to be fully paid off in 24 months,' and I say, 'This is the person's affordability, this is what they can pay.' And they say, 'Well, what about this much?' Like it's a bargaining thing. There's no point in setting them up with a payment plan that they can't afford, because then they just won't make the payment and the retailers are going to lose more money."

Financial Counsellor

"I think the payment plans are super confusing. Why do they only last three months? You know, if it's a hardship plan, then the clients don't feel comfortable calling back in three months. I don't want to have to get them back every three months so that I can do it on my own, because I have other people to help. So, I assume there's some way of doing it online... I know the debt collectors do this, for example. I can't believe I'm advising modelling behaviour from a debt collector, but they do make it super easy to interact online and to set up payment plans. Obviously, the debt collectors are targeting people who probably can't afford to repay in full at that time, and so, they make the option of a payment plan really simple."

Financial Counsellor

"[Payment plans] need to be worked out with somebody like a financial counsellor. There's only so many of us in this world, but they need to work out with a financial counsellor or a community worker what is affordable for them to maintain, taking into account future rises in energy. They need to then go back to the energy company as a collective, or as an individual, and say, 'This is what I can afford.' If they're on a long-term Centrelink payment, the energy provider needs to enter them into a system where they can pay [debt] off over six months and do some sort of matching system. Like, at the end of that six months, if they've been able to maintain [the payments] and that's the current usage, then there should be a way to [match that]."

Financial Counsellor

Consumers also shared their experiences of not being put on affordable payment plans.

"It would have probably been not that long ago, but a little while back, [I had] a payment plan, but I couldn't keep up with the payment plan. I can understand they want you to pay it, but they're like, 'Oh the minimum is this', and you [say yes] just to keep your electricity on, but you're really pushing it."

Naomi

"I wasn't disconnected, but they were imminently disconnecting. I don't know how, but it stayed on. Just two months ago, I managed to get a payment plan [for payment to come out] by CentrePay... My power bill was up to \$2,000 when I had to pay. It would have been \$1,000 [when I first tried to contact the retailer], and they wouldn't accept a payment arrangement. Even after numerous phone calls and explaining the amount I get from my pension and the amount I can pay; they just wouldn't accept it. He kept saying, 'No, no, no. We want the full amount.'"

Anna

"It'd be about four months now [that I've been with my new provider]... I've actually already missed two payments already [of \$55 a fortnight]. They worked out [my payment plan amount] and asked me if I could afford it. And me being me, said, 'Yes, that's fine.' Now, I'm thinking I maybe do need to drop it a bit... I'm thinking I need to ring them and say, 'Can we just cut it down a little bit?' But this is the thing, because of my anxiety and depression, I get scared."

Angela

Some frontline workers and consumers spoke about **payment matching** – how it can be game changing for them, but that it must be affordable:

"I had a client just recently that we couldn't even give her a NILS for a fridge because of how bad her electricity bills. We got her into a payment matching scheme with the energy provider and she was so chuffed! She was like, 'Oh my god, they'll match 10 payments for me now and I will never get in that situation again.' Having someone guide you and point that out for you can be a great thing because energy providers don't have those conversations with people."

NILs Consultant

"I was told by St Vincent de Paul's that if you are not on a payment plan, they can disconnect you. Whereas, if you're on a payment plan, they can't. But they won't allow me to go on a payment plan because they aren't happy with the amount that I can pay. So, it's a catch-22. They try to make it look as though they are trying to help, but by the same token, they're not. I was also offered, which was totally unrealistic, they said they could do a price match. So, if I can pay \$80 a week, we will match that and take \$80 a week off. But I don't have that \$80. So, I said to them, 'I've got a Centrelink payment. Can you match that?' No, they set the amount."

Jodi

Supports being received from the Government

What type of help or support were you receiving from the government to help with your energy/water bills?				
	Total	Disconnection	Notified	Worried
Base	126	14	59	53
Low Income Household Rebate (electricity)	62%	57%	54%	72%
Family Energy Rebate (electricity)	25%	36%	32%	15%
Medical Energy Rebate (electricity)	4%	7%	5%	2%
Life Support Rebate (electricity)	2%	0%	2%	4%
NSW Gas Rebate (gas)	25%	14%	24%	28%
Essential Medical Equipment Payment (electricity)	2%	0%	5%	0%
Energy Accounts Payment Assistance (EAPA) voucher for energy	22%	0%	34%	15%
Pension rebate/concession for water	29%	14%	31%	30%
Payment Assistance Scheme (PAS) voucher for water	11%	14%	15%	6%
Something else	1%	0%	0%	2%
Not sure	2%	0%	3%	0%

For those receiving support from the government to help with their energy/water bills (12% of households), nearly two-thirds (62%) were on the Low-Income Household Rebate⁵⁹ (with higher rates for worried households (72%). Given this is the largest energy rebate available and there are higher numbers of worried households (72%) than disconnected households (57%) receiving this rebate, it might be a factor in helping households avoid a disconnection. However, the overall rate of recipients of this rebate in the research group is low, which is to be expected considering

⁵⁹ This is the main energy rebate available in NSW. NSW account holders with a Pensioner Concession Card, Health Care Card or certain DVA Gold Cards are eligible. Similar eligibility for rebates/concessions are available in other jurisdictions.

the younger demographic captured in the results, and the fact the low-income household rebate largely impacting pensioners.

25% of households who indicated they had received government supports were receiving a Family Energy Rebate (with higher rates for disconnected households – 36%); and 25% were receiving a NSW Gas Rebate at the time (higher for worried households – 28%). Twenty-nine percent were also receiving a pension rebate / concession for water, which was much higher for notified (31%) and worried households (30%) than for disconnected households (14%).

Twenty-two percent of those who were in receipt of assistance from the government, received an EAPA voucher. No household who was disconnected received an EAPA voucher, which reflects the fact households who receive EAPA should not be able to be disconnected. Frontline workers and consumers shared the importance of EAPA in improving affordability and avoiding disconnection, but expressed issues that

- It is only meant to be for crisis situations, despite the everyday cost of living issues people are experiencing.
- Not everyone who needs it knows about it;
- It is a lot of work and stress to get an EAPA voucher and for some people, it would be more efficient if a rebate met their needs instead; and
- For some households in significant debt, the amount of money available through EAPA isn't enough to help them.

“There are some real situations where people are really in crisis, and they would need to use those types of vouchers. But the way I see it is, everything is in crisis. They will say, ‘Cost of living is increasing,’ ‘I can’t afford this.’ So, it’s the norm now that we are in crisis. The income isn’t there to support us; food and everything are more expensive. Feeding the kids is probably more important than the energy, but then it’s essential, they know that they can get some help around the energy. It’s not for everybody. For a lot of people, [the vouchers] really are a lifesaver for them.”

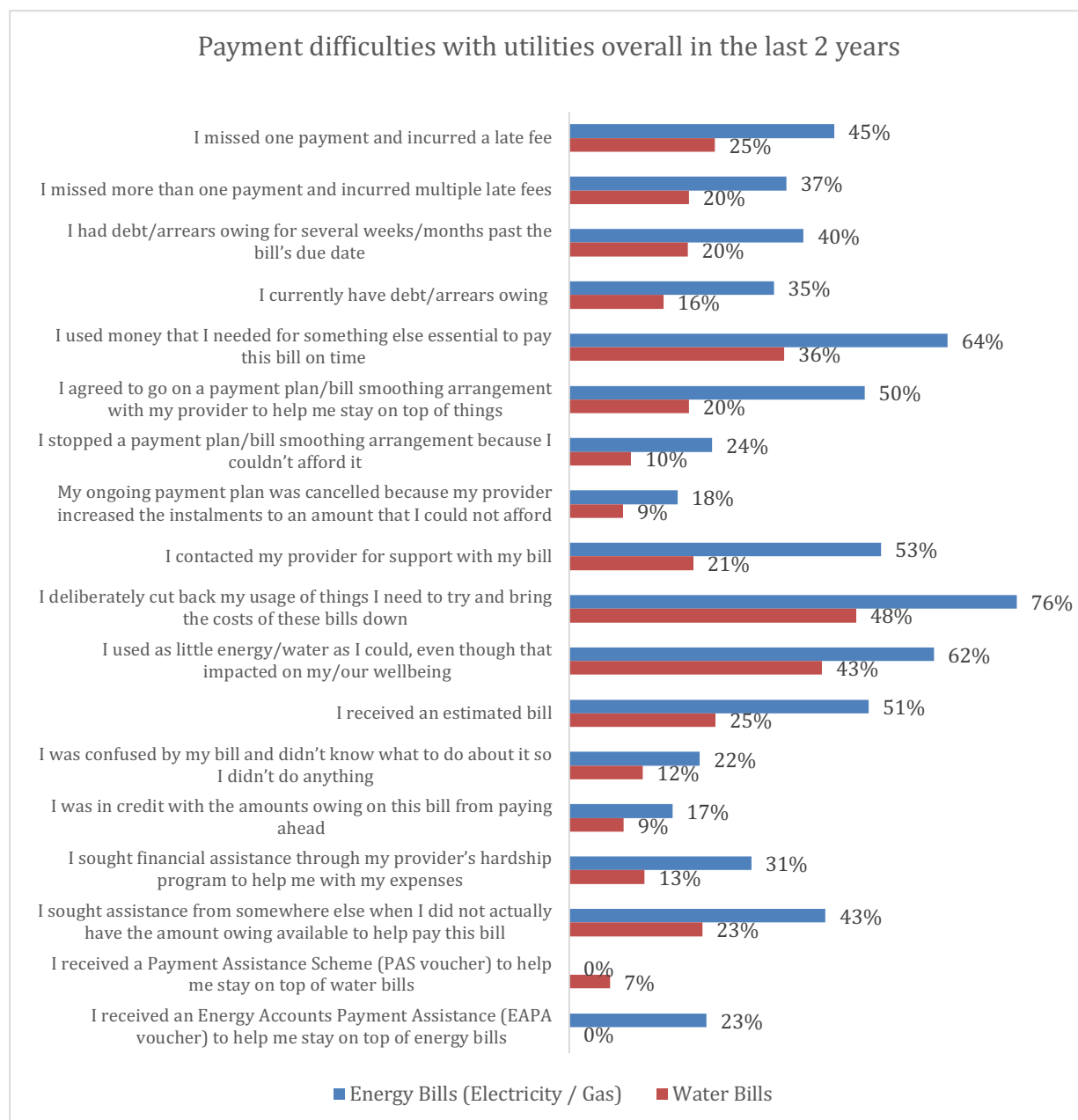
Financial Counsellor

“For the EAPA vouchers, it’s not targeting everybody. So, what I mean is that, if you’re not aware of it, you don’t know that there are options out there to help you pay your bills. And so, for those people who are not aware but they still want to pay their bills because they’re scared of being disconnected, they go through AfterPay, for example.

“We’re putting [EAPA vouchers] on bills that are like \$2,800 and it’s not making a difference, they’re never going to pay that off. My preference would be for the rebate to change. So, the low-income household rebate is what you get if you’re on Centrelink and it’s worth \$285 a year and you don’t have to do a dance for it. You just tell the retailer your Centrelink number and they apply it. But there are issues with the rebate. It makes more sense to me, instead of doing this whole infrastructure around monitoring and auditing for providers, etc. for EAPA. Why don’t you just put that money into the rebate and allow everyone who’s on low income to access it? So, instead of getting \$285 a year, increase that to \$500, for example.”

Financial Counsellor

Complex consumer responses to payment difficulty



When asked about other kinds of experiences that may have contributed to their disconnection, notification and/or serious worry about disconnection, respondents made clear they are experiencing numerous difficulties.

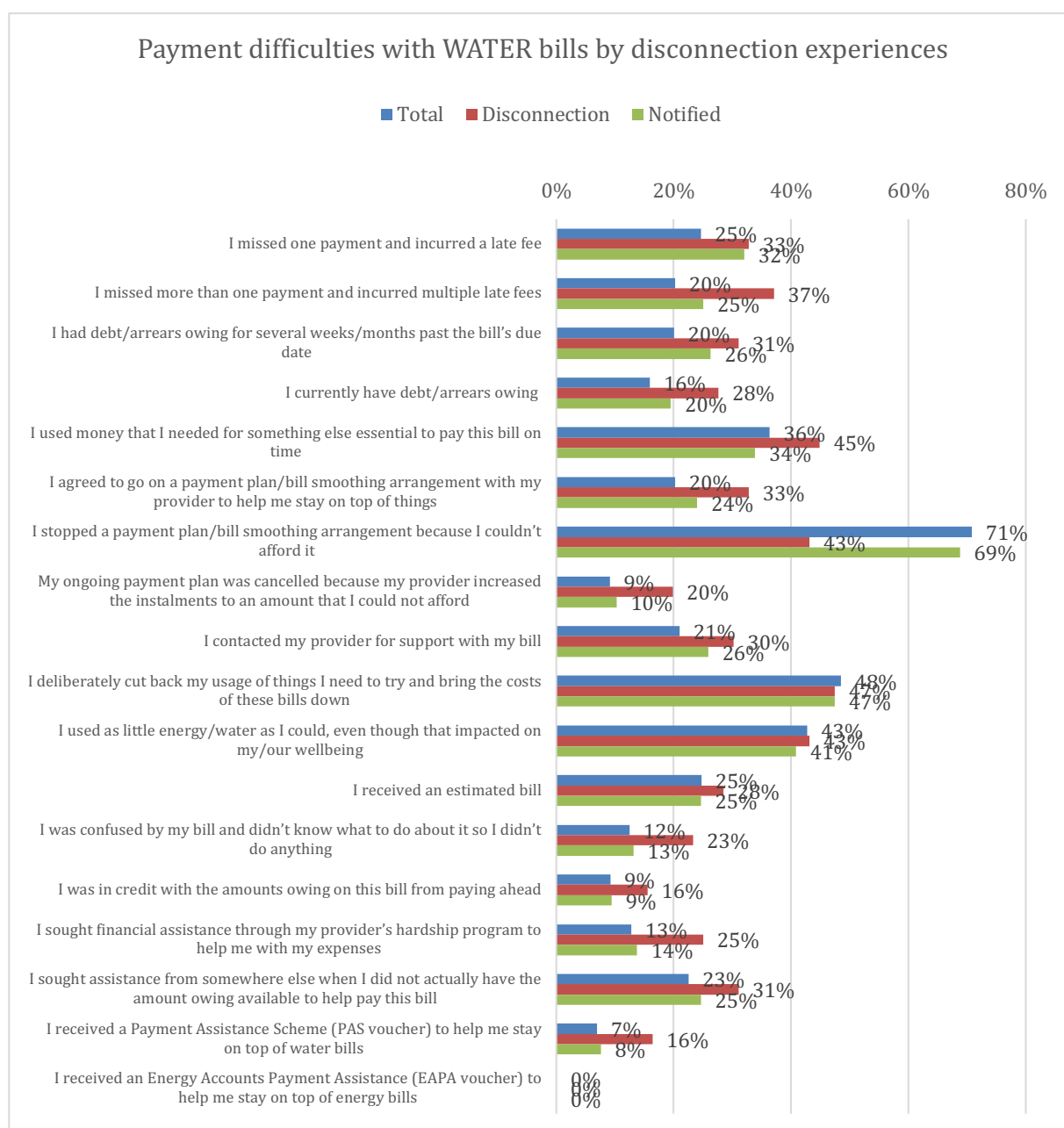
The results also show there is no consistent experience in the lead up to a disconnection/notification/worry, although all situations involve complexity and the likelihood of overlapping issues/circumstances that cause or contribute to a person's payment difficulty.

When asked about responses to payment difficulties in relation to energy bills, households were more likely to cut back than to contact their retailer. 76% of respondents report having deliberately cut back on usage to try and bring bill costs down, 64% have used money they

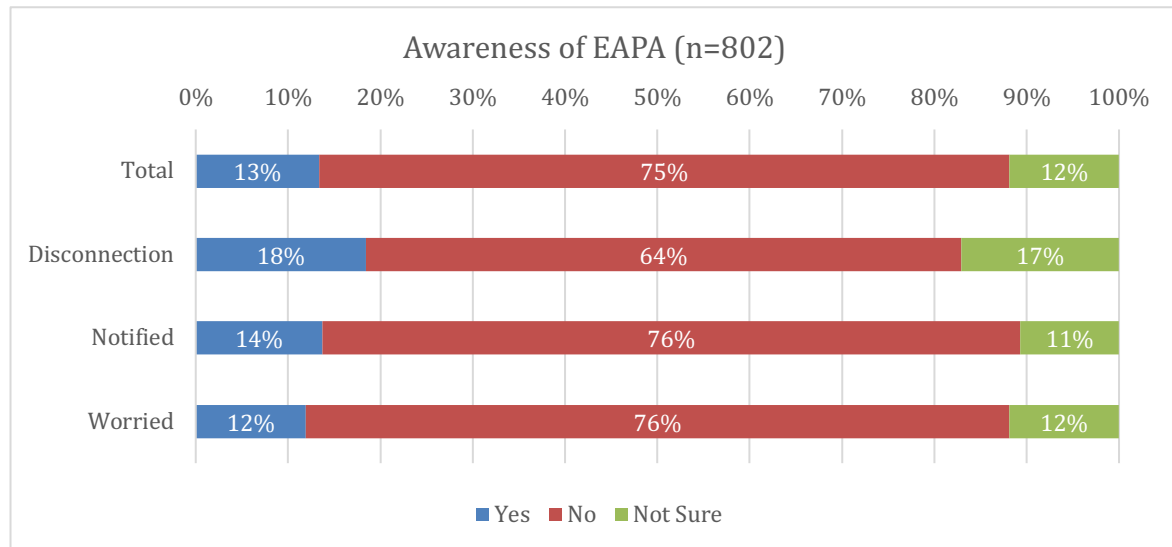
needed for something else essential to pay this bill on time and 62% have used as little energy as possible despite it impacting their wellbeing.

However, 53% did say they contacted their provider for support with their bill. 51% report receiving an estimated bill, and 50% agreed to go on a payment plan to help them stay on top of things. There are also high percentages of people who have experienced late fees (45% at least one, 37% more than one), or have or had debt / arrears. 35% of respondents currently have debt owing on their energy bills, and 40% have or had a debt owing for several months beyond its due date. 24% stopped a payment plan because they could not afford it, and 18% had their plan cancelled by the provider because they could not afford it. 23% of respondents report having received an EAPA voucher to help with their bills.

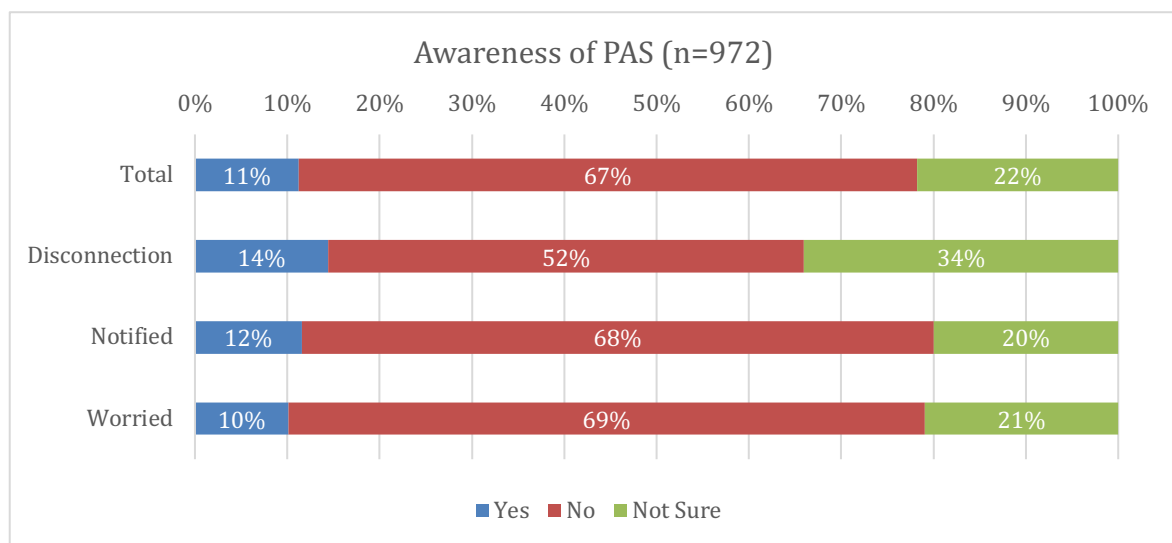
When looking at water and experiences of disconnection, there is a similar story, but again, less people overall experiencing these types of difficulties. 7% of respondents report having received a Payment Assistance Scheme (PAS) voucher to help them stay on top of their water bills.



Households have low awareness of emergency assistance



For those who had not mentioned receiving an EAPA voucher, a follow up question was asked to test awareness of the scheme, which appears to be very low. Only 13% of respondents said they knew EAPA was available.⁶⁰ The majority (75%) are not aware of the EAPA voucher and 12% unsure. Awareness of the voucher is higher for those who have experienced disconnection and/or notification about disconnection in the last 2 years.



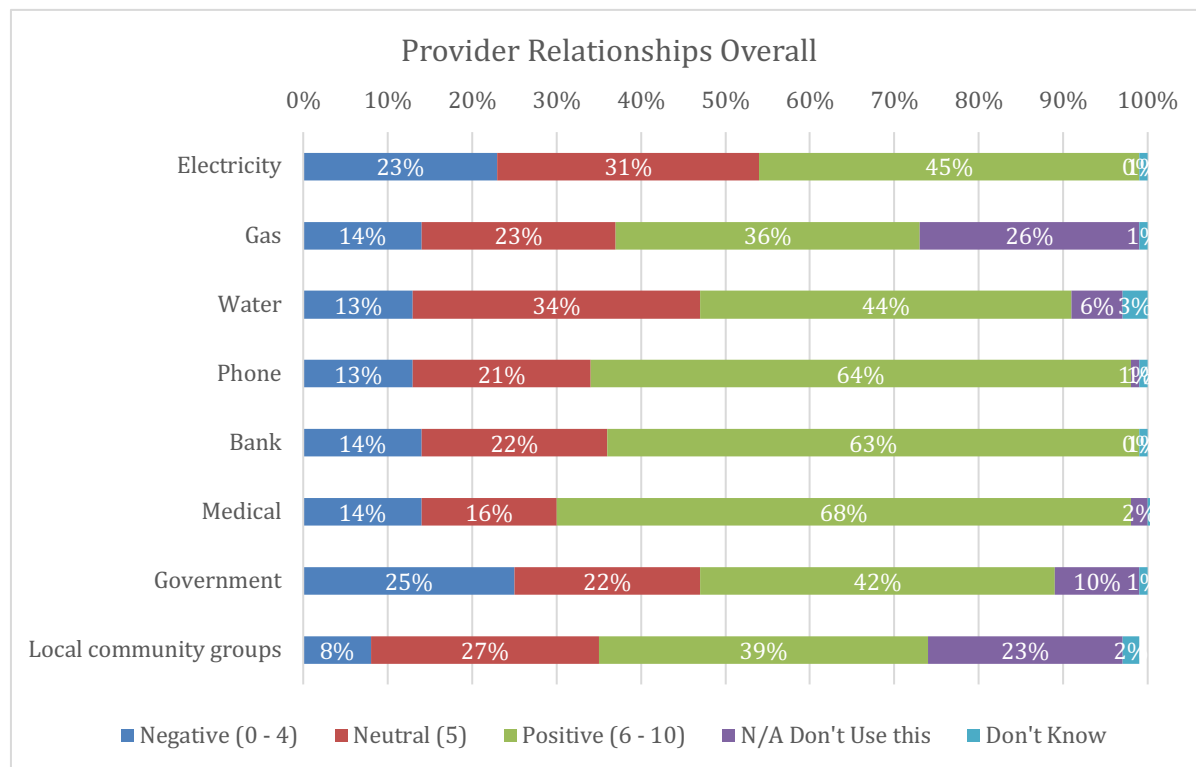
Similarly, for those who had not mentioned receiving a PAS voucher, a follow up question was asked to test awareness of the scheme which is also low. Only 11% of respondents said they knew this was available.⁶¹ The majority (67%) are not aware of the PAS voucher and 22%

⁶⁰ EAPA is available (subject to eligibility) for most NSW residential customers, but some barriers remain for people who live in embedded networks.

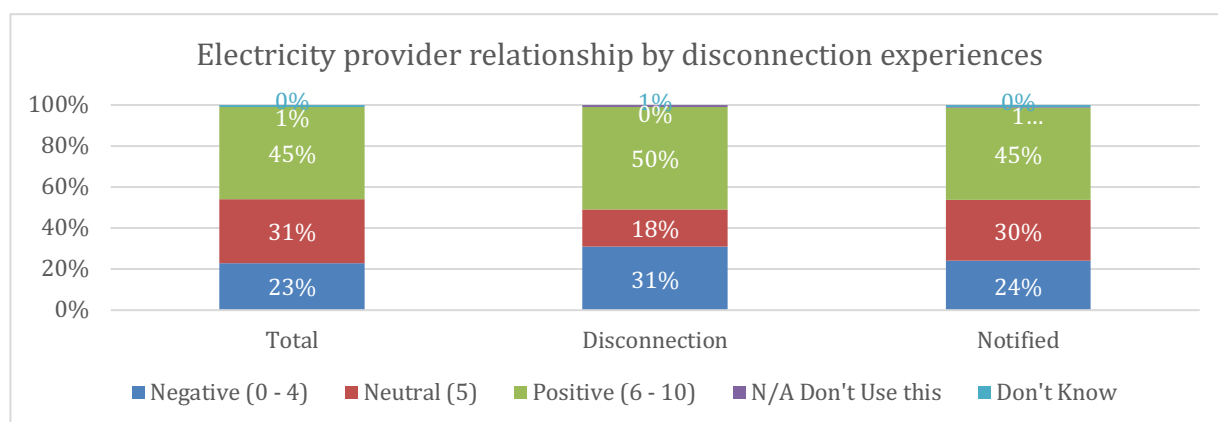
⁶¹ Noting that PAS is not available from all water providers in NSW.

unsure. Awareness of the voucher is slightly higher for those who have experienced disconnection and/or notification about disconnection in the last 2 years.

Consumer relationships with retailers

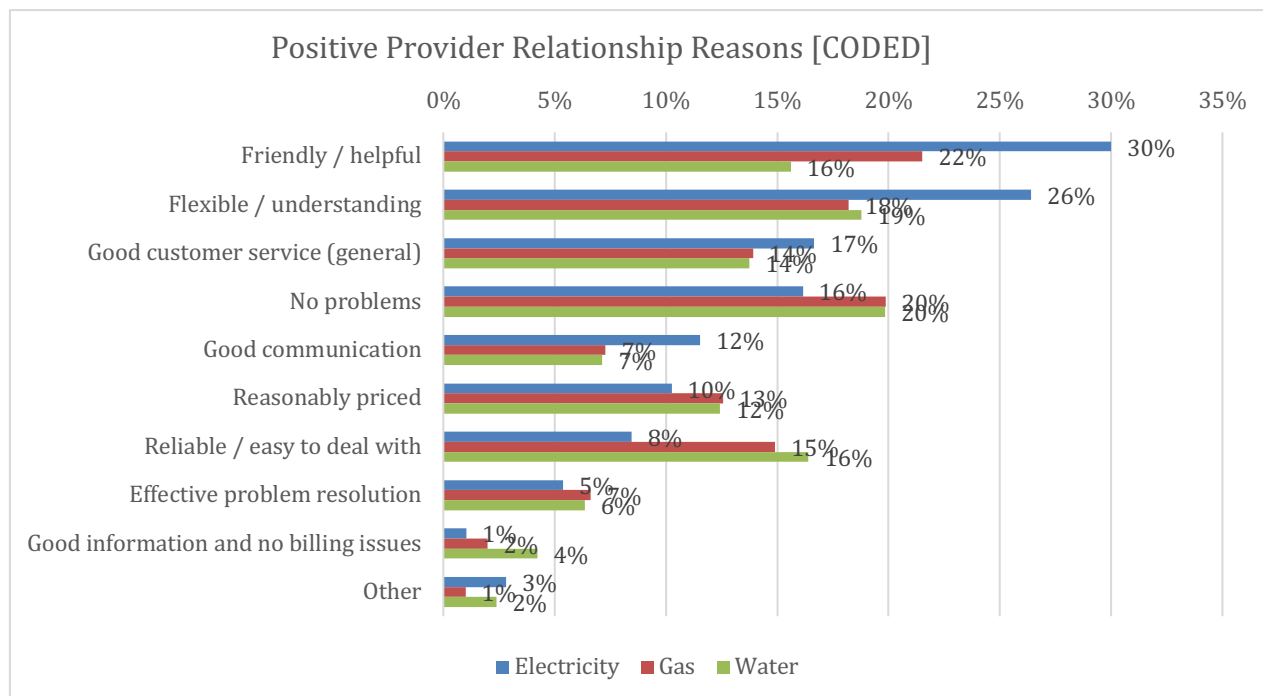


The research findings also provided insights into the diverse nature of individuals' relationships with various service providers, which sheds light on both positive and negative perceptions, particularly in relation to utility service providers. Generally, respondents reported positive or neutral interactions with their phone providers, banks, and medical services professionals, while electricity service providers and government agencies garnered more negative sentiments. It is noteworthy that there may be some bias in these figures given that we are asking people



specifically to recall their experiences with energy and water, so these services are more likely to be front of mind.

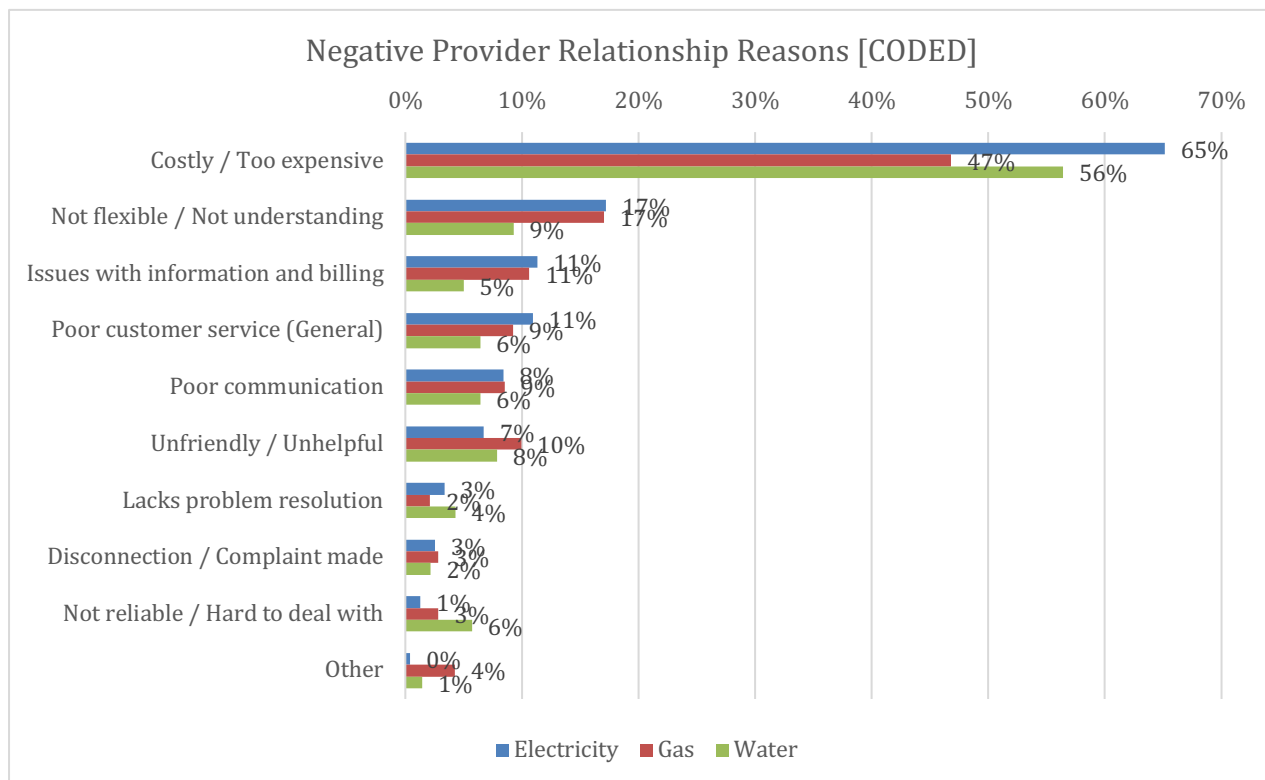
Interestingly, despite experiencing disconnections, respondents also reported higher levels of positive sentiment towards utility providers, possibly indicative of the support they received post-disconnection.



Positive relationships with energy and gas providers were attributed to friendly, helpful, flexible, and understanding service provision. These could be considered key factors in building trust and more effective assistance from providers.

"I've been with [my energy provider] for many, many years, and they're always really good. They're always really good when I'm on the phone with them. They're really friendly, they're understanding, I don't feel like they're overly critical or demanding when I pay them late."

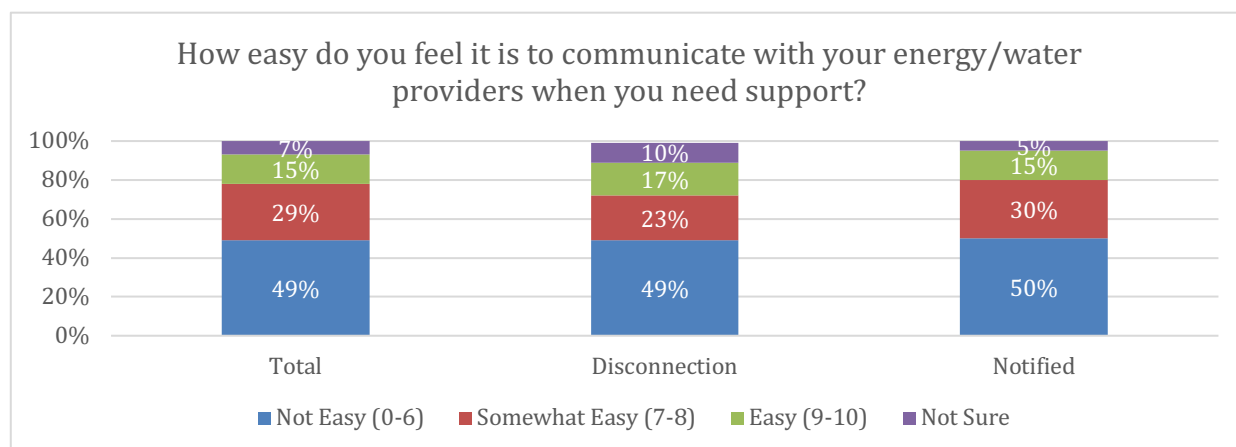
Kathleen



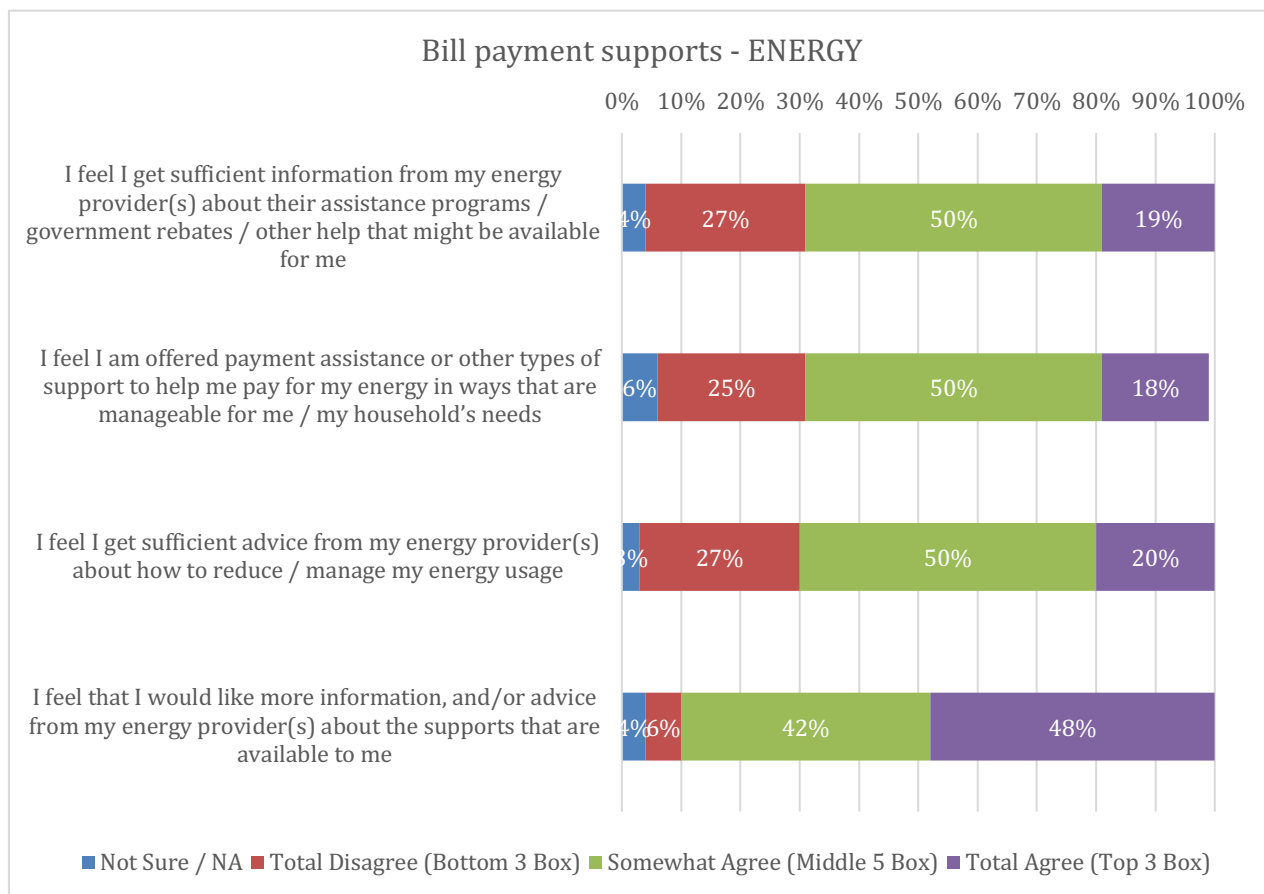
Conversely, negative relationships were primarily linked to cost-related concerns or inflexible and unresponsive service provision.

"I've still got the account with [my energy provider], but I didn't like the way they went about payment plans and I didn't think they were very nice. They don't seem to understand."

Anna



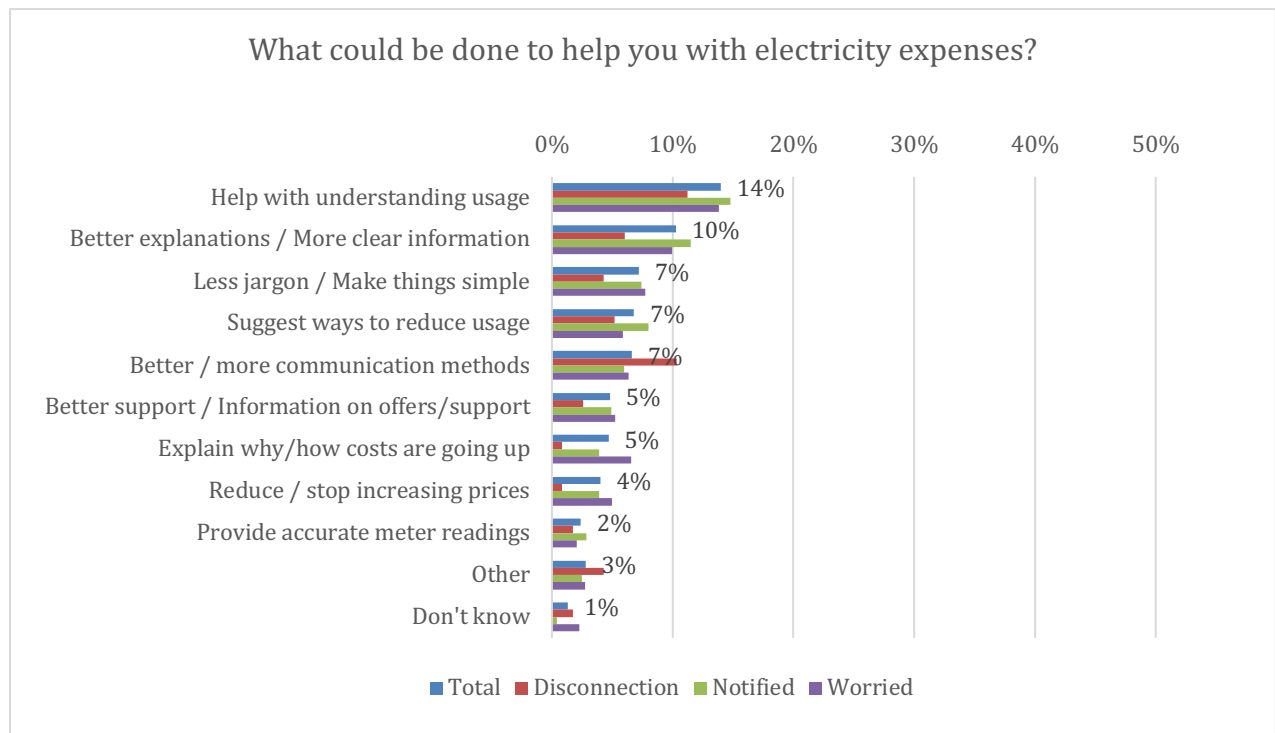
Communication with energy and water providers posed challenges for nearly half of the respondents, with 49% finding it difficult to communicate when seeking support. There were no significant differences in this experience between those who had experienced disconnections or notifications compared with the overall respondent pool.



Respondents would like more information and/or advice about what supports are available to them. However, they mostly agree they are getting some information from their energy providers about the available assistance programs / government rebates or other types of help that may be available to them. This may reflect their low expectations however, as this does not align with their generally low level of awareness of supports.

Despite their ongoing payment difficulties, respondents also mostly agree that they are being offered payment assistance or other types of support to help them pay for energy in ways that are manageable to their needs and feel they are getting somewhat sufficient advice from their energy providers on how to reduce / manage their energy usage.

Similar sentiments were echoed concerning water providers, with 42% of respondents expressing a need for more information and advice about available supports.



The desire for improved understanding of electricity usage, clearer information, and reduced jargon emerged as common themes for what might help. Respondents want assistance in deciphering electricity expenses through clearer explanations and practical advice.

For gas, individuals want more support in understanding usage patterns, improved communication methods, and suggestions on how to reduce usage to manage expenses. Whilst for water, suggestions for ways to reduce usage, helping with understanding usage and better / more communication methods would help people with managing their water expenses.

Whilst better management of usage can bring down bills to a certain extent, it is important to note energy and water bills contain significant fixed charge elements that limit people's ability to reduce their bills. This is particularly true for those who are already low users and who cannot further reduce use without impacting health and wellbeing.

These findings demonstrate the nuanced relationships individuals have with their various service providers and highlights electricity service provision as a key area of dissatisfaction, mainly due to communication challenges, and unmet informational needs. Addressing these concerns is crucial for enhancing consumer experiences and outcomes and ensuring that support mechanisms are effectively communicated and accessible to those facing financial difficulties with utility bills. This in turn will help people avoid getting close to the edge of disconnection and/or restriction.

Frontline workers experiences with retailers

Some frontline workers shared good examples of retailers responding to need by setting up suitable payment plans, payment matching and putting payments on hold.

“Well, what I've seen in the last couple of months, is the energy suppliers are not even really questioning what's affordable, it's just more entering a payment plan that suits the customer and trying to sort of just go with that for three or six months and offering deals like, for every six payments, we'll do an extra payment. So, sort of matching it. I think companies are starting to realise that's where we are financially, and that they're starting to back off a little bit and sort of work with the customer.”

Case Manager

“[I have an example of one mum], she had five children. She had to be rushed to the hospital for an emergency operation. When I messaged her to see if she was okay, she asked if I can make sure that electricity doesn't get turned off for the kids. I reached out to the provider and they were happy to put reminders on hold until the next week to allow time for the family to organise a plan moving forward. The family at the time had already received a letter stating she owed a significant amount on her electricity and that the power was close to being shut off. Despite this, the provider was understanding and had empathy for the mother's circumstance.”

Case Manager

Others shared more mixed experiences with retailers, noting that some hardship programs are great but that accessing that assistance is still a challenge, and the need for consistency with well trained, compassionate staff.

“I think some organisations have really great hardship pathways and avenues to be able to navigate [support]. The difficulty is that the waiting time on the phone.”

NILs Consultant

“I think staff training is huge. If you want the clients to work with you, then you need to be compassionate and understanding that this is not the only thing that's got going on at the moment. And also, their finances are not the only issue they're dealing with, probably. They've also got like, life stuff happening. Some of the staff that we speak to are so awesome and the customer just feels validated and it makes the customer want to work with the retailer.”

Financial Counsellor

“I've had some great reactions from retailers; they've been very flexible in terms of debt waivers and changing payment plans. Some of the hardship programs offer payment matching, or linkages with companies to provide energy audits and things like that, so I have had a good mix of responses. I've also had some negative responses...The retailer was really probing as to what the issue was, like, ‘Why are you in hardship? Can you tell me more about this?’”

Financial Counsellor

As detailed elsewhere in this report, many frontline workers share concerns about the difficulty in accessing affordable payment plans.

Need increased awareness of rights and early intervention from retailers

Frontline workers suggest that when people are able to get the help they need (usually at the point of coming to see the frontline worker), they often express that they wish they had known about the available resources and assistance earlier. They express that early intervention could have prevented them from accumulating significant debt and/or facing a disconnection.

“[Providers should] Monitor their [customers’] bills, monitor their repayments. Instead of saying, ‘Your electricity has gone up by this amount,’ maybe ring them and talk to them about why their electricity has gone up. Like, ‘We’ve noticed your bill is considerably higher. Do you have a leak, etc.?’ Just flagging that sort of stuff with them. Maybe they do have a leakage, maybe their hot water system is leaking and they don’t realise it. There are times where people have had leaky hot water systems and not realised it and then they’ve all of a sudden got this massive bill and haven’t quite figured it out and it wasn’t until they got another massive bill that they figured it out.”

Team Leader

“This is where we start talking about all the community services available and what referral options they have. And then it’s like, ‘Oh! Is that available? If only I’d known about these things before, then I wouldn’t have been so embedded in this debt.”

Financial Counsellor

“I guess the energy providers can do a bit more to actually reach those people rather than waiting for them to reach out to them. Because it’s quite difficult sometimes for those people to actually be on the phone for so long and trying to actually get a hold of somebody and they can’t get a hold of anyone, or they don’t have enough data to actually email or anything like that.”

Financial Counsellor

12. Hidden payment difficulty impacts effective retail response

'Payment difficulty' is poorly defined in the NECF, making 'success' in identifying and responding to it difficult and inconsistent. This is further complicated by the large, unidentified groups of people likely to be experiencing payment issues.

Generally, retailers and regulators only see figures for debt, participation in hardship programs and disconnections. Retailers are not necessarily aware of (or required to report on if they are aware) other responses to or indicators of payment difficulty.

When people's income cannot cover the cost of what they need, they often 'shuffle' their money and payments around to meet the most pressing need, while always being in debt somewhere. People often go without essentials such as adequate/healthy food or medicines because these necessities don't come with a bill and there is an element of 'control'. By avoiding buying these necessities, households are demonstrating payment difficulty which is hidden.

These hidden responses to payment difficulty don't result in making more money available. They simply shift debt or problems elsewhere 'into the shadows'. They often create or compound health and wellbeing issues. In many cases, particularly where other forms of credit are involved, the hidden payment difficulty results in larger, more problematic debt in energy and water when it arises. Our research didn't necessarily capture all hidden payment difficulty, but the following are themes in hidden payment difficulty that emerged from the quantitative and qualitative parts of the research.

Retailers, regulators and governments need to be aware of hidden payment difficulty to ensure responses to payment difficulty can be early and effective.

Households are going without other essentials

64% of respondents (69% of worried households) used money they needed for something else essential to pay energy bills on time.

76% of respondents (82% of worried households) deliberately cut back on usage of things they needed to try and bring the costs of bills down.

"We've had people lately talk about the cost of medication versus the cost of energy and making a choice between these two essentials when only one can be afforded. We've heard it's causing parents to turn off the energy when their kids are at school, so making a sacrifice for the household to be in a less comfortable, warm environment in order to offset the needs of their kids. When people are extending themselves with things like Buy Now Pay Later debt in order to meet one bill over another. And in general, it's a choice, you know, about staying warm and staying well over some of the basic things a family should have and wants to do with their kids."

Financial Counsellor

“This one client in particular, I know that a few months back, when she was in a really difficult situation, she disclosed to our service that she would sometimes go without food herself, just to ensure things are covered. She has two young children. So, I do see women reporting to our service that they will go without to make sure that the electricity stays on, that they have hot water, they have food in the fridge.”

Case Manager

“Given the circumstances at the moment, it's food that goes without. My children have gone hungry and I have gone hungry. I am talking days without food. They will turn around and say, ‘Oh, but there are places that you can go to, like the food bank or something like that.’ I can't do that. I've got no one to look after my parents.”

Jodi

Households going without the energy they need

62% of respondents (67% of worried households) used as little energy as they could, even though that impacted on their wellbeing.

“People are going without. They're cold, they're not using heating, they're not using electric blankets or their air cons or anything like that. It's freezing and some of these people are in houses that aren't fully built yet [after the flood] so they're just going cold.”

Team Leader

“I have people who are scared to put on the heater in the middle of winter in Orange because it's just going to cost too much. And it's their right, it's a human right, to be able to keep warm in your own home.”

Financial Counsellor

“Some people are also saying to me that as part of managing their budget have it down to the wire. So, people say, ‘I put my hot water heater on and I turn it on for a certain amount of time each day at the time when the heating is the cheapest in terms of energy and then I turn it off.’ They say they're just heating that room, not the all the rooms.”

Financial Counsellor

“But then you also have the extreme ones that are really trying to not consume energy, to actually bring the bills to the lowest level. They have a regular repayment plan with the energy provider, and then they go into credit, so it means that they pay more than what they need to pay. The energy provider never complains about it.”

Financial Counsellor

"[I see people who are] showering once a week. I'm like, what? Particularly, clients who aren't working at the moment. They're like, 'Well, I don't have anywhere to go, so I just save on showers.' Like, wow. That's the most horrifying to me. I hear this a lot, and it goes back to that kind of energy efficiency literacy, I suppose, is people saying they just leave the rangehood light on as their only source of light. And I'm like, well, if you have LED globes, it doesn't really matter if you leave the lights on, it won't use that much electricity. Like I mean, your whole house doesn't have to be dark, you can put the light in the living room. It's a safety issue, right? Anybody can trip over, but particularly if you're an older person, you need lights for safety."

Financial Counsellor

"I have cut my gas costs by 29% [since this time last year]. And that is by going without. They are quite substantial savings, but I am trying to convey to them that I have actually gone cold. I actually got bronchitis. [I'm caring for kids and my terminally ill parents], so that was incredibly difficult for me. I was not able to rest or look after myself."

Jodi

"Now I do my washing after midnight, or just before I go to bed to get that off-peak [rate]. No lights during the day, all sorts of things, everything single thing. I've become so paranoid about it, it's not stupid. And even then, it's still \$192 a month."

Dom

Turning to credit products, borrowing money, relying on family and friends

43% (51% disconnected households) sought assistance from somewhere else (e.g. friends/family or by accessing other lines of credit, such as Afterpay, Zip Pay or paying by credit card when they did not actually have the amount owing available) to help pay the energy bill.

"We are seeing a number of alternative credits. So, for those people who can't borrow money, suddenly a lot of them do worry about the disconnection of utilities. So, they go into a Buy Now Pay Later situation. For example, on AfterPay, you can actually split your bill in four ways. So, they would do that and other things like that. But when you have too many of those things, they're trying to juggle the supermarkets and everything like that, then they find themselves in more financial difficulties."

Financial Counsellor

"They're starting to buy gift cards through AfterPay to pay for food or put food on the table. You've also got Deferit now [to pay for bills], so they're always paying."

NILs Consultant

"Often, clients are borrowing money to pay their bills, so then the provider, like the energy company, doesn't realise that they've got a problem. Buy Now Pay Later clients are buying gift cards to buy their shopping and so it's a cycle of trying to pay back Buy Now Pay Later repayments and then, because they don't want to be hit with the astronomical fees, Buy Now Pay Later ranks above rent, so then you've got clients in rent arrears because they've been paying Buy Now Pay Later so that they don't lose access to it because, for them, it's an easy source of credit. That's often the cycle people get stuck in. They will pay

Buy Now Pay Later because it means that if their child has a birthday, they can buy a present that they maybe can't actually afford then it doesn't have to appear to anybody on the outside that they're having a problem. There are clients with overdrafts that have never paid it back in over 10 years, and there are clients with credit cards who will pay everything on the credit card and then their whole pay goes towards repayments just so that they can use it again. So, they're never getting ahead... It's a continual revolving door."

Financial Counsellor, Wesley Mission

"We just spent most of the time at Nan's [when we were disconnected], just saving up some money. And then we came back and got it sorted... I think we might have borrowed a little bit of money off Nan."

Lyndon (male; 20 years old, in private rental; in small regional town)

"[Being able to vary the payment plan myself] would be really helpful. That was one of the things that was annoying, like on some weeks where I didn't have \$71 [it would be hard]. I'd just go to my mum's house or Nan's to get groceries and I would just leave it."

Christine (female; 25-29 year age group; private rental in a granny flat; metro; First Nations)

Disconnecting from having an electricity connection

Frontline workers also brought to our attention that some people give up on having an electricity connection because they can't afford it. For these people, their efforts to manage their bills becomes so overwhelming that it feels like a better option is just to go without electricity. This raises the serious question of an 'underclass' of people who have disconnected long-term due to the unaffordability of energy and the situation they are in. The energy system must have in place safeguards to protect people from living without electricity because of the cost.

"I've got a few clients that we look after, they struggle with electricity and so they don't want electricity connected, they just stopped paying. [One particular client] just doesn't want to connect with electricity because he can't pay the electricity. So, we've got, I think, two or three clients that are not on an electricity bill at the moment. They just don't have it. They use candles to light up their house. Candles and a torch... In winter, one client just gets a blanket... And when he showers, he just boils water [using gas] and just uses the warm water to wash himself with a cloth... And washing his clothes, he just washes them with cold water."

Community worker

13. Barriers to getting assistance

The research revealed several barriers to receiving assistance experienced by households who are facing, or at risk of, disconnection and debt accumulation. Assessing these barriers will be key to developing more effective approaches to support people in these circumstances.

Access to support difficulty				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
I felt uncomfortable or nervous about asking for assistance	43%	43%	42%	45%
I didn't know assistance was available for me or where to go for it	37%	53%	31%	39%
There were a lot of things going on in my life at the time and it was hard to manage	36%	28%	38%	37%
I didn't think that I needed assistance	12%	9%	16%	10%
I didn't understand what I was being asked to do to get help	9%	14%	8%	9%
I was being treated poorly by my provider and didn't really trust them/want to speak to them	8%	9%	10%	6%
I didn't have easy access to transport	6%	16%	5%	5%
The provider wouldn't contact me in the way I wanted (e.g., by email, text, webchat, phone)	6%	3%	8%	5%
I had problems with phones or internet access	6%	14%	5%	4%
I asked for assistance but my provider did not believe I needed it	5%	4%	6%	5%
There were no appointments available for financial counselling/other support	4%	10%	4%	3%
I was being treated poorly by community groups I approached	3%	3%	3%	3%
Something else	1%	2%	1%	1%
None of these	16%	13%	15%	19%

Fear or discomfort is the single biggest barrier in accessing assistance with just under half of respondents (43%) saying they felt uncomfortable or nervous about asking for assistance (higher

for those who were worried about disconnection at 45%). Given retailers regard disconnection threats as a means of initiating assistance, this is a key finding and indicates more effective alternatives to disconnection to initiate assistance are required.

A further 37% did not know assistance was available to them or where to go for it (higher for those who had been disconnected at 53% and for those who were worried about disconnection at 39%). 36% said there were a lot of things going on at the time and it was just hard to manage (higher for those who were notified at 38% and worried at 37%).

For those who had been disconnected, contributing barriers to reaching out for assistance include:

- not having easy access to transport (16%);
- not understanding what they were being asked to do get help (14%);
- having problems with phones or internet access (14%);
- lack of available appointments for financial counselling or other support (10%); and
- being treated poorly by their provider / not wanting to speak to them (9%)

For those who were notified, additional contributing barriers to accessing support include:

- not thinking they needed assistance (16%);
- being treated poorly by their provider and not wanting to speak to them (10%);
- not being able to speak with their provider in their preferred communication method (8%); and
- asking for assistance but not being provided with it (6%).

There was also a high response to 'none of these' across all three groups, indicating other barriers at play. Some of these may be covered in 'Additional barriers' explored below.

When combining the survey results with the insights in the interviews, key themes emerge.

People are uncomfortable seeking assistance

Forty three percent of respondents felt uncomfortable or nervous about asking for assistance, higher for those who were worried (45%). In addition to the issues highlighted below, in interviews, references were also made to cultural reasons why people might not ask for help.

The role of shame and embarrassment

The qualitative aspects of the research revealed the sense of shame and embarrassment people feel when they can't afford their utility bills and that this acts as a barrier to seeking assistance.

"I definitely think [debt] would impact their ability to stay on top of other things in their life. There's a lot of guilt and shame associated with not being able to pay for an electricity bill. At least that's what clients have disclosed to us, that they're actually even embarrassed to disclose these types of issues to our service. But they just don't know where else to look for support and they might have a rapport with this worker, so they feel safe to disclose this in hopes that we can point them in the right direction."

Case Manager

“Sometimes people don’t open the mail; not just electricity bills, but sometimes they’ll come to see me with a pile of mail. They didn’t want it open because they didn’t want to deal with it. They think they’re going to be lectured. They’re ashamed. They want to stop this communication but just don’t have any money to pay anything anyway, so in that sense, maybe they feel as if what is the point of doing this when I can’t make a payment. It’s head in the sand for some people.”

Financial Counsellor

“For some [who don’t access support] it’s a fear of I think being judged, it’s shame around their financial situation. They’re worried they’re going to be judged. For some people, they possibly feel that it’s just going to take a long time. And some people also don’t have the concept of what it means to be in financial control, so their version of I’m managing, they don’t understand that they could possibly manage their finances better because this is the way it’s always been.”

Financial Counsellor

Mental health issues such as anxiety make it difficult to contact retailers

As explored above, frontline workers and consumers also spoke about how mental illness is both a contributor to payment difficulty as well as something exacerbated by the stress of debt and fear of disconnection.

Bad past experiences and lack of compassion from retailers

Frontline workers and individual consumers also explained that if they had had a bad experience or interaction with a retailer in the past, then this was likely to act as a barrier to them wanting to contact the retailer in the future.

“People’s past experience with retailers really guides their current behaviour. So, I guess having more affordable payment plans and, a lot of the people I speak to, they say to me, ‘They were nicer when you spoke to them’ or ‘They told me I had to pay \$150 a fortnight which I couldn’t afford and I didn’t know I could push back and say I can’t afford that, this is what I can afford.’ I’m still seeing those unrealistic payment plans being offered and people feeling that they have no option but to sign up for that and then have that fall over and then not realise what that means in terms of that goodwill and willingness to [approach their retailer for] more affordable payment plans in the future.”

Financial Counsellor

“Be more compassionate. I think the thing that turns a lot of people off is there’s no compassion or understanding [from providers]. Like I know we all have jobs, they’ve got a job to do, they’ve got policies to adhere to, but at the end of the day, we still all bleed the same colour and we’re still all human.”

NILs Consultant

“I probably feel that I have a negative [relationship with my retailer]. Better communication and making sure that your concessions are on there is really key. Maybe having a little bit of heart to people when they’re on the phone; they’re straight up like, ‘Can you pay today?’”

Naomi

Retailers ask too much personal information

“I had one client who was a kinship carer, so they were raising their grandchildren. The retailer was really probing as to what the issue was, like, ‘Why are you in hardship? Can you tell me more about this?’ And I said to the retailer that I don’t think it’s a requirement that the retailer has to know. She’s telling them that she’s in financial hardship, surely she doesn’t have to tell them her situation because, again, don’t make it harder for people when they have to expose themselves by outlining a difficult family situation – and to someone they don’t know like the retailer.”

Financial Counsellor

Retailers frighten people so they don’t want to engage

“I honestly think [retailers] are more worried about just getting their money, really. They need to have that payment and it doesn’t matter [how it affects the customer]. Their language, it’s really scary for people, when they’re saying, ‘Okay, we’re going to put you on this payment plan, but we need to read this script out to you.’ And in the script, there’s phrases like, ‘You will be disconnected if this doesn’t happen.’ People hear that. They might not hear everything else because it’s a script, it’s not riveting, but they will hear ‘you will be disconnected’ and it’s scary for people. I just don’t think they go about it the right way.”

Team Leader, Northern Rivers Community Gateway

Given retailers’ contention of the crucial role of ‘threats’ of disconnection in engaging people, this observation by frontline workers indicates the opposite is true – that threats and threatening language acts as a barrier to engagement rather than encouraging it.

Long telephone wait times and indirect phone numbers

“I think some organisations have really great hardship pathways and avenues to be able to navigate [support]. The difficulty is that the waiting time on the phone can take quite a while and, generally, when people come to us, they’re in crisis mode. So, when you’re in crisis, your stress levels are high and you can’t wait. You physically can’t wait; you can’t have another thing on your mind... You’ve got people that need to get back to their kid, or the bus is coming and it’s the only one so if they miss that bus they can’t get home for a couple more hours because in some areas public transport is not the best, or they don’t have enough credit to stay on the line. There’s all of those other factors that come into play, especially with people on low incomes.”

NILs Consultant

“I’m on a prepaid phone and if my minutes start running out, I’m sitting on there looking at the minutes and looking at the time I’ve been waiting. By the time they answer, I’ve only got five minutes to get out what I need to get out. Or maybe a call back service or something like that. If it’s going to be two hours, they can say it’s going to be two hours, we can call you back, and your number is recorded. It’s the minimum that these kinds of providers should be offering these days.”

Bradley

"I haven't [tried to contact my retailer recently] because the wait time was 200 calls in front of me the last time I tried. They're open 9 to 5, Monday to Friday. There's a wait time of two hours sometimes to get through to them.

Anna

"The voice recording things when you call up the providers. You talk to the computer and they always send you to the wrong spot."

Craig

Lack of awareness of what to do, what's available and what they're entitled to

37% of respondents did not know assistance was available or where to go, notably higher for those who had been disconnected (53%)

"Community members, obviously, somewhere along the line contact their energy provider prior to coming to someone like me and are put onto like a payment plan that will sort of ease any sort of debt collection happening or disconnection. I think a major reason for people that I've dealt with getting into that situation is that they don't know what they're entitled to, they don't know what they should be asking their energy providers in terms of hardship programs. Things like learning how to read the bills is another issue. So, I've had people who have received estimated bills and they get overestimated and then it obviously creates a debt on the account. So, that's something that I've really found is people just not knowing where to start or who to talk to or what to look out for on bills. Making sure that they're getting their rebates that they're entitled to is another issue."

Financial Counsellor

People are overwhelmed with their circumstances.

36% of respondents found it hard to manage due to many simultaneous issues.

"And when there's mental health concerns, if people are being chased by creditors, they don't want to answer the phone. They may set up other emails to avoid contact."

Financial Counsellor

Additional barriers

Additional barriers to accessing assistance include difficulty understanding requirements for help, problems with phones or internet access and lack of available financial counselling appointments.

Some consumers are also reluctant to respond to messages from retailers because they are worried it might be a scam.

"So, I guess in terms of shortened communication from retailers, there are a lot of scams in that space and a lot of people I see say they have been affected by scams on a number of levels. I think it's important that if retailers are using text communication to make that clear."

Financial Counsellor

14. Experiences of disconnection, notification and worry

Understanding the experience of debt build up, worry about disconnection, disconnection threats and disconnection itself, is key to assessing what role disconnection plays, considering what role it should play, and what alternatives may be more effective and appropriate.

Rates of previous disconnections and notifications

The research asked about previous disconnection or notification, to understand whether payment difficulty and risk of disconnection was part of a short-term experience, or part of a longer-term experience that continues to go unassisted, and whether there are common aspects of the experience of short- and long-term issues leading to disconnection.

How many times [disconnected / notified]			
	Total	Disconnection	Notified
Base (disconnected or notified)	603	116	487
Once only	59%	66%	57%
Twice	27%	28%	26%
Three times or more	15%	6%	17%
Total	100%	100%	100%

Whilst most respondents who had been disconnected or notified reported only experiencing one disconnection or notification in the previous two years (which is not surprising given the moratorium on disconnections that occurred during the period), significant numbers of people had experienced a disconnection or notification before.

For those who had experienced a disconnection, 28% had received two disconnections, and 6% had received 3 disconnections in the last 2 years. For those who had been notified, just over a quarter (26%) had been notified twice, and 17% had been notified 3 times or more in the last 2 years.

[Notified] Have you ever actually been disconnected from electricity or gas, or had your water supply restricted previously?	
	Notified
Base (of people notified of disconnection)	487
Yes	17%
No	83%
Total	100%

For people who had been notified in the last 2 years, 17% had previously been disconnected from electricity, gas or restricted from water.

From these two charts we see evidence that disconnection and threats of disconnection in the past have not improved peoples experience of payment difficulty and have not helped them access assistance that meets their needs. Many of these household have continued to face payment difficulty and faced disconnection and threats of disconnection again.

[Worried] Have you ever actually been disconnected from electricity or gas, or had your water supply restricted previously?	
	Worried
Base (of people worried about being disconnected)	441
Yes – disconnected from electricity	7%
Yes – disconnected from gas	2%
Yes – restricted from water	1%
No	84%
Not sure / Don't remember	7%

For those who had experienced serious worry about being disconnected and/or restricted in the last 2 years, 7% had previously been disconnected from electricity, 2% had been disconnected from gas and 1% had been restricted from water. This could indicate the variation in peoples experience of assistance, where some people are able access support that works for them. It may also indicate the impact of people's circumstances on their ability to recover from disconnection. We will examine this further in following reports.

Time since last payment and amount owing

To understand the extent of debt build-up ahead of a disconnection or notification of disconnection, the research asked how long it had been since a payment had been made and how much was owed.

Length of time since last payment (of any amount)			
	Total	Disconnection	Notified
Base	603	116	487
1 week or less	11%	16%	10%
About 2-3 weeks	20%	20%	20%
About 1 month	23%	16%	24%
About 2-3 months	22%	24%	22%
About 4-5 months	8%	4%	9%
6 months – 1 year	3%	3%	3%
More than 1 year	2%	3%	2%
Not Sure	11%	13%	10%
Total	100%	100%	100%

Before getting disconnected or notified, the length of time for not making a payment varies – 22% had not made a payment for 2-3 months, 23% had not made a payment for a month, and 20% report not having made a payment for 2-3 weeks. 11% said it had only been a week or less before they were disconnected or restricted. (Note: this question was asked as a ‘best guess’, recognising that precision in responses is difficult to guarantee).

For those who had experienced a disconnection, 24% said it had been about 2-3 months since their last payment and 20% felt it was only a matter of 2-3 weeks before they were disconnected.

For those who had been notified but not disconnected, 24% said it had been about a month since their last payment and 22% said it was about 2-3 months.

Retailers assert they want households to engage with them to avoid a disconnection. For those who had made recent payments its possible those payments didn’t meet what the retailer required. Not recognising attempts to make payments demonstrating ‘good faith’ arose as an issue in interviews, such as:

“When I tried to set up a payment plan, I was told the amount that they would accept from me and that was \$80 a week...I know that I don't have that money. I told them it was totally unrealistic and I gave them an amount that I could afford, but they would not accept it and would not allow me to set up a payment plan. So, [instead], I went to Centrelink and set up my own CentrePay deduction every fortnight so that I could go back to them and say, ‘Listen, you would not accept what I could pay and give me a payment plan, therefore, to show you good faith, I have set up a Centrelink deduction that will automatically be paid every fortnight in the amount that I can afford. Please don't cut off my electricity or my gas.’ And they sort of said to me, ‘Thank you very much for doing that, however, this is the amount that we require from you.’ I told them you cannot get blood out of a stone. There is just not any money.”

Jodi

At the time of [disconnection / notified / last seriously worried] about how much did you owe?				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
\$300 or less	18%	16%	19%	18%
\$301-\$500	25%	22%	28%	23%
\$501-\$1,000	30%	31%	30%	31%
\$1,001-\$1,500	12%	12%	11%	13%
\$1,501-\$5,000	7%	14%	6%	6%
\$5,000 or more	1%	1%	1%	0%
Not Sure	7%	4%	6%	9%
Total	100%	100%	100%	100%

Of those who had experienced disconnection, nearly 40% owed less than \$500 (22% owed \$301-\$500 and 16 % owed \$300 or less). 31% owed \$501-\$1,000. However, 14% said they owed \$1,501-\$5000 and 1% owed more than \$5,000.

For those who had been notified but not disconnected, the amounts owing tended to be slightly smaller. Nearly half owed less than \$500 (28% owed \$301-\$500 and 19% owed \$300 or less). While 30% owed \$501-\$1,000.

It is important to note that energy disconnections for non-payment are only permitted to occur when the amount owing is \$300 or more (this amount is determined by the Australian Energy Regulator (AER). Whilst it is not necessarily easy for people to remember the exact amounts they owe, it is concerning that such high numbers of people may have been disconnected or notified of a disconnection with a smaller amount owing.

Frontline workers reveal that different retailers take different responses to how quickly they resort to disconnecting.

“I’ve seen bills for thousands of dollars where they won’t disconnect, and then I’ve seen people come in with a bill for a couple hundred dollars where they’re going to disconnect them. So that’s not even consistent.”

NILs Consultant

For those who had been seriously worried, the amounts owing were mid-range, 31% had about \$501-\$1,000 owing, 23% owed \$301-\$500 and 18% had \$300 or less owing.

Did this debt relate to one bill or several bills?				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
One bill only	61%	47%	61%	65%
More than one bill	34%	47%	33%	31%
Not sure	5%	6%	6%	4%
Total	100%	100%	100%	100%

The majority of respondents (65%) suggested that these debts and arrears were relating to one bill only. However, for those who had experienced disconnection, a higher number (47%) said the debt related to more than one bill. This could indicate that their issues had been ongoing for some time prior to the disconnection, however it is difficult to compare due to the potential for variation in billing intervals. For example, we do not know whether this is referring to monthly bills or quarterly bills.

Contact from provider ahead of disconnection/notification

As energy retailers are required to assist people experiencing payment difficulty and offer assistance ahead of threatening and undertaking disconnection, the research asked about the contact people had with their provider ahead of their disconnection/notification.

When did your energy / water provider first contact you about the risk of disconnection/restriction as a result of non-payment?			
	Total	Disconnection	Notified
Base	603	116	487
Immediately after I missed a payment	13%	13%	13%

Within 1 week of missing a payment	26%	28%	26%
Within 1 month missing a payment	27%	26%	27%
Within 3 months of missing a payment	10%	9%	10%
After 3 months of missing a payment	6%	6%	6%
My provider did not engage with me about the risk of disconnection / restriction	5%	7%	5%
Not sure / Don't remember	13%	12%	14%
Total	73%	74%	73%

Around half of respondents indicated their provider first made contact about the risk of disconnection/restriction within a month (27%) or week (26%) of missing a payment. 5% reported their provider did not engage with them about the risk of disconnection/restriction at all, which is slightly higher for those who experienced a disconnection (7% reported this). This does not necessarily mean the provider did not attempt to contact these people, but it does indicate that any attempt at contact was not successful.

How soon after your energy/water provider first contacted you about the risk of disconnection/restriction [did you get disconnected / get told you were going to actually be disconnected]?			
	Total	Disconnection	Notified
Base	492	94	398
Less than a week after first contacting me about being at risk of disconnection / restriction	16%	28%	14%
About 1-2 weeks after first contacting me about being at risk of disconnection / restriction	42%	45%	41%
About 3-4 weeks after first contacting me about being at risk of disconnection / restriction	16%	12%	18%
Longer than 4 weeks after first contacting me about being at risk of disconnection / restriction	9%	10%	9%
Not sure / Don't remember	16%	6%	19%
Total	100%	100%	100%

42% of people were either disconnected or notified 1-2 weeks after their provider first contacted them about being at risk of disconnection / restriction. For those who had experienced a disconnection, 28% recall they were disconnected a week after first being contacted about being at risk of disconnection. While for those who were notified about an upcoming disconnection, 18% recalled it was about 3-4 weeks after first being made aware of this possibility. The shorter timeframes in which disconnected households recall being contacted by their retailer may have contributed to them being disconnected. Whereas a longer notice period might have helped notified households avoid a disconnection by giving them time to respond.

Experiences of households who were disconnected

Households who experienced a disconnection were asked about their experiences to help understand why they couldn't avoid the disconnection, the impact of the disconnection on their household and finances, and what barriers they face in reconnecting.

Thinking back to before you got disconnected / restricted, which (if any) of the following happened before you were disconnected or restricted?	
	Disconnection
Base	116
I tried to contact my energy provider or water provider but couldn't get through to them	32%
The energy or water provider tried to contact me but I did not answer the call / call them back / email them back / text	22%
None of these	47%
Total	100%

32% of disconnected respondents said they tried contacting their energy or water provider but could not get through to them. 22% said their provider tried to contact them but they did not take the call / attempt to call them back. Just under half (47%) of those who had been disconnected did not have any contact with their retailer prior to the disconnection.

Did someone ever come to your house to talk to you about disconnecting you or restricting your supply before you got disconnected?	
	Disconnection
Base	116
Yes	18%
No	72%
Not sure	9%
Total	100%

18% reported having had someone visit their house to talk about being disconnected before getting disconnected.

After you got disconnected / restricted, when did you first start trying to get reconnected? Note: This includes getting reconnected with the same provider or going to a new provider.	
	Disconnection
Base	116
Less than 1 day (straight away)	41%
About 1 day	20%
About 2-3 days	22%
About 4-7 days	8%
More than a week later	3%
Have not tried to get reconnected yet	3%
Not sure	3%
Total	100%

41% of people who had been disconnected were reconnected on the same day / straight away, while 20% took a day to reconnect and 22% took 2-3 days.

Did you reconnect with the same provider or a new provider?	
	Disconnection
Base	97
Same provider	69%
New provider	22%
Not sure	9%
Total	100%

When only looking at energy disconnections (because generally people do not have a choice of water provider), of those who did get reconnected, 69% were reconnected with the same provider while 22% sought reconnection through a new provider.

For those who reconnected with a new provider, their debt is likely to be sent to a debt collector. These households lose the right to get assistance from their retailer for the amount owing or for EAPA to be applied to the debt. It is understandable that households react to a disconnection, or a disconnection notice, by exercising what control they have and switching retailers. However, losing entitlement to assistance when switching underscores the importance of retailers maintaining a positive relationship with their consumers. Without the assistance from the retailer and EAPA, it will be harder for those households to gain financial control. Each instance of this behaviour compounds the collective 'payment difficulty burden' retailers face by increasing the incidence of legacy debt they have no visibility of, but which impacts consumers' capacity to pay.

Which if any of the following did you have to pay in order to get reconnected?	
	Disconnection
Base	113
Pay a bond	9%
Pay a reconnection fee	45%
Pay a late payment fee	32%
Agree to a payment plan to recover the debt	28%
Pay a set proportion of the debt	5%
Another fee	2%
None of these	20%

Most people had to pay some form of fee(s) to get reconnected. On average, people reported having to pay around \$241 in bond fees, \$316 in reconnection fees, \$149 in late payment fees and \$310 in other fees (Note: this was self-reported and reflects the mean result of all responses received as a means of adjusting for individual inaccuracy of estimation).

The response to these questions highlights one aspect of the additional financial burden that disconnection places on households already experiencing significant financial difficulty. These figures don't include other costs that may be associated with disconnection, such as spoiled food from a fridge or freezer, takeaway food or even alternative accommodation.

Given these households were unable to stop the disconnection, it would not have been easy to find the several hundred dollars required to reconnect, and many would have had to borrow money (including possibly accessing risky credit) or go without other essentials to make these payments. These factors should be considered when assessing the harms involved in disconnection, and consideration of if and when disconnection may be regarded as a reasonable response.

Which (if any) of the following things happened as a result of your electricity, gas or water being disconnected / restricted, including in the lead up to being disconnected/restricted

	Disconnection
Base	116
The people in my house became anxious or distressed	31%
I/We were unable to wash ourselves / had to take cold showers or baths or stopped having showers or baths	26%
I was unable to keep the household sufficiently warm or cool, which negatively impacted the household in other ways (Please specify how this impacted you)	22%
I/We did things to avoid being at home (e.g. going to the library or a shopping centre)	22%
I/We felt isolated due to being unable to use mobile phone/ radio/television/internet	22%
I or others in my household had to throw out food from the refrigerator/freezer because it had gone off	22%
I/We avoided seeing friends and family	20%
Someone in my house was unable to work	17%
I or others in my household had difficulty caring for infants	15%
I/We cooked in someone else's kitchen / had to get takeaway food as we couldn't prepare food at home	15%
Children and / or students in the house were unable to do homework / study or had to stay home from school	14%
I/We spent more time in bed than usual to stay warm	14%
I/We accessed food bank and / or food donation services	13%
Someone in the house was unable to use a medical device or machine	9%
I bought/borrowed electric appliances such as an electric cooker, electric heater and/or used water from an electric kettle to heat bath water	8%
I/We had to move out and pay to stay somewhere else	8%
Someone in the house became ill	6%
Someone in the house was injured	3%
Something else	3%
None of the above	19%

The impacts of disconnection are not just financial. Of those who had experienced a disconnection, 31% reported that people in their house became anxious or distressed, 26% said they were unable to wash themselves or had to take cold showers/baths, 22% said they were unable to keep their home sufficiently warm or cool, 22% did things to try and avoid being home, 22% felt isolated, and 22% had to throw out food.

In interviews, people shared their experiences of disconnection in more detail.

"It was extremely stressful and I felt really vulnerable. I felt it was so unfair and I just thought, wow, we're not even at the bottom tier of society. And I just thought, I can't believe that they would even do this."

"I just thought, this is [happening to me] and I have the power to get reconnected. There must be so many people who are vulnerable sitting there without power and gas right now. I felt sorry for my daughter and it was stressful because she was in a lot of pain. She was in chronic pain."

"[I didn't contact my retailer] because my attention was focused on my daughter's health and I had been paying sporadically and I thought that by paying that lump sum that it would be fine, but it wasn't fine.... It didn't satisfy them."

"I think [disconnection] should be illegal. I think legislation needs to be passed to make it illegal because no one should go without that. It's dehumanising. It's a need, a necessity. It's not a want."

Susannah

"I mean, I understand. I get it, but the people that get disconnected, there's no way to come back from that if you don't have a family member to go stay with or something... I think it should be a couple of missed payments, not straight into it."

"There was a lot of food in the fridge that had to go."

"We had to spend a couple of weeks sleeping on couches and just had to really cut back on food spending. We didn't really do anything for two weeks. It was a bit embarrassing."

Lyndon

"I just woke up one morning and I couldn't turn on the TV and I was like, 'Oh shit, everything in the fridge!' I called my cousin, and then she came over and said, 'This is what you do, you call and you set up a payment plan.'"

"I didn't really know how paying bills worked."

"[Being disconnected] put me back a bit with my studies because I couldn't power my laptop. I had to get my cousin to come get me. If it wasn't for her, I [would have struggled]. And then I had to call [the retailer], which was time-consuming as well."

Christine

"I found out that I was disconnected by walking in, and there was no electricity. And then I found a card that was stuck under the door saying to call them but, of course, I couldn't call them given the hour that I had come home. I'd come home with my father who had just been discharged from hospital, only to have to pack him back up into the car and drive another 40 minutes to his place because I needed electricity for his oxygen. That also meant packing up [my kids] and spending the night [at my parents'], which meant that it was an issue for my children to get to school the next day. It just goes on and on and on."

Jodi (female; 58 years old; single parent; in private rental; on Job Seeker; lives in a rural area)

"I was disconnected once years ago. I will never forget that. I had one support person I could ask and say, 'Look, I've been disconnected. Can I borrow the money to get connected again?' and she basically said, 'I'll give it to you this time and you get it put back on, but if I ever find out that you've had it disconnected again, I'm going to report you to [Department of Child Services].'"

Angela

Frontline workers also shared the experiences of their clients with disconnection, speaking about the stress and feelings of shame experienced.

"I think a big thing that we see is that there's a lot of shame that comes with [disconnection]. A feeling of failing in particular, and often for the young people that we see who have gotten to that point, have already tried to overcome a feeling of failing before this [through their personal circumstances with leaving home, for example]. They have already come from feeling like they're not going to be able to achieve anything and then they get themselves into some kind of housing but then they kind of get knocked back again [from a disconnection]. So, they're just re-living all of this again. It's almost like they're re-living the same trauma that they are not good-enough from a different aspect, this time from their own doing [rather than their family household's]. So that's difficult."

Residential and Assertive Outreach Coordinator

"I had an elderly lady come in yesterday who has care of her grandchildren, she stated, 'They cut my power off, I need an EAPA.' She didn't know that, at that point, she needed more than an EAPA... She said she paid \$50 a fortnight by Centrepay and I found it weird that they cut her off when she was making regular repayments. Together we called the provider and I asked the retailer why she was cut off when she was making regular repayments, the provider said because it's not a hardship plan, which doesn't make any sense to me. By the time she'd come in, she'd been disconnected most of the day. Obviously, she's feeling overwhelmed... She was very stressed. She's an Indigenous woman and didn't like to ask for help. She was very stressed out, but very relieved when she left."

Team Leader

"A single mum [had her energy disconnected], and it was disconnected so late in the day that she couldn't actually get a hold of the energy company. It was in the middle of winter, she had three kids, so I think she ended up going to the neighbour's or something for the night... She was aware that there were a lot of bills coming through and completely dismissed it. I think there were other things, it was maybe domestic violence. There's a bit of shame not wanting to share those kinds of things, so the providers are not aware of it."

Financial Counsellor

For First Nations families, a disconnection (or the mere prospect of it) can result in fear that their children will be taken away from them.

“If you're a First Nations person and you are in a situation that's precarious in some way and all of a sudden you can't pay your energy bill, if your energy gets cut off, you are worried about your children being taken from you. It is basically a core need that is treated like a luxury and, therefore, people live in fear of the impact, not only on their health and their well-being, but on their family structure.”

Financial Counsellor

Which (if any) of the following stopped you from trying to get reconnected immediately?	
	Disconnection
Base	68
I wanted to sort out my finances first so I could pay	34%
I felt a bit embarrassed	32%
I didn't know what to do	25%
I didn't want anyone else to know about it	25%
I didn't know there was help available for people in my situation	18%
I had other financial commitments/debts that were a higher priority	16%
I didn't think electricity / gas / water company would be sympathetic or willing to help	12%
There were unplanned things happening in my life which took priority	10%
I decided to stay disconnected because energy costs are unaffordable	7%
I had to wait for an appointment with a financial counsellor	6%
I couldn't use or access a telephone / internet to contact anyone	4%
I wasn't immediately aware that I was disconnected	3%
Something else	3%
None of these	18%

For the 59% of households those who did not immediately reconnect (see table in previous section), 34% said the key reason for not reconnecting was because they wanted to sort out their finances first so they could pay, 32% said it was because they were embarrassed, 25% just did not know what to do and 25% said they did not want anyone else to know about it.

Whilst households who are disconnected are usually reconnected within a few days, for some, it takes longer. These barriers to reconnection need to be addressed to help households who are disconnected to be reconnected as soon as possible and reduce the harms of disconnection.

In addition to the financial costs of disconnection, the process has significant psychological impacts with people experiencing shame, stress and isolation. Physical health impacts are also felt with people being unhealthily hot or cold (noting the poor thermal qualities of the housing that many disconnected households would be in) and unable to undertake normal hygiene practices. It is also important to note the additional impact disconnection has on children. 71% of disconnected households had a child living in the home, with respondents indicating school or study being interrupted and infants being unable to be cared for properly.

Experiences of households who received a notification of disconnection but avoided the disconnection

We also asked about the experiences of households who received a disconnection notification but avoided the disconnection, to understand what they did to avoid the disconnection and the impact the experience had on them.

What happened as a result of you being notified or warned that you would be disconnected/restricted from your energy/water supply?	
	Notified
Base	487
The people in my house became anxious or distressed	54%
I/we significantly reduced the amount of energy/water we used to lower our future bills (such as avoiding heating/cooling, using hot water etc.)	48%
I took on additional work/employment to try and get on top of the debt	24%
I/We avoided seeing friends and family	17%
Something else	5%
None of the above	13%

More than half (54%) of notified households reported that the notification caused people in their house to become anxious or distressed. Interestingly, this is higher than the rate of disconnected households (31%), perhaps because of a sense of inevitability of disconnection that some disconnected households feel, or a habituation to struggles and threats of this type.

Just under half (48%) reported significantly reducing the amount of energy / water used to lower their future bills. Just under a quarter (24%) took on additional work / employment to try and help get on top of the debt.

What was the most important thing that helped you avoid disconnection this time?	
	Notified
Base	487
Negotiating a payment plan with my provider	20%
Being notified / receiving provider's reminder letter	14%
Provider assistance / flexibility / understanding	13%
Getting in contact with my provider	12%
Assistance from friends and family members to pay the bill	10%
Made other sacrifices to pay the bill	9%
Paying the bill	8%
Sought out other support, advice to help me	4%
EAPA / PAS Vouchers	4%
Working extra hours to pay the bill	2%
Hardship / rebate / concession mention	2%
Took out a loan / used other form of credit to pay the bill	1%
Dipped into savings / emergency funds to pay the bill	1%
Changed providers	0%
Other	7%
Don't know	2%
Not applicable / Refused	3%

For those who were notified but not disconnected, we asked what was the most important factor helping to avoid disconnection in. 20% of respondents reported that being able to negotiate a payment plan with their provider helped them, followed by being notified / receiving the provider's reminder letter (14%), provider assistance, flexibility and understanding (12%) or assistance from friends and family to help pay the bill (10%).

In interviews, people shared their experiences of notification, which were mixed, with some people getting the help they needed, and others left confused and/or not getting the help they needed in the longer term.

"I cried [when I received the disconnection notice]. I wondered what the hell I'm going to do."

Naomi

"[When we received the notice] I was shocked, frustrated, and then obviously dread because I knew it was going to be a really long phone call... We had a couple of phone calls to set it up, but they had to keep calling me back to get information. And they have to verify your name and date of birth [each time]. I got asked for my birthdate and phone number like six times. It just seemed very inefficient."

"The notice came by a post - sometimes we don't check our post very often - and it said that it was going to be disconnected within 7 days of the notice, and at that point, when we looked at it and we looked at the date of the letter, we have like maybe like three days. So, we're like, 'Okay, we need to get this sorted ASAP.'"

"They only gave us two options [to solve the problem]. One was that we had to call [the provider issuing the disconnection notice] and sign up with them, or find another provider. It was pretty clear [what to do], I just didn't understand what it would look like if we transferred over and whether, by connecting with a new provider, everything would be sorted. That was the piece of the puzzle that was missing."

Cathy

"We were notified a couple of years ago, when we were all in lockdown. I didn't pay [the bill] because I couldn't. And then I think they contacted me, and they suggested a few things, actually, like a part payment. [The retailer] was really great about it. And then they suggested something I could access through the government. They sent me a letter, and then they sent me an SMS and then they called me."

Kathleen

"We've had an EAPA voucher through Barnardos Australia which was \$400, and it says it's been added [to the bill], but then it hasn't taken that amount off the bill. And that's when we got the disconnection email saying that we would get disconnected on [a certain date], but no one contacted us directly or anything, they just sent a generic email. I've got a Centrelink payment set up, so I pay \$40 [a fortnight], and I think that's the reason they haven't disconnected, but for a bit there they weren't acknowledging the payment coming out. [If I try to contact them], usually, when I do it on the chat or via email, they say, 'Oh no, everything's fine. There's nothing to worry about.' So there's no consistency. It seems like whoever's communicating on the chat isn't even looking at my bill, they're just like, 'No, no, no it's all good.'"

Bradley

"The second time, the guy came out to turn it off and I begged and pleaded with him, saying, 'Please don't. I'll get the money and I'll pay it today I swear.' He said took my word for it and I did, I found the money somewhere and got it put back on."

Angela

Notified households reported experiencing even more stress than disconnected households. It appears the stress comes not just from the experience of disconnection but the anticipation of it. Providers have said they consider threats of disconnection to be a communication tool. In light of

the results of this and previous research, PIAC considers that disconnection threats are not an effective or appropriate communication tool and operate more as a punishment for vulnerability.

Outcomes for notified households are mixed, with some people getting help from providers, whilst others turned to family/friends for assistance and/or made sacrifices.

The research also raises issues about switching providers, with people being unaware that switching retailers when there is a debt will mean they lose access to help (both from the provider and through EAPA) to deal with that debt.

The research also suggests that notification periods ahead of disconnection are not long enough to allow an effective response to avoid disconnection. Where we compared communications from providers between disconnected and notified households, it appears that notified households generally were given more time to deal with an impending disconnection and go on to avoid it. A householder raised the issue that reduced frequency of postal services may impact the time people have to respond to posted notification. Focusing regulations on measures to recognise when important messages are received, and ensuring adequate response times, will be an important part of reducing disconnection.

Experiences of households who are seriously worried about disconnection

Since we were not asking worried households about their experiences with disconnection or notification, we were able to ask them more questions about the supports they were accessing in order to understand how they avoided notification and disconnection.

Thinking about when you became seriously worried about being disconnected / restricted, did either of the following happen at the time?	
	Worried
Base	441
I contacted my energy or water provider and spoke to them about my payment options	52%
The energy or water contacted me and we spoke about my payment options	9%
Neither of these	39%
Total	100%

At the time of their worry, more than half (52%) contacted their energy or water provider to speak to them about payment options. Only 9% reported having their provider contact them. This indicates some serious structural issues in retailers’ capacity to identify those in payment difficulty sufficiently early.

Which (if any) of the below did you discuss with your energy or water provider?	
	Worried
Base	270
An extension for my bill	51%
A payment plan	51%
Switching to a more affordable plan	20%
Energy Accounts Payment Assistance (EAPA) voucher assistance	17%
A special program to help me pay (e.g. a customer assistance / hardship program)	11%
Assistance with working out how to reduce my future bills e.g. how to use less electricity, gas or water	11%
Payment Assistance Scheme (PAS) / Hardship Assistance	9%
Emergency relief (e.g. a one-off special arrangement to delay or postpone payment)	9%
Paying the bill by having regular amounts deducted from my Centrelink payment (Centrepay)	8%
Writing off some or all of the money I owed	7%
Contacting a charity or community group	4%
Contacting a financial counsellor	3%
Something else	1%
None of the above	4%

For those who contacted their provider (61% of worried households), most discussed extensions for the bill (51%), a payment plan (51%), or switching to a more affordable plan (20%). Only 11% discussed ‘a special program to help me pay (e.g. a customer assistance / hardship program)’. Theoretically, if a person contacts their retailer and reveals – directly or indirectly – that they are having difficulty affording their energy bills, they should be offered to go on a hardship program as this has a more robust approach to help people regain control of their bill. The Social Programs for Energy Code states that EAPA ‘is not intended ...to relieve retailers of their obligations to manage their customers’ debts in a fair and equitable manner.’⁶² Yet, more people (17%) recall discussing EAPA than discussing a hardship program.

⁶² At page 32.

Which of those did you actually take up?	
	Worried
Base	224
I got an extension for my bill	49%
I agreed to a payment plan	34%
I made a request / applied for an Energy Accounts Payment Assistance (EAPA) voucher	17%
My provider switched me to a more affordable plan	13%
I joined a special program to help me pay (e.g. a customer assistance/hardship program)	9%
I got assistance with how to reduce my future bills e.g. advice on how to use less electricity, gas or water	7%
Emergency relief (e.g. a one-off special arrangement to delay or postpone payment)	6%
I made a request / applied for a Payment Assistance Scheme (PAS) / hardship assistance / pension rebate / concession for water in rates (water)	6%
I agreed to have regular amounts deducted from a Centrelink payment (Centrepay)	5%
My provider paid some or all of the money owed (matching my payments or simply reducing the debt I owed)	3%
I contacted a charity or community group	3%
I contacted a financial counsellor/got an appointment	1%
None of the above	7%

Of the people who contacted their energy provider, 49% got an extension on their bill, while 34% went on a payment plan. 17% made a request / applied for an EAPA voucher to help get on top of the debt, whilst only 9% went on to join a hardship program.

Who suggested a payment plan?	
	Worried
Base	137
I requested a payment plan	44%
The energy / water provider offered a payment plan	32%
Not sure / Don't remember	24%
Total	100%

Where payment difficulty is disclosed, or even inferred, retailers should be offering payment plans as a minimum. Yet for those who agreed to a payment plan, 44% requested a payment plan from their provider, with only 32% recalling being offered a payment plan from their provider. This indicates a disproportionate reliance on 'self-advocacy' that is likely to leave many in need without assistance.

Which of the following best describes how your energy / water provider reacted to your suggested payment plan?	
	Worried
Base	60
They accepted it without any changes	53%
They proposed an alternative that was more expensive for me	22%
They proposed an alternative that was more affordable for me	18%
They rejected it and did not propose an alternative	0%
Not Sure / Don't remember	7%
Total	100%

For those who asked their provider about a payment plan, just over half said their providers accepted it (53%), while 22% said their provider proposed an alternative that was more expensive. Eighteen percent said that the retailer proposed an alternative that was more affordable, which may indicate that the retailer was taking their circumstances into account and being realistic.

Did the payment plan suggested by your energy / water provider realistically take into account your ability to pay?

	Worried
Base	57
It definitely did (they asked about my other expenses and set my payments at an amount I could manage)	23%
It generally did (they asked about my other expenses and the payments were manageable if I made small changes)	35%
It generally did not (the payments were not manageable and left me a bit behind with my other expenses)	21%
It definitely did not (the payments were unmanageable and meant that I could not make other important payments)	14%
Not sure	7%
Total	100%

Most respondents felt the payment plan suggested by their provider did take into account their ability to pay (23% say it definitely did, and 35% say it generally did). 21% felt that the payment plan suggested by their provider did not take into account their ability to pay and that the payment plan was not manageable. 14% said the payment plan suggested by their provider meant that they could not make other important payments. The National Energy Retail Rules require that payment plans for hardship customers have regard to the customers' capacity to pay, but this is not a requirement if the payment plan is set up outside of a hardship program. If any payment plan is to be successful and help a person afford their energy bill, it must be realistic and affordable.

Although far from ideal, the worried households seemed to fare better with accessing affordable payment plans than disconnected households, which is likely to be one of the key reasons the worried households avoided notification and disconnection.

"Now that I've got a payment plan, [energy is less stressful]. But before, it was a big stress. With disconnections, you don't know if you're going to get home and the power would be off. Every time I went back in the house from going to work or something [I'd be worried about the energy being off when I got home]. It's \$100 a fortnight and it comes out by Centrepay. That's the easiest thing for me. The bills still have 'Overdue' written them, but it's not "disconnection imminent". At the end of the year, I should have a fair chunk paid off because I do pay what I can in addition to the \$100 as well."

Anna

Why didn't you get an Energy Accounts Payment Assistance (EAPA) voucher?	
	Worried
Base	8
There were no appointments available at a community or welfare group or the waiting time was too long to be helpful to me	38%
I couldn't find an organisation near me that offered it	25%
The application process was too difficult	25%
It turned out I was not eligible	0%
I didn't feel comfortable asking for this assistance	38%
Something else	0%
None of these	13%

For those who were worried, reasons for not getting an EAPA voucher included no appointments being available / long waiting times (38%), followed by not being able to find an organisation near them that offered it (25%) or that the application process was too difficult (25%).

Worried households seemed to be more successful in accessing EAPA than disconnected and notified households, although significant barriers to getting assistance also exist for worried households.

Comparative strategies to get reconnected and avoid disconnection

In order to understand whether there were differences in strategies to get reconnected/avoid disconnection, we asked the three groups what they did to deal with their situation.

Disconnection avoidance / reconnection				
	Total	Disconnection	Notified	Worried
Base	1,041	113	487	441
I cut back on buying food or other groceries or accessed foodbank	38%	27%	32%	49%
I borrowed money from friends/family	33%	31%	32%	34%
I delayed or missed other important payments	31%	21%	34%	30%
I sold personal items	26%	19%	26%	28%
I delayed medical/dental appointments	24%	13%	20%	30%
I used a credit card	19%	16%	20%	19%
I got a voucher/rebate or payment assistance from a charity/community group (e.g. EAPA/PAS)	10%	8%	12%	9%
I got a Buy Now Pay Later loan, payday loan, wage advance or some other similar type of product	9%	7%	12%	7%
I got a Centrelink advance	7%	18%	8%	3%
I changed to another provider	6%	13%	5%	5%
I made a complaint to the Energy and Water Ombudsman (EWON)	4%	12%	4%	1%
I got a loan through a pawn broker or money lender	4%	4%	5%	2%
I joined the Centrepay scheme (where money goes from Centrelink straight to the electricity/gas/water company)	4%	9%	4%	2%
I asked a non-profit financial counsellor to sort things out with the company on my behalf	3%	7%	3%	1%
I went to see a financial counsellor / community service provider who listened to my situation and negotiated with my service provider on my behalf	3%	3%	3%	2%
I used a company to help me sort out my debt	2%	5%	3%	2%
I did something else	4%	1%	6%	2%
None of the above	7%	11%	7%	7%

Overall, in order to reconnect, avoid disconnection or avoid notification, people will do a number of things, the most common of which would have had a significant negative impact on the household. The top responses include:

- cutting back on buying food or other groceries (38%);
- borrowing money from friends and family (33%);
- delaying or missing other important payments (31%);
- selling personal items (26%);
- delaying medical/dental appointments (24%); and/or
- using a credit card (19%).

For those who had experienced a disconnection, in order to reconnect, they were more likely than the other groups to:

- get a Centrelink advance (18%);
- change to another provider (13%);
- make a complaint to the Energy and Water Ombudsman (EWON) (12%);
- join Centrepay (9%);
- get a voucher/rebate or payment assistance from a charity or community group (8%);
- get a BNPL loan or similar credit product (7%); and/or
- asked a non-profit financial counsellor to sort things out with the company on their behalf (7%).

Eleven percent of people who experienced a disconnection did not do any of these.

For those who had been notified, in order to avoid disconnection, these people also had to:

- use a credit card (20%);
- get a voucher/rebate or payment assistance from a charity or community group (12%);
- used BNPL or similar credit products (12%);
- joined Centrepay (9%); and/or
- Got a Centrelink advance (8%).

They were more likely to get a loan through a pawn broker or money lender (5%) or use a company to help sort out the debt (3%) than the other two groups.

Worried households tended to cut back on essentials in higher rates than disconnected households, perhaps because many disconnected households had already cut back as much as they could. Worried households also avoided notification by getting a voucher/rebate or payment assistance from a charity or community group (9%) or getting a BNPL or similar credit products (7%).

Identifying what helped or would have helped

Which (if any) helped you when you were dealing with possible disconnection or restriction?			
	Total	Notified	Worried
Base	928	487	441
Being able to get in touch with my energy or water provider to discuss my options	39%	41%	36%
A realistic and flexible payment plan from my energy or water provider to get back on track	27%	28%	25%
Being treated with dignity and respect by my provider	22%	19%	26%
A good understanding about my rights as a consumer and the kind of supports available to me at the time, that is, knowing what my provider is legally required to do to help me	18%	19%	18%
Clear information about the steps that were needed to avoid disconnection and what to expect (including timing and costs) if I did not take those steps	16%	18%	14%
Being able to speak to someone face-to-face to help me with my situation	15%	17%	13%
Being able to put a hold on my debt for a period of time (e.g. 3 months), with 'no questions asked', so that I could get things back on track	14%	15%	13%
More money off the bill (a bigger rebate and / or my provider matching my payments to help me get back on track)	11%	11%	12%
Not needing to give personal information about my situation	11%	11%	11%
Not having to speak to someone (e.g., being able to get help by emailing / texting / app / online)	10%	12%	8%
None of these	19%	15%	23%

When households were asked about the options available to people to get the help they need to avoid disconnection, 39% say that being able to get in touch with their energy or water provider to discuss their options was most helpful to them (higher for those who were notified at 41%), followed by a realistic and flexible payment plan to help them get back on track (27% say this helped the most, which was higher for those who were notified at 28%). The third most helpful element for helping people to avoid disconnection was being treated with dignity and respect by their provider (22% overall and higher for those who were worried at 26%).

Better understanding about their rights as a consumer, clear information, being able to speak to someone face to face, payment deferrals or money off the bill would all help as well but the top three indicate that it is far more about the relationship and communication with the provider at the

time than anything else that helped to avoid disconnection / restriction for those who were notified or worried.

Ranked 1st - Most helpful				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
Being able to get in touch with my energy or water provider to discuss my options	23%	13%	25%	24%
Being able to speak to someone face-to-face to help me with my situation	20%	28%	20%	17%
A good understanding about my rights as a consumer and the kind of supports available to me at the time	20%	28%	18%	20%
Being able to put a hold on my debt for a period of time (e.g. 3 months), with 'no questions asked'	11%	10%	10%	11%
A realistic and flexible payment plan from my energy or water provider to get back on track	9%	9%	10%	9%
More money off the bill (a bigger rebate and / or my provider matching my payments to help me get back on track)	7%	3%	6%	8%
Being treated with dignity and respect by my provider	4%	3%	4%	4%
Clear information about the steps that were needed to avoid disconnection and what to expect (including timing and costs)	2%	1%	4%	2%
Not needing to give personal information about my situation	2%	3%	2%	3%
Not having to speak to someone (e.g., being able to get help by emailing / texting / app / online)	2%	1%	1%	2%
Something else	0%	1%	0%	1%
Total	100%	100%	100%	100%

When looking at this same question but ranking the order in preference as a single answer option, the most helpful option for people to avoid disconnection is being able to get in touch with their energy / water provider to discuss their options.

For those who experienced a disconnection, being able to speak to someone face to face and having a better understanding about their rights as a consumer and the types of support available would also be most helpful to avoid a future disconnection.

Ranked 2nd - Most helpful				
	Total	Disconnection	Notified	Worried
Base	1,044	116	487	441
A realistic and flexible payment plan from my energy or water provider to get back on track	22%	19%	22%	22%
Being able to put a hold on my debt for a period of time (e.g. 3 months), with 'no questions asked'	17%	23%	16%	16%
A good understanding about my rights as a consumer and the kind of supports available to me at the time	14%	17%	14%	13%
More money off the bill (a bigger rebate and / or my provider matching my payments to help me get back on track)	11%	9%	11%	12%
Being able to get in touch with my energy or water provider to discuss my options	8%	9%	8%	8%
Clear information about the steps that were needed to avoid disconnection and what to expect (including timing and costs)	8%	10%	9%	6%
Being able to speak to someone face-to-face to help me with my situation	7%	8%	7%	7%
Being treated with dignity and respect by my provider	6%	3%	5%	7%
Not having to speak to someone (e.g., being able to get help by emailing / texting / app / online)	4%	1%	6%	4%
Not needing to give personal information about my situation	3%	1%	3%	4%
Something else	0%	0%	0%	0%
Total	100%	100%	100%	100%

The second most helpful option for notified or worried respondents is a realistic and flexible payment plan to help people get back on track.

For those who experienced a disconnection, being able to put a hold on their debt for a period time would also be most helpful.

More money off the bill (such as a bigger rebate and/or provider matching payments to help people get back on track) would also be helpful, especially for those who felt seriously worried.

15. Measures to reduce disconnection and debt

In this section we combine insights from the research with other insights to provide a comprehensive list of ways to reduce disconnections and debt accumulation.

Key Insights

Our research indicates that disconnection does little to ensure a household gets the help they need to resolve affordability issues in the long term. A striking 83% of all respondents in this research are still grappling with payment difficulties. This indicates that the current system does not result in households achieving financial control, or even meaningfully improving that control.

Our evidence shows the stress that arrears cause has a significant impact on households. Even with the reduction in disconnections associated with COVID-19, the impact of stress on households has not changed. The language used in disconnection warnings adds to the worry for household with real impacts on behavior and outcomes.

Exploring the factors contributing to disconnection experiences, the survey uncovered several worrying responses. Across the last two years, respondents reported resorting to deliberately cutting back energy use (76%), redirecting essential funds to pay bills on time (64%), and minimising energy use despite well-being concerns (62%).

Notably, those who experienced disconnection or notification in the last two years reported the highest proportion of ongoing payment difficulty. For those seriously worried about disconnection or restriction, higher levels of financial strain extended beyond utility bills to encompass most or all household expenses.

It is clear that disconnection and disconnection notices are not effective in addressing payment difficulties and given that 22% of disconnected households switch retailers (and lose their entitlement to assistance), it cannot be seen as an effective communication tool. Those who cite it as a 'reminder' are a minority, and taken as a whole, our research shows that this 'reminder' function could be more effectively undertaken without the threat of disconnection. The extra expenses associated with a disconnection, and threats of it, make a stressful and unaffordable situation even more stressful and less affordable.

Whilst there is some assistance available for households, for the most part people don't know where to get it. When people do get the assistance they need, it is a huge relief and can lead to improvements for household beyond just financial benefits.

The positive experiences captured in our research provide evidence of what does work. They demonstrate the kinds of retail responses that need to be more consistently and widely available. Building trust and treating people with care and respect will be central to better outcomes for all people experiencing payment difficulty.

Addressing the underlying drivers of energy and water unaffordability

The research revealed substantial opportunities to avoid and address the underlying causes and contributors to payment difficulty.

Improved access to more efficient, electric homes

Energy efficient, all-electric homes, with access either to Consumer Energy Resources (CER) (such as solar) or to the benefits of CER (where direct access is not possible or efficient), will help reduce energy usage and bills and future proof homes.

More efficient homes reduce energy usage and help household stay warm or cool with minimum impact to their energy bills. They reduce the need to monitor use and the risk of poor understanding of energy use.

Lower income households and renters have less control over their home's efficiency. PIAC supports the efficient electrification of homes, beginning with the homes of people on low incomes, including Aboriginal Housing and Social Housing, to ensure they are not left behind as we transition to a no-carbon energy system. Efficient electric homes support health and wellbeing and help prevent energy affordability issues from arising.⁶³

"If social housing had things like solar panels, and they went through and insulated it all properly, that would bring prices down. That could be a start. That could also could be a starting point. Look at the way we're using energy and go to a more sustainable, reusable energy system."

NILs Consultant, Our Community Project

The existing Gas Rebate could be provided as an upfront support for the removal of gas connections and fixtures and their replacement with efficient electric appliances such as induction cooktops, heat pump water heaters and reverse cycle air conditioners. This could be aligned with 'white certificate' scheme programs and other government and industry supports to ensure immediate meaningful impacts and long-lasting reductions in household energy costs.

PIAC supports the re-introduction of government subsidised programs to help households on low incomes replace old appliances with efficient, new ones.

PIAC also supports [minimum energy efficiency standards for rented homes](#). To help reduce energy bills, governments must have a role in ensuring robust minimum energy efficiency standards are met for rented housing.

"One of the issues that people will tell me about, particularly where I am in the mountains, is that we have a lot of old wooden and fibro houses, so people who don't have appropriate insulation/ventilation will have issues with cold and possibly also mould because it rains a lot. So, people will say they need to keep the heater on in order to function in this space because, otherwise, they will say things like 'I've damaged my stuff, my lungs will be affected, my kid's health etc.'. I think what could be useful in general is tighter energy standards for all rental properties, not just social housing."

Financial Counsellor

⁶³ For more information, see the PIAC website

Access to affordable, appropriate tariffs

Retail offers that better suit the circumstances of the householder

It is not easy for households to get on (and stay on) good retail offers. Even if they manage to navigate the offers available and find the time to get on to a good deal, benefit periods expire and retailers intentionally escalate prices.

Energy plans could be tailored to specific age groups, different cohorts or household circumstances. This could help people understand which deals are more likely to suit their needs and help them manage their energy expenses more effectively. reducing the possibility of debt. Intervening early and helping people manage their payments in ways that are realistic will benefit both the person and the retailer.

Whilst households must be given options as to which retail offer suits them, affordability could be improved if people were offered targeted energy deals to better support their household circumstances. For example:

“If you apply for a bank account, banks appeal to age groups. So, there’s certain bank accounts for people age between 16 and 25. Is [a solution] that there is a retailer, an energy retailer, that looks at a plan that is targeted at young people that are aged between 16 and 25?... things like, is it that their billing period is every 30 days instead of every 90 days?

“...if it was simple, easy format, then maybe that looks different. If it’s broken down differently, if there’s a different way to learn... Why don’t energy retailers start off with that? Being able to offer something that’s simple, clear.”

Residential and Assertive Outreach Coordinator

An offer targeted at young people who have just moved out of home could provide additional assistance with understanding energy usage and managing paying multiple bills etc. Younger people moving out of home for the first time often have older and/or cheaper appliances, which usually cost more to run. Retailers could help younger people choose appliances which can improve their affordability in the longer term.

Other examples of targeted retail offers could be aimed at:

- Share households, providing them with easier ways to split payments between residents that don’t leave some housemates liable for missed payments by other housemates.
- Large households/families who can’t easily shift loads to off-peak times. They should be offered flat rates, with higher supply charges but lower usage charges. There could be activities provided by the retailer to help families engage children in energy saving activities.
- Households with older occupants could benefit from taking advantage of being at home during the day and accessing ‘sun soaker’ rates.
- People experiencing difficult times could be provided with individualised payment methods that truly take into account the financial and/or mental health pressures a person might be experiencing.

Default to moving people on to best retail offer

People are encouraged to 'shop around' to ensure their household is on the most affordable energy plan.⁶⁴ This requires high levels of literacy, as well as time, which households in stressful situations may not have. Research participants expressed experiencing difficulty in accessing a better retail offer.

Currently, retailers have too much scope to alter deals during the term of the contract, including by escalating prices and changing key terms. Default prices are intentionally high and inadequately applied. Fundamental changes are needed.

Changes introduced in 2023 were intended to make energy bill easier to understand. Retailers are now also required to indicate on a bill if they have a better offer available. The AER has proposed that [consumers in hardship programs be automatically moved to their retailer's best offer](#). PIAC supports this initiative but does not consider it sufficient. There is no justification for differential pricing for the same energy products and the 'best offer' should be provided to all consumers. PIAC also advocates for reforms to make the Default Market Offer a more meaningful and available default, as well as measures to ensure the terms consumers agree to are maintained for the duration of their contract.

"[Retailers] are good at sending out the letters and saying, 'Oh, your arrangement is ending,' and then they put the onus on the person to call them. Well, some people have got a lot of stuff going on, like they've got mental health, they've got complex trauma. [Retailers] should have a dedicated team, which they do, but it should be their responsibility to send a text message saying, 'I'm going to call you on this day, at this time from a private number. Please respond with a 'Y' if this is okay. We're here to help you.' They should be more proactive in their communication. It shouldn't be on the customer. As a retail customer myself, my 12-month contract was ending and they were like, 'You need to call us.' Well, I've been on the phone for 40 minutes trying to get through to someone, and then they said, 'Oh we need to transfer you to someone else,' and then it dropped out. And it's like, I don't have time to sit for 45 minutes. And then I got my bill, and it had gone up \$280. When I called and got through to someone, they said they'd put me onto whatever plan. They should have a responsibility to put you on the best possible plan that is the cheapest for your situation. They have all those details; they should just automatically transfer you to something similar. Why should I have to call you?... It's sort of alarming. You know, they're dealing with people who are really vulnerable; half the time they don't even open their mail and, so, what? You're going to put them on a plan that's three times the amount of what they were paying? It's wrong."

Financial Counsellor

Low-cost offer for people who need it

Where the long-term situation of a household indicates that energy affordability will be a long-term challenge, PIAC advocates for a 'social tariff', that takes out profit and overheads and may also be subsidised or directly provided by government, to make energy an affordable service for

⁶⁴ There is evidence that even if a consumer seeks out a better offer such as by looking at the AER's comparator website, Energy Made Easy, that offer may not even be made available by the retailer. For example, see [Save4Good: Insights into Retailer Practices](#).

households. This should be provided in conjunction with energy efficiency and wrap around support services, including debt waiving.

"I think [a government-backed, low-cost plan] would have a significant positive impact on the people I see, in particular, because that's one thing that they can potentially access or tap into to say, 'Okay, clearly that provider wasn't working, but now I've signed up to this new program that the government is supporting and this is potentially cutting my energy bill in half, so it's manageable now.' So, it gives them back a little bit of control into their lives, which I guess the women and children that I work with, one of the biggest things is power and control."

Case Manager

"I think there should be [a method where], if you tell them you're on a XYZ pension, like disability support pension, they should say, 'Here's one of the products we can offer you, or you can stay on your current plan and [miss out on savings]. To get this product you just need to identify who else is living in your house... On the credit cards, we have a little statement in the middle that says, if you pay this at a minimum rate, this is how much you're going to owe by such and such. We should do the same on the bill. 'There is a cheaper product we own. We notice you're on the DSP; if you meet these criteria and move across, you will save this much per month.'"

Financial Counsellor

But any such offer must not be stigmatising.

"I wouldn't want [the government-subsidised energy plan] to come with a nice little labelling system. Like I've seen things come through, like basic cards and stuff like that, I don't want it to look and feel like that."

Financial Counsellor

Flexible ways to pay that respond to changes in income and expenses

For some households, missing payment dates is not so much about not having the money, but not having the money at that time.

This research and [other research](#) show people are increasingly turning to credit products such as Buy Now Pay Later, to help them meet essential needs. Whilst these products can fulfil short term needs, they can lead to bigger problems in the longer term, including debt spirals as people take out subsequent loans to pay off earlier loans and prioritise loan repayments over essentials such as rent. [Previous research by PIAC](#) found credit products like BNPL are seen as desirable because they are:

- fast and easy to get.
- a positive experience to get, compared to government or retailer assistance where consumers have to 'jump through hoops' and often feel a sense of shame when they do not have enough money to afford their expenses.
- can be paid off in small manageable amounts.
- fill the cashflow problem many people who live hand to mouth experience.
- have a psychological component - they can make people feel like they can afford things and give them control.

These ‘positive’ aspects of credit products should be available to manage payments in the energy system, without the risks of fees and debts that credit products bring.

Learning lessons from BNPL and other credit product providers, energy bills should be easy to break up into smaller amounts. Online apps should easily allow account holders to set this up themselves. If none of the parameters of payment options suit the account holder, this should trigger a response from the retailer to reach out to the householder (in a manner chosen by the account holder) to discuss other options and hardship supports if appropriate.

- This payment arrangement should be easy to alter, allowing account holders to adjust payment amounts as their circumstances change. Again, if a householder can’t meet the arrangements within parameters set by the retailer, this should trigger a response from the retailer to offer more support.
- The app should be designed to make account holders feel empowered to manage their payments, without going without other essentials or the energy they need, or turning to credit products or to friends or family.
- People should be allowed to make a certain amount of smaller ‘good faith’ payments when they can’t afford the usual full amounts, to indicate they are still staying in contact. Conversely, households should be able to easily make higher payments on an ad hoc basis to help them cut down debt when they can.
- Users should be able to easily see the progress they are making in paying down their debt.
- Using this system could also be an opportunity to offer other assistance such as energy efficiency advice.
- Providing information about community supports for services such as Ask Izzy could also help households.
- All comms should end with a positive message, thanking people for their payment, indicating they are making progress in paying down their debt and offering further supports to destigmatise assistance from retailers.

Some retailers do offer more flexible payment options than others, but greater consistency and wider availability is required.

Monthly billing as the default

Many households struggle with a quarterly bill because it is a large, unpredictable bill that exceeds the money or savings people have on hand. More regular billing such as monthly bills can help households manage their cashflow better and reduce bill shock.

Although some monthly bills received by NSW households are based on actual meter reads and give updated feedback on usage, because of the slow roll out of smart meters in NSW, many households will receive an estimated bill. This presents issues that will have to be managed and it will be necessary for retailers to improve the accuracy of estimates and their systems for balancing over/under payments and ensuring visibility of credits and debits to consumers.

“Some retailers default to monthly billing like PowerShop, and that is really useful for some people. So, maybe having that as an option from the beginning could be useful for people....We have an option here to have bills [paid monthly]. If you had to contact people when they're in a hardship program and the bill was monthly, [if you call when] you notice they missed that monthly bill, then you're contacting them sooner than if you were to call after [missing a bill at] three months.”

Financial Counsellor

Quarterly bills should still be available for people who prefer them, but PIAC recommends that the default be monthly billing, with options for other billing frequency to suit the needs of the household.

Targeted supports for groups over-represented in payment difficulty

The research reveals key groups that are likely to need additional, tailored assistance to help them avoid payment difficulty.

Additional assistance for First Nations people, including dedicated phone lines

The research showed First Nations people are significantly over-represented across the three groups of households, indicating widespread affordability issues for First Nations people in NSW (though we have no reason to assume First Nations people elsewhere do not have similar experiences). A concerted effort should be made by retailers and governments to ensure First Nations people can afford the energy and water services they need.

This should include access to housing that is efficient and electric to help keep bills down. Other strategies to help people manage bills, or seek help should they need it, include retailers providing direct and dedicated phone lines for First Nations customers (as EWON has recently set up), consideration of how communications are undertaken where they know the household is First Nations, and retailers could work with governments and community organisations to improve understanding of energy use and supports in the community.

“I personally think there should be a First Nations hotline for people to call where they can know they can speak to a culturally appropriate person. We have no problems employing interpreters in this country for people who speak different languages. I don't know why we don't provide the same accommodations for First Nations.”

Financial Counsellor

“If I am a person who is First Nations and I haven't had the same access to education or language as other people, I should [still] be able to advocate for myself by ringing the energy provider and, if English is not my first language, it's one of the First Nations language, I should be entitled to an interpreter - just as they would for somebody who speaks Vietnamese - or make sure that there's a First Nations person on the line who can help me through storytelling and picture painting, understand the circumstances... I should be given adequate time to connect with that service and that service should be provided in a warm method so that I'm not passed from pillar to post... then [as a financial counsellor] I would sit down with them and assist them... I think that should be a dual effort with a referral to external services at the same time so that they are getting immediate relief and immediate long-term prevention.”

Financial Counsellor

If a retailer is aware that a household is First Nations, they should give extra consideration to how communications are undertaken.

“First Nations communities generally work well with text messaging, but just one-way communication, and then [state] if they have any more problems, call the number on their bill. That way they reduce the chance of scams. Beyond that, it is community education in a way that meets each community's needs, be it First Nations or not First Nations. There's no point having something in English if your main language is Vietnamese. It's about [making sure that], if you're in an Aboriginal community, that maybe ask all the Aboriginal health centres to put [the information] in a video loop; putting it on the Centrelink TV. It's about making things accessible to those people who need to access it in their environment.”

Financial Counsellor

Reducing bills for people from CALD communities

Although this research did not identify specific issues facing CALD communities, we are aware that often people from CALD communities (particularly refugees, asylum seekers and other newly arrived communities) experience payment difficulty and for some communities this payment difficulty is more likely to be hidden from retailers and regulators.

In a recent report by Sydney Community Forum and Energy Consumers Australia [Insights Report: Understanding the diversity of consumers and their experiences of the energy system. Culturally and Linguistically Diverse Consumers Edition](#), the authors provided recommendations to better include CALD communities as we transition to a zero-carbon energy system:

- Pilot a mobile Community Energy Hub in Western Sydney;
- The Australian Energy Council and the AER work with CALD community groups to improve the quality of information and assistance for CALD consumers;
- Improving the energy efficiency of ALL Australian homes; and
- For governments to provide practical and targeted assistance to help decarbonise and lower energy bills, particularly for those least able to do it on their own (including providing energy audits for low income / cash poor households and council incentives for community bulk rooftop purchases).

PIAC supports these recommendations.

Supports offered upfront

In addition to offering better payment structures up front, the retailer's messaging should include positive messaging at the point of sign-up should include the supports available, in case they are needed. Messaging should be adapted to minimise stigma and address the risks people will not identify themselves as the intended audience. We recommend presenting supports as services provided as part of their energy deal, available to all customers.

“[Retailers] should explain to people in the beginning when they connect to electricity and offer them support from the beginning when they connect a person. To say, you know, at any point if you struggle, you know, contact a support network or support service.”

Community worker

References to payment difficulty should normalise and neutralise it. For example, ‘Times are tight, but we have a range of ways to help you stay in control of your bills. If your bills start feeling hard to manage, as part of your service we can set you up with arrangements and strategies that work for you to help you stay in control.’

The effectiveness of this proactive offer of support could be enhanced if this positive and proactive messaging about available supports was provided at other times as part of billing processes and given prominence on websites.

“I think [accessibility] is part of the problem – maybe if the retailers are getting out there more it would be better, i.e. “If you have a problem, here’s our number. Call us.” I think a lot of [customers] worry about contacting them, so then it gets to the point where the bill is due in two days and [the customer] is really worried, and all it takes is a phone call... but it’s just too difficult for them at the time. So, maybe that could be something that could be looked at as part of improving the whole system.”

Financial Counsellor

Better understanding of energy usage and bills

Respondents emphasised the importance of providers helping them understand how to manage their situation – both in terms of bills and usage – in order to prevent payment difficulty.

In some cases, this could be a matter of just talking to people.

“Also just having a conversation with the person to get an understanding of where their power is being chewed up. After having a conversation with this lady, I found out that she had a little fan heater blasting, which just chews through power like something crazy.”

Financial Counsellor

Smart meters and apps also have a role, and can help identify problems and usage trends to indicate what other interventions could assist a household. However, we caution against excessive reliance on usage apps. Being aware of real-time usage and costs (which smart meters and apps enable) can be a source of significant anxiety and stress. For people who are experiencing disadvantage, an advocate could help them understand if there are issues and help them address these, such as accessing more efficient appliances. Provision of smart meters and apps should not place added stress and financial burdens on potentially vulnerable households.

“[Tracking using a smart meter] could help. That could help to actually reduce the cost but that could also help for people to actually pinpoint, okay, which appliance is actually using the most energy. Is it the hot water system? Is it the shower? You know, maybe too long in the shower?”

“...Yeah, so I think it’s a collaboration of everybody, understanding how they use their energy bills, identifying what causes the bill to spike so much, and also, being able to actually help people to reduce costs. So, it could be investing into the actual appliances for them, because investing means, while it may cost a few hundred dollars here, over the long run, it helps the provider and it helps everybody to actually, reduce energy spending.”

Financial Counsellor

“The bill needs to be a texting system or some instant communication system for when your bill exceeds a particular amount. Particularly if you're using CentrePay, there needs to be a way that you can easily communicate to CentrePay so that there's an automatic adjustment or a chosen adjustment before you are a quarter down the line and too far one way or too far the other.”

Financial Counsellor

Smart meters could be used to give indicative usage updates between bills, particularly to let people know if their bill is likely to be higher than usual:

“Have clear caps, clear targets that the systems can say, ‘Okay, this person's energy bill's going to be 20% more, so they get an automatic text just saying that their energy bill's on target to be 20% more this quarter or this month.”

Financial Counsellor

People also reported difficulty understanding their bills. The AER's [‘Better Bills Guideline’](#) came into place during 2023, with the aim to make bills easier to understand. Not all research participants would have seen bills with the new requirements. The effectiveness of these changes will need to be monitored to determine if they are making it easier for people to understand their bills, or whether further changes will need to be made.

A frontline worker shared this idea to improve bills:

“The front page of our bills should be something that is readable and accessible to anybody at 9th grade level. It should be clear and obvious what your cost is per week or per fortnight, because that is how many people are paid, so that people can easily look at it and say, ‘I've spent more this fortnight and I need to put more away.’ I think, on the bills, that they should have a very non-guilt-ridden way of saying, ‘Hey I'm having trouble, who can I ring to talk through this spending?’ Not always is it appropriate to contact the National Debt Helpline on Mob Strong but, realistically, if there was, they could call.”

Financial Counsellor

Showing the weekly or fortnightly cost on bills could help people budget better for the next bill, but it could also come with the offer of a payment plan for the current bill. For example, people could either pay the bill in full or pay it in instalments with due dates if that suits their situation better. As explored above, this could prevent people from turning to credit products to pay their bills and could reduce the stress associated with a large payment.

Targeted, flexible and accessible rebates

Rebates that reach the people who need them and can accommodate the different needs of households are key to addressing affordability issues. PIAC advocates for rebates to be [percentage-based](#) and automatically provided to those eligible. PIAC would support better targeting of rebate eligibility, such as additional help for low-income families, scope to confer eligibility for the low-income rebate by assessment of need (rather than restricting it to only Health Care card eligibility), the removal of the Seniors Energy Rebate for households that are not on low-incomes and the phase out of the Gas Rebate by using the funding allocated for the rebate to pay for the efficient electrification of homes.

"It makes more sense to me, instead of doing this whole infrastructure around monitoring and auditing for providers, etc. for EAPA. Why don't you just put that money into the rebate and allow everyone who's on low income to access it? So, instead of getting \$285 a year, increase that to \$500, for example."

Financial Counsellor

"If the government stepped up what their contributions are for Centrelink recipients, such as bigger discounts for people on Centrelink, then that would potentially alleviate how many people in that Centrelink category are accessing EAPA which would free up more money for people in medium income categories that are struggling to pay their bills as more of a once-off."

Financial Counsellor

"I find people might be just a few dollars over that low income [threshold], but with the cost of living rising, that low income [threshold] stays the same. There are people out there that might be working, but they're going through a crisis. The flood, for instance, or they might have a death in the family or they might just be doing it really tough because something's happened. So, I really think that if [monetary support] is going to be about percentage, they need to change it."

Team Leader

"I think the clients would benefit more from a rebate as a percentage of the bill because bills are so varied. So, \$250 for someone on their own where their bills aren't that high, but then there's someone that has six or seven children at home, it's not really going to make a difference."

NILs Consultant

"I think more needs to be done. Some people don't know that they're entitled to a rebate if they have a concession card. The electricity company, as far as I know, when you connect with them, they're supposed to ask you if you have Centrelink cards so that they can put that entitlement on to your bill. There's been times where that's not happened and I've had to ask... There's been many times where people have gotten a health care card where they didn't have one before and they've not known [that they're entitled to rebates]. So, maybe we need to think about providing information at the time that they get that card about updating the retailers and making sure you're on the best plan."

Team Leader

PIAC supports work proposed by the AER to improve accessibility of rebates so they are automatically applied to accounts.

Limiting the use of credit products to afford essential services

PIAC supports efforts made by Financial Rights Legal Service and CHOICE to properly regulate lightly regulated and unregulated credit products such as Buy Now Pay Later. PIAC also calls for a ban on marketing of credit products to pay for essential services. As explored above, flexible, smaller payment amount options should be easily available from retailers instead.

Broader policy issues which would improve energy affordability

Although outside of scope for this report, the following broader policy issues are crucial to improving energy and water affordability.

- **Quality, affordable housing:** Expensive housing places pressure on all other aspects of household budgets, including energy and water bills. Quality housing would reduce energy bills through thermal efficiency and appliance efficiency.
- **Funding and availability for frontline workers:** Frontline workers, including financial counsellors and community workers, provide crucial support to enable people to gain financial control and help with other issues that cause or contribute to payment difficulty. They are a key intermediary for consumers to get the help they need from retailers. PIAC supports the work of the [AER to develop a sustainable funding model for financial counsellors](#), including mandatory contributions for energy retailers.
- **Supports for mental health:** The research found that mental health difficulties are a significant factor in energy affordability. Proper support for mental health would help reduce payment difficulty.
- **Fair and liveable Centrelink supports:** A significant number of households who have experienced a disconnection or are at risk of disconnection and debt are already in receipt of Centrelink payments. PIAC supports the work of the Australian Council of Social Service and other community organisations to 'Raise the Rate'.

"I could probably talk forever about how decent increase of Centrelink payments would be a helpful thing. Then there is, if you're looking in the grand scheme of things, other helpful things, like having more affordable and appropriate housing, having accessible drug and alcohol facilities for people, having cheap and affordable and accessible mental health support, having funding to run programs for communities around financial literacy and to be able to go through things like how to read your power bill because it's stuff we don't get taught in school."

Financial Counsellor, The Salvation Army (2)

Improving supports for payment difficulty

Awareness of payment difficulty should be seen an opportunity to assist households who may be struggling – not just with affordability issues but with the deeper challenges that might be leading to their payment difficulty.

PIAC considers that essential service providers have a duty of care for their customers. The central outcome of that duty of care should be avoiding and addressing any harms to their customers. A fit for purpose framework of regulations and protections, designed to achieve good, consistent experiences and outcomes should have a positive obligation on service providers to achieve these good, consistent experiences and outcomes for their customers. The impact of any harms that do occur must not be shifted to individuals, communities, our environment or other sectors of the economy.

This research highlights the need for improved awareness of support obligations, varied communication methods, and compassionate, informative approaches to assist individuals facing potential disconnection.

Considering the range of challenges being faced by households (for example, high levels of mental and physical health issues) and the disadvantage they are already experiencing, it is important to properly support and care for individuals who are struggling with their utility bills, which in turn will help them avoid disconnection and debt.

Retailer responses to payment difficulty and negotiating payment plans can vary, affecting peoples' willingness to engage with them. Inconsistency in support and service quality from energy retailers can also leave people in a state of confusion, uncertain about their entitlements, and with varying access to support.

Trusted intermediaries, such as frontline workers, play a crucial role in guiding people through the process and advocating on their behalf. Frontline workers emphasised the need for clear communication, timely interventions, education, support for vulnerable groups, and more affordable payment plans to address these issues. They also stressed the importance of standardisation of processes but personalisation in communication within and across energy retailers, to ensure all people receive equitable and compassionate assistance to manage energy bill debts.

While some providers do some or many of these things, the research reveals inconsistent practice. The isolated good practice needs to become the standard practice.

Opportunities to help encourage people to reach out to their provider

1. **Effective Communication:**
39% found being able to get in touch with their energy or water provider to discuss options most helpful, higher for those who were notified (41%).
2. **Flexible Payment Plans:**
27% emphasised the importance of a realistic and flexible payment plan, especially valuable for those who were notified (28%).
3. **Dignity and Respect:**
22% stressed being treated with dignity and respect by their provider as a key factor that would encourage them to reach out.

Other opportunities include better understanding of consumer rights, clear information, face-to-face communication, and payment deferrals.

From the research, we can identify several practical solutions and recommended improvements that will help people avoid disconnection, notification, or serious worry including:

Comprehensive, wrap around support

A more comprehensive approach to help people facing disconnection is essential. When retailers offer assistance to help people avoid disconnection (including at the point of disconnection), frontline workers suggest they should not only address the immediate crisis but provide people

with referrals to other support services. Energy audits, aimed at helping people with energy efficiency and management can also be initiated at this point.

There is also an opportunity for community organisations to assist households to access other services, to help with financial or other issues they might be experiencing and improve the chances of long-term affordability.

I guess what we look at is the whole picture because EAPA is a help, but you need to look at the whole problem, not just put a band-aid on it. So, I think it's crucial that we look at all of that."

Financial Counsellor

"I think if you're offering a service, there should be a wraparound of supports if you are dealing with very vulnerable people; refer you to a financial counsellor or, if you're experiencing family and domestic violence, [providing direction or referrals for this too]. So, they are taking a more compassionate route."

NILs Consultant

PIAC supports initiatives where providers contribute to the costs of providing community services.

Enabling trusted intermediaries

Frontline workers and households spoke about the value of trusted intermediaries to help people navigate payment difficulty, get hardship supports that work for them and access other supports to help them get back in control.

"I think it's super important [to have a trusted intermediary] because a lot of our clients have experienced some sort of trauma; they may not read and write or they may not know how to advocate for themselves. They're very easily pushed into things and I think it's really important for them to be able to [have someone advocate for them], and have someone actually listen to them and help them. I think it's so important they know that if something else goes wrong that they can pop back in and get more help."

Team Leader

This trusted intermediary could be a social or community worker, perhaps working with a financial counsellor. A trusted intermediary could also be the person who visits a home where contact has not been made and debt is building/the household is at risk of disconnection (see below). Funding would be required to ensure community need was met.

Timely, proactive support and information

People want better and clearer information about available help before it gets to the point of disconnection/notification, with many people wanting this information upfront or after missing a single payment. Timely intervention points for providing information much earlier are crucial, and providers should focus on successfully delivering (not just sending) support and guidance at these stages. For example, this could include:

- Friendly, accessible information about the help available to households experiencing payment difficulty, provided at the time of signing up with the provider, on their home page

and on bills (beyond what is already required).

- A friendly, non-judgemental message sent to households who are late in paying a bill or only make a partial payment, letting them know their provider has a range of supports available if they are needed.

Retailer training and compassion

Retailers are encouraged to improve the consistency of their services for people who are struggling, which includes training customer service representatives to be more compassionate and understanding. It is important to make it easy and accessible for all people to contact retailers and for them to engage in a more personalised, human-centred way. This will help build a better relationship between customers and retailers.

“I think something as simple as maybe sending a text message to someone rather than calling them. Just to say for example, ‘I’m Jo from Energy Australia. We’ve noticed that you’ve missed a couple of payment plans. Here’s an option to give us a call and we can try and figure out a way to best support you.’ Just like rewording it or a text message so it is not as confronting as multiple phone calls from a random number. It gives the opportunity for the community member to take a breath, then decide whether they’ll go ahead and talk to them or, you know, something like that might be good, but more personalised, not just like, ‘This is Energy Australia, you need to pay by this date’... Just finding a more personalised way about it instead of it being this big company coming after you for your money.”

Financial Counsellor

“I love [the idea of] no questions asked. It gives people control over their situation at a time in their life where everything is actually out of their control and I think that would be good. Whether it’s a bit of a grace period or as a once-off support for people that that can really, really benefit from that, because we know that once someone gets into these situations, often it can spiral and you lose track of one thing and you lose track of everything and then you’re suddenly in this cycle of debt that you kind of struggle to get out of.”

Case Manager

“[I would like to see that] if someone is struggling and an energy provider can see that a family or a person is constantly missing payments, they have a case-by-case assessment and they’re working with this family or individual... I think there’s a lot to be said about building a rapport with people.”

Case Manager

“Just have some compassion for people that are doing it tough and work with them to pay their bills without scaring them and making them not want to talk to [the retailer]. Because, that that’s the thing, you don’t want to talk to someone if it’s going to be them saying, ‘You’ve got to pay this huge unaffordable amount of money a fortnight.’ Soften the tone, have compassion and empathy in the way they do things and then maybe people will feel more comfortable to ring up and talk to them about their electricity bill. They won’t be so scared to do it.”

Team Leader

PIAC supports the [Best Practice for Energy Retailer Assistance](#) to improve outcomes for people experiencing payment difficulty.

Diverse communication channels

While electronic methods are preferred by many households, providers should consider offering diverse communication channels (if not doing so already), including email, online chats, phone calls and dedicated app-based platforms. Two-way personal SMS and phone calls are preferred by those who are at risk of / have experienced a disconnection.

The use of non-threatening and compassionate approaches, and the tone and manner of communication, are crucial. Out-of-hours communications should be available for people who find it difficult to communicate during retailer operating hours. Working effectively these could help remove the barrier of embarrassment or shame preventing some people from seeking assistance.

“Probably if there was an app where you could click on it and just register, like, ‘I’m having trouble.’”

Cassie

“I haven’t come across an SMS [system] where you can actually reply yet. Like it’s always an automated message that says, ‘You’re behind on your bills. Please contact us.’ But to be able to have an actual discussion about to fix [the problem], you can’t reply by SMS.”

Angela

“[My provider] is usually really helpful, [but a portal where you can log on and do various things] would be helpful because I think I tend to put off phone calls. Sometimes it’s just easier to log on and do it on your phone and be done, rather than call and then be in a waiting line or whatever.”

Kathleen

Direct phone lines for support

Some people prefer phone calls, and often a phone call is required to get into a hardship program and/or set up a payment plan. Respondents in the survey and in interviews reported long waits to get through to call centre staff, confused pathways to get through to the right people and often unsympathetic staff taking their call when they finally get through. Long wait times can exacerbate anxiety as well as cause problems for people on limited pre-paid mobiles. Many found the idea of a direct phone line with understanding support to be useful for people facing payment difficulty.

“[Having a direct line] would be good to avoid being on hold because that’s the big part of calling up. It just takes an hour to actually get through to a human, and then once you get through, there’s a whole heap of mess around and it doesn’t work.”

Lyndon

“A direct line where you can skip the queue and [reduced] call waiting times to speak to someone who will understand your situation. That would be great as well. Because you skip the queue, you’re not wasting minutes and then you can get your things sorted quickly.”

Bradley

“Essentially what happens with any creditors we deal with is that the client calls up, they get the general call centre, and they have a terrible experience. We call up and we’re allowed to call through, direct to the hardship team, but we’re not allowed to give those numbers out to clients and we generally have a much better experience because people on the hardship line, they have better training. So, probably those letters that get sent either as a reminder notice or disconnection warning, they should have a number that doesn’t go to the general call centre. Like, it’s such a big difference. And making it really clear that this is not the generic number, this is the “here to help” number. And also, you won’t have to wait on hold for 45 minutes. Which is very overwhelming. That’s a huge turn off [for people].”

Financial Counsellor

Emotional support through communications

The emotional impact of payment difficulty (and disconnection notices) can be mitigated by providing supportive and compassionate letters and/or communication efforts. The PIAC sample support letter (provided as part of the Knock to Stay Connected initiative) generated positive feelings, and (theoretically) encouraged individuals to contact their providers for support at a much higher rate than the disconnection sample letter, which was seen as mostly scary and intimidating.⁶⁵ Crafting empathetic communications can play a significant role in reducing negative emotional reactions, and can have a positive impact in terms of getting people to access the support they need to avoid disconnection/restriction.

Easier access to hardship programs

If people are facing disconnection or experiencing serious worry, they should be in a hardship program that includes additional supports, not only put on a payment plan. Other research has revealed the difficulty people can face when trying to access a hardship program and the [need to say ‘magic words’](#) before retailers recognise payment difficulty and give them access to a hardship program.

“I’ve had one lady who was worried about disconnection because her bill was \$1,800... we called the retailer together. And it’s really often that they just want to sit with someone; they want to have the key words and know what to say, and it’s just like, I’m in financial hardship, you don’t have to say much. And you know, she had cancer, she’d been undergoing treatment, she previously had a job and felt like she can’t ask for help... You just say, ‘I’m in hardship, I’ve had a change of circumstances.’... It’s just about locking in an arrangement. [I told her] paying something is better than paying nothing. She pays \$5; that was what she could afford, that’s what would fit within the budget. Often, it’s just encouraging people to know what their rights are. Yes, okay, it’s less than [what my usage costs], but for now, this is where I sit. I’m willing to pay this and I will address the debt as time goes on.”

⁶⁵ Refer to our forthcoming home-visits report for further details

Financial Counsellor

Truly affordable, flexible payment plans

A significant portion of respondents reported that, if they had a payment plan, it was not affordable and that they often agreed to what the retailer suggested regardless. Affordable payment plans are already required in the energy rules for consumers in hardship programs. They are key to helping all households avoid disconnection.

If payment plans were easy to alter as incomes and expenses fluctuate, they would not only help people stick to their payment plan but remove the need to turn to short-term credit such as Buy Now Pay Later loans and incur the fees and risks inherent in those types of products.

It is also noteworthy that payment plans can be an uncomfortable or even shame inducing process to set up, requiring people to explain their situation and why they can't afford their bill. Conversely, BNPL products are provided in a positive, frictionless and even fun way. It is understandable that some people prefer to take out a BNPL loan to pay for their energy bill, especially if they have had a negative experience with a retailer in the past. PIAC encourages retailers to provide a smoother, more positive process to set up and alter a payment plan to help people manage energy bills within the protections of the energy systems.

Given the concerns expressed in the research, PIAC recommends that a third party (such as a financial counsellor) be included in negotiations for setting up payment plans for vulnerable households including those with long term payment difficulty, low literacy or who have disclosed multiple stressors. This would help ensure the arrangement is sustainable and in the long-term interests of the consumer.

Home energy audits

Where households have on-going high bills, or a spike in energy use, retailers could reach out to offer an energy audit if there is no obvious reason for the high use. However, to be effective these audits should be able to connect households with meaningful assistance (such as upgraded appliances, subsidised repairs or links to other support programs). Advice on how to 'reduce use' is unlikely to be appropriate or effective for many households experiencing payment difficulty.

"Some of the retailers offer a free energy audit, which I think is really good... A lot of these people would be using second-hand items. Obviously, that's quite an expensive model, but I think it would be the most effective because it applies to them and be like, 'Oh, I can make this change and see this change on my bill.'"

Financial Counsellor

"If you have a disability or a mental health problem or you're suppressed in some way from intergenerational debt or intergenerational trauma, you probably have trauma brain. And we're asking you to take multiple steps to solve your problem, rather than providing an easy access point... And that visit might be someone coming around saying, 'Here, let us help you.' It's an option. Like, 'We've noticed your bills are really high. Would you like us to come over and check your appliances and see if there's some way we can reduce your costs? These are the types of things we can do; we'll send you a link to a video so you can see an example of what we do. If you don't want that, that's fine. But please know that we think it

could make a substantial difference to your long-term expenses. Unless something significant happened in your last month and you've had lots of family staying or something, we think there might be something that if we just tune up the energy and we can walk you through that.' Maybe we pay local providers to do it, like a lovely, little retired electrician can come around and have a little yarn and a cuppa with you and help you out. Train up community members to do it in certain communities."

Financial Counsellor

Identification of low energy/water users and a process to check in

The research revealed people who are suffering because they try to keep energy use to an absolute minimum. Whilst some households can do this because they have an energy efficient home, it is important that providers check in with the householder to make sure they are not going without the energy/water they need for their health and wellbeing.

Consistent, achievable payment matching and other incentives

Retailers can provide 'payment matching' to households who are in debt. Each time the household makes an agreed payment, the retailer also makes a contribution towards a bill.

Frontline workers and consumers said payment matching can be game changing for households facing payment difficulty. Payment matching can help make debt repayment possible, relieving the psychological as well as financial burden to help the household overcome debt and re-establish themselves more quickly. However, it must be done consistently, with sensitivity, and with robust processes to ensure the payment amounts are affordable and the arrangements are in the households' best interests.

"As long as it's affordable, I think payment matching is great. Things are really inconsistent between the retailers. Standardisation of payment matching would be amazing. At the moment some retailers match one in every three payments, maybe others match one in every six payments. If you're really lucky you might get one to one payment match for a while."

Financial Counsellor

"[Pay on time discounts] offered by retailers benefit people who are organised and have money to spend. There could be some option on if you're on low income and receiving rebates and you are up to date, then you get this discount. And absolutely, if you are making headway and making that regular payment, I really think that needs to be incentivised or rewarded."

Financial Counsellor

PIAC recommends that these need to be done in partnership with a support person such as a financial counsellor and with regular reviews, to ensure the arrangement is affordable for the household, and they are not going without essentials to maintain the payment matching.

Protections remain on debt if there is switching

If a household switches energy retailer but has a debt with their former retailer, the former retailer no longer has a responsibility to help with the debt. In addition, EAPA can't be applied to closed accounts. However, people often don't know these protections and help will be lost with a switch.

People switch retailers for legitimate reasons, including because they can get a cheaper deal, or the retailer has treated them poorly. This debt should remain protected and access to assistance from the retailer and EAPA should still be available.

Improvements to crisis payments

Improvements could also be made to make EAPA and PAS more effective, accessible, and supportive. This would help to address both immediate energy bill crises and some of the broader financial challenges faced by low-income individuals and families.

EAPA is viewed as an incredibly valuable resource for individuals facing immediate energy bill crises because it provides emergency financial assistance and raises awareness about other support programs. It also appears to be a signal to retailers to start providing more assistance (although under the National Energy Retail Law, retailers should be providing this additional assistance already⁶⁶).

However, EAPA (which we heard more about than PAS) has limitations, including the complexity and shame-inducing application process and the risk of over-reliance given current cost of living and cost of energy issues. Whilst we look forward to the results of the NSW Government's review of EAPA, it is clear from the research that better targeted rebates – in terms of eligibility, access and increased amounts for people who need it (such as through percentage-based rebates) is likely to reduce the need for people to seek EAPA.

For some people EAPA makes a significant difference in being able to avoid disconnection and pay down debt. For others, its contribution is largely immaterial. A more comprehensive, needs-based solution is necessary to address the broader issues of energy debt for people who are both in crisis and experiencing ongoing struggle.

Additional assistance for people in long term payment difficulty

Some households will never be able to pay off their debt and EAPA/PAS is not enough to make their debt manageable.

"I would love it if, when a bill got to a certain point and they were aware of that community members' circumstances and if those circumstances weren't going to be temporary, you know, if they're on a JobSeeker payment or if they've got an ongoing health issue but not eligible for DSP, I would love to see an energy provider waive some of that debt. If it gets to a certain point where it's like \$8,000 and, realistically, someone on a JobSeeker payment is not going to be paying that off for many years. I don't know whether the retailer has the capacity to do that, but I think it would be a wonderful thing."

Financial Counsellor

Whilst these households should not be able to accumulate unaffordable debt, when they do, assistance must be given to wipe the debt and set the household up to be sustainable long term.

⁶⁶ Under the National Energy Retail Law (Rule 43(1)) retailers must have in place a customer hardship policy which helps them identify consumers experiencing payment difficulties.

PIAC supports the NSW Government working with energy retailers to trial a debt relief program. We look forward to a well-designed, comprehensive program being implemented long term.

PIAC also supports efforts being made by the AER to develop a [debt relief model as part of its Game Changer reforms](#).

A human intervention where contact can't be made/problems ongoing

Where a household is not able to make or keep contact and/or make regular payments, this indicates the household is likely to be in significant stress.

PIAC advocates for a qualified third party, such as social worker or community worker, to be an in-person contact to help avoid disconnection and ensure the household gets the help it needs to get in control of finances and other issues. To ensure a disconnection is actually a last resort – as is required in the energy rules – disconnection should only be allowed when this qualified third party confirms no contact or resolution is possible.

In our report 'Home visit for households at risk of a disconnection', we will explore this issue further. We also highlight the approach to disconnection in Catalonia, Spain, as a case study. There, social services from the local council visit a home ahead of disconnection. If the council identify the householder is vulnerable, the household is protected against disconnection. The utility company and the public administration cover or cancel accumulated debt. The householder gets a lower energy price, including by being put on the 'regulated market'.⁶⁷

This approach gives an opportunity for on-going support to help people maintain their connection to essential services and provides assistance and connections to deal with other issues.

Where there is a disconnection notification

PIAC does not support disconnection for non-payment. This research has shown disconnections are not in consumers' interests. However, where disconnection is a debt collection mechanism for providers, significant restrictions and improvements must be made to the process.

Raise the debt amount that allows an energy disconnection

The AER is currently reviewing whether \$300 is an appropriate minimum amount to enable a disconnection. The research indicated people were disconnected while owing very small amounts – 22% said they owed between \$301 and \$500, whilst 16% believed that they owed \$300 or less. These constitute less than the average quarterly bill and are not appropriate.

PIAC advocates that this minimum be lifted, as it can be very easy for households to accumulate a debt of \$300 in a single bill. The cost and harm of a disconnection is significant and the 'bar' for initiating this process should be sufficiently high to reflect this.

⁶⁷ 'The case of ban on disconnections in Catalonia: The law 24/2015' by the Alliance Against Energy Poverty, published in *Manifesto for a ban on energy disconnections in Europe*, published by the Foundation Abbe Pierre, April 2023.

A human intervention

The introduction of door-knock initiatives, such as 'Knock to Stay Connected' – explored in detail in our forthcoming report 'Home visit for households at risk of a disconnection' – is seen as a generally positive step but must be implemented in a way that is motivated by helping the household. This assistance should be aimed not only at avoiding a disconnection, but at helping them address underlying issues in a manner that is sensitive to their situation.

This initiative should never be undertaken by a retailer or their agent, to mitigate against the risk of it becoming a threatening measure of 'debt collection'.

"I think [Knock to Stay Connected] could definitely go either way. Like, someone could find it as a form of harassment, having someone rock up at their front door, you know, wanting to know what's going on. But in the same sense, it could also be welcome because then it could open those doors for support and for them to try and get on top of their situation with their power bills. I think it could be good depending on the person's circumstances definitely as to whether it would be welcomed or not."

Financial Counsellor, The Salvation Army (2)

Longer notification period

The research reveals that a factor in avoiding a disconnection is having a longer time between being notified that a disconnection will occur and the date on which the disconnection will occur.

Helping households who are disconnected to reconnect quickly again

The research showed 79% of households do not reconnect on the same day. Barriers to reconnecting include not having the money to reconnect. PIAC advocates for fees associated with disconnection (such as reconnection fees) to be abolished, as they simply make an unaffordable situation worse. Retailers should accept small, good-faith payments or even getting in touch with the provider as an indicator of a good-faith commitment to reconnect.