

Submission – AER Review of the Minimum Discount Amount - Draft Decision

20 June 2025

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality, and is the peak body for the community services and civil society sector. ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas. Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Discussion

ACOSS welcomes the opportunity to make a short submission to the Australian Energy Regulator's (AER) Review of the minimum disconnection amount – Draft decision.

We refer the AER to the more detailed submissions made by the Justice and Equity Centre (JEC) and co-signatories and the separate submission by the Consumer Action Law Centre (CALC), which provide detailed evidence and arguments to support ACOSS' recommendations.

ACOSS believes disconnecting households from their energy service – or threatening to do so - because of an inability to pay is incompatible with energy as an essential service and fails to recognise its relationship to people's health, safety and wellbeing.

ACOSS therefore does not support disconnection threats in response to households who are unable to afford their energy needs and believes disconnections for non-payment should be banned.

If disconnection is to continue to be an option for retailers in response to non-payment, significantly more robust protections are required to ensure that disconnection (and threats of disconnection) truly are a last resort.

Again, if disconnections are to continue, we believe the current minimum disconnection amount of \$300 is too low and support the AER reviewing the amount with the intent to increase it. However, we do not support the AER's draft proposal to increase it to only \$500. This amount remains woefully low especially at a time in which there has been significant and sustained increases in energy costs. A

disconnection amount to \$500 does not offer adequate protection for households experiencing disadvantage and vulnerability.

ACOSS makes the following recommendations

Recommendation 1: The AER ban disconnections for non-payment as part of a protections framework that upholds the principle of the essentiality of energy; and recognises its relationship to people's health, safety and wellbeing.

Recommendation 2: At a minimum, the AER should establish a 'constantly connected customer' class that includes people experiencing disadvantage or vulnerability (this group should include people on life support, people on low incomes receiving government payments, people with physical or mental health disabilities, elderly people, children, people experiencing domestic violence, people on the Low Income Health Card), who cannot be disconnected.

Recommendation 4: That the minimum disconnection amount should apply to all consumers outside the 'constantly connected customer class'. This should be accompanied by a rule change which removes the words "and the customer has agreed with the retailer to repay that amount" from r 116(1)(g) of the Retail Rules.

Recommendation 3: The AER should substantially increase the minimum disconnection amount beyond the proposed \$500, based on the following principle that:

- Disconnection is a last resort,
- People should not be disconnected for a single quarterly bill,
- The minimum disconnection amount should reflect the bills of people who experience payment difficulty and are currently at risk of disconnection, and
- The amount should be more aligned with the average of at least two quarterly bills and/or average debt.

Recommendation 5: That the minimum disconnection amount should be reviewed annually and potentially linked to the setting of the Electricity Default Market offer (DMO).

Contact

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