

Vulnerability in Energy Study

Table of Contents

1. Project Background	3
2. Contextual Findings	8
3. Summary & Implications	44
4. Recommendations	70
5. Appendix	75



Project Background

The Need

The Australian Energy Regulator (AER) is currently developing a Vulnerability Strategy and understands that as a precondition to its success, it needs to be built with input from consumers. The Strategy focusses on actions that AER consider will change the way they approach vulnerability and improve consumer and market outcomes.

As such, research was required to ensure that feedback from a diverse sample of consumers experiencing vulnerability is considered for the development of the strategy in order to form part the consumer engagement process.

The Approach

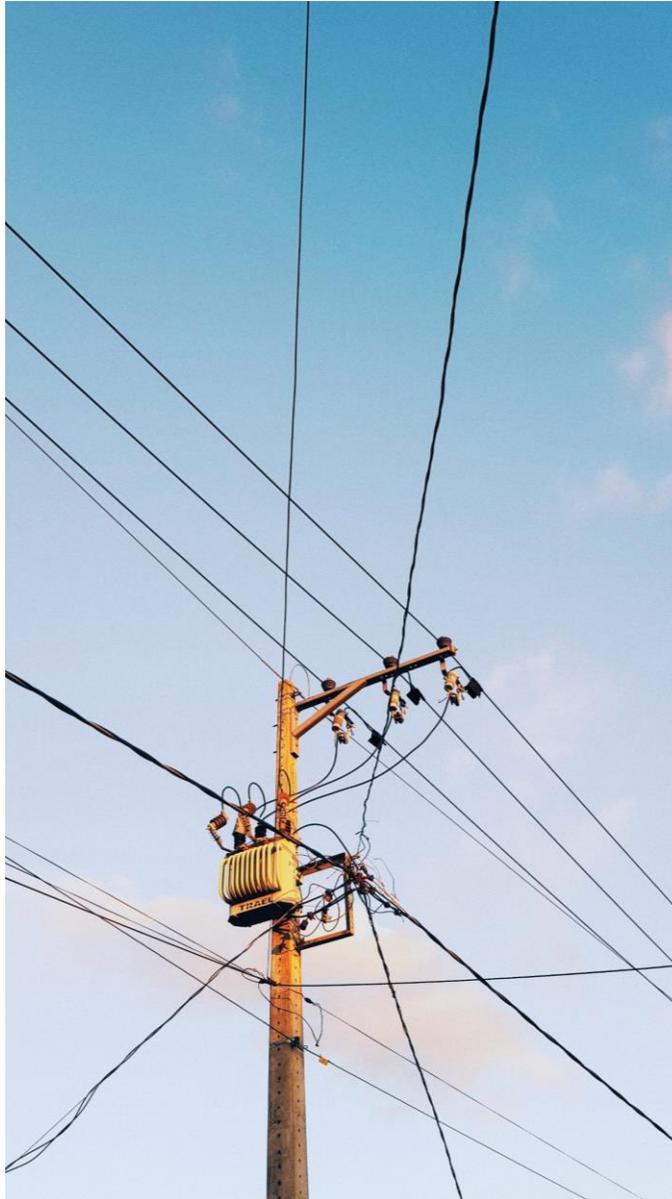
We conducted an online community with n=110 consumers in addition to conducting n=10 phone depth interviews; all of which were recruited from a specialist market research panel and de-identified for the purposes of privacy and anonymity.

This included a mix of males and females, different ages and participants from different states and territories.

This also included a subset of people experiencing financial hardship, people who have additional needs*, as well as people who identify as culturally and linguistically diverse.

Privacy protocols were put in place to ensure that participants were allocated into a research stream with similar shared lived experience. For more detail on how the streams were divided see note in appendix.

Fieldwork for the online community took place between Tuesday 31st May – Sunday 26th June 2022 and was conducted via a secure platform.



*Note: for the purposes of this study a person with additional needs was classified as an individual with chronic mental health condition, family violence victim / survivor, parent with chronic illness or long term unemployed.

Final sample details

A total of n=120 consumers consulted.

Gender	
Male	n=35
Female	n=85
Age Group	
18-29	n=26
30-39	n=36
40-59	n=42
60+	n=16
State	
NSW	n=51
SA	n=24
QLD	n=28
ACT	n=5
TAS	n=12
Location	
Metro	n=80
Rural / regional	n=40
Household Type	
Family (single parent)	n=22
Family (dual parent)	n=27
Single Income No Kids / Dual Income No Kids	n=47
Empty Nesters	n=24

Additional Needs	
Individual with chronic mental health condition	n=27
Family violence victim / survivor	n=21
Parent with chronic illness	n=20
Long term unemployed	n=10
None of the above	n=42
Cultural Diversity	
Culturally & Linguistically Diverse (CALD)	n=25
Aboriginal or Torres Strait Islander	n=8
None of the above	n=87
Household Income Level	
Low	n=63
Medium	n=47
High	n=10
Home Ownership Status	
Renter	n=75
Owner	n=45
Number of Persons Living in household	
1 person	n=32
2 people	n=36
3 people	n=29
4+ people	n=23

Research objectives

Gather input and develop case studies about consumers experiencing vulnerability to inform the AER's Vulnerability Strategy and serve as part of the wider consumer engagement process.

The key objectives for this research study were to:

- Explore experiences of consumer vulnerability with a specific focus on;
 - Difficulty understanding and / or paying energy bills
 - Inability to exercise choice in energy retailer or contact in preferred way
 - Disconnection (or warning of disconnection) for non-payment of an energy bill
 - Contacted by debt collectors / credit rating affected due to outstanding debt
 - Entering a hardship program / payment plan with an energy retailer
 - Billing problems / issues related to energy contract transfers
- Develop case studies to bring these experiences to life.

The findings from the research could be used to:

- Inform the development of the Vulnerability Strategy.
- Improve support for consumers in vulnerable circumstances.
- Bring a consistent, informed and evidence-based understanding of lived experience to the market.
- Identify ways of reducing the costs of addressing vulnerability and sharing risks across the sector.
- Identify opportunities to influence or support others to improve consumer outcomes.



Discussion coverage

Nine (9) exercises over the course of 3 weeks were designed to understand experiences, circumstances, triggers, emotional effects, resolutions, and stories of change relating to different types and experiences of energy vulnerability.



WELCOME ACTIVITY

Intention: to capture unprompted verbatim and stories about consumers best and worst experiences with energy retailers in order to better understand and focus on critical pain points.



WEEK 1-2

Intention: to gain perspective of people who have experienced difficulty choosing energy retailers, dealing with an energy retailers, paying energy bills and / or have entered into a hardship program / payment plan.



WEEK 3

Intention: to gain perspective from consumers who have experience with energy disconnection, having their credit rating affected or being contacted by a debt collector and / or issues with contract transfers.



CLOSING ACTIVITY

Intention: to provide an opportunity for consumers to share final thoughts, feelings and / or recommendations in addition to gathering a list of positive associations that could be used to inform the naming conventions of the Strategy.

As with all qualitative research, data was reviewed and analysed based on those these and issues that emerged most commonly across the range of activities undertaken across the course of the community. These key themes have been highlighted in this report, along with actual verbatim comments and case studies that underline the themes and issues raised. Additional quantitative research would be required to explore the extent to which these experiences are occurring among the broader target cohort of consumers with vulnerability.



Contextual Findings

The rising cost of living and energy is placing a heavy burden on consumers in vulnerable circumstances.

Rising cost of living is increasing vulnerability for consumers

Recent increases in the cost of living have placed an increasingly heavy burden on consumers.

Those already in financial hardship are becoming increasingly concerned, and even those who previously managed their energy bills are needing to more actively consider their energy consumption.

Many consumers are actively looking for ways to minimise their energy bills and stay in control and it will be imperative for AER to support the sector in addressing this growing consumer need.

"I am feeling quite apprehensive about the latest news of skyrocketing electricity prices and am praying that it has been sensationalised and will continue to be manageable for me." Female, Single Parent, Metro NSW



Impact of COVID has been profound and will likely be felt for years to come

In addition to the rising cost of living, COVID has had a significant impact on consumers attitude towards the energy industry as well as their ability to pay bills.

In some cases, it has resulted in job losses and wage decreases which, in turn, has stretched budgets and increased financial strain.

In other cases, it has heightened the importance of customer service and made some customers more likely to check contract terms and conditions.

Regardless, the impact of COVID has been profound, and will likely be felt for many years to come as the effects continue to set in.

"I am a single mother who lives off a combination of Centrelink payments and part-time income. I have had to enter into payment arrangements with [energy retailer] when finances were tight. Initially, it was up as a fortnightly transfer, but the problem now is that with rising living costs and Covid, I have had to turn this off in order to be able to afford food/rent." Female, Single Parent, Metro QLD



Faced with adversity, many are unaware of how to access help and support

Since the onset of COVID 19 in 2020, many Australians have become accustomed to the notion of facing adversity.

Despite sharing in the collective pain, our research participants commonly identified several ongoing barriers to seeking help and support.

These typically include;

- General reluctance to ask for help
- Low awareness of support services
- Fear of judgement or ramification from retailer
- Lack of suitable and / or sustainable payment plans

This suggests there's a clear need to better promote and encourage the use of support services – especially amongst those experiencing financial hardship for the first time.

“I was already very depressed, so not being able to keep up with my bills made me slip even further into a depressed state. I was ashamed. I knew I needed help, but I didn't know who to turn to, plus I felt embarrassed to ask for it.” Female, Dual Parent, Metro NSW



The market is highly complex and hard to navigate which puts those experiencing vulnerability at risk.

High degree of complexity within the industry generates confusion and sense of mistrust

The sheer number of energy retailers, frequency of discounted offers and prevalence of complex packages can often make consumers feel overwhelmed and confused.

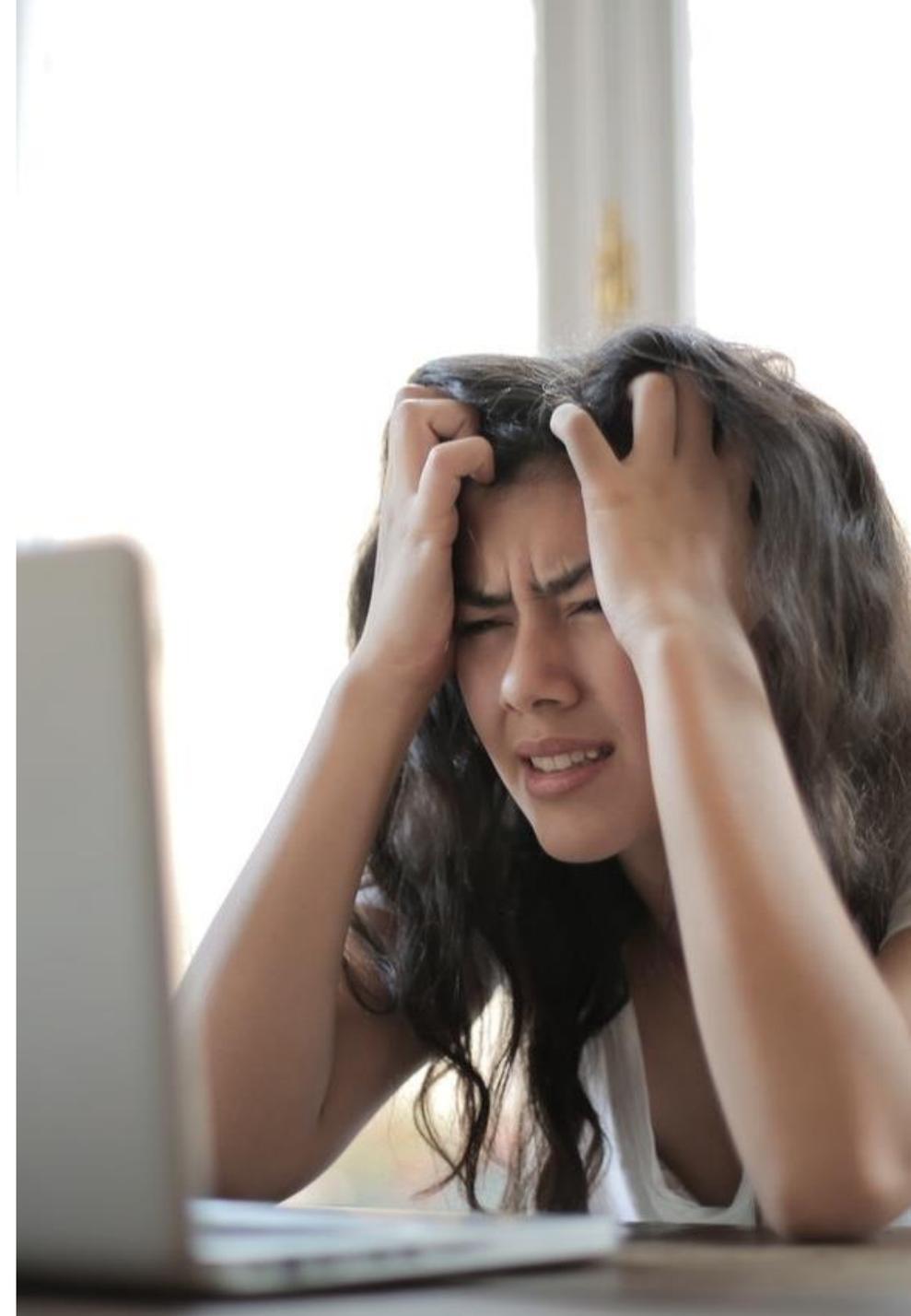
Consumers also often lack trust in the industry which typically stems from a perceived lack of transparency and a feeling that energy retailers prioritise winning new customers, rather than satisfying the needs of existing ones.

All of this suggests that there is a need for more simplicity and transparency in the market – especially as it relates to the presentation of plans. When things get too complex, consumers tend to switch off or feel they are being misled.

“I find it difficult to read bills every quarter, and my daily life is so busy that I don't have the time to understand what they mean.” Female, Single Parent, Metro NSW

“Why are there two costs, 1 being general usage, and 2 being controlled load. I don't understand what they mean. Also, I find it frustrating that I have to pay a daily supply charge even on that days that I'm not using any power at home.” Male, Single Income No Kids / Dual Income No Kids, Metro QLD

“They offer you the bells and whistles and have good marketing campaigns but once you're in and are a customer with them there's a level of complacency and there are not many incentives as a customer to remain loyal to them.” Male, Empty Nester, Regional QLD



Lack of perceived differentiation between energy retailers leaves consumers focusing on price

While there is confusion in navigating the market, many consumers are savvy enough to understand energy providers are simply retailers: reliability or quality of their energy supply will not be impacted by choice of retailer.

Furthermore, an individual's financial position often dictates a need to prioritise price over other factors such as service and sustainability. As a result, those experiencing vulnerability are often open to choosing smaller and lesser known energy retailers so long as the price is right.

While rare, major customer issues can arise, leading some to shun particular energy retailers. This means that some will read online reviews (e.g. through a comparative website) to check that a provider is not completely unreputable before switching.

"I don't think they differ much at all, because in essence they all offer the same product... its really just their brand logo and whether or not they spend more money on advertising than others." Male, Dual Parent, Regional SA

"I live on my own and am on a disability pension. I struggle week in and week out with bills and have to live from pay check to pay check. I used to have a high paying job until multiple health issues have appeared. It never used to be a problem when I was working but now is hard as ever. I often look around for the best price on things. I recently changed electricity companies due to the high cost." Male, Empty Nester, Metro QLD



Comparing energy retailers is difficult and confusing which reinforces lack of trust and transparency

The process of comparing energy retailers is often perceived to be highly complex and difficult to navigate. Information is often presented in different ways: different comparison tables, including different information.

- Terminology varies and is often hard to understand (e.g. feed-in tariffs, shoulder / peak / off peak tariffs, flat / standard/ peak / anytime rate etc.).
- Even on government sites such as 'Energy Made Easy' that are being used increasingly more than commercial sites, many of our participants indicated the comparison process is still difficult.

In addition, there is a perception that some energy retailers try to “pull the wool over people’s eyes” by promoting deep discounts or sign-up bonuses that are then attached to hidden and / or higher rates and fees.

“My main issue with retailers is that there does not seem to be any commonality in the terms they use when describing their energy plans. It gets very confusing when trying to compare plans and retailers.” Female, Single Income No Kids / Dual Income No Kids, Metro NSW

“Comparing energy suppliers is confusing and very time consuming. I have thought of changing in the past but because I don't understand the item charges on the bills I lose confidence to carry through with the change. I don't know whether I will be better off or not.” Female, Dual Parent, Regional NSW



Most open to the idea of changing energy retailers, but few actually have the confidence to make the switch

Many are open to the idea of switching so long as the price is right. But in reality, most (especially those who are financially stable) are unlikely to switch because it is too hard for them to assess if they will be better off, so it is easier to stay with current provider (known) than risk being worse off (risk aversion is high).

In any case, most often question their ability to find a better deal. And even if they do, there is still a chance the deal they find will be matched by their provider which, to an extent, negates their effort. Similarly, consumers who are placed on poor plans often just wait for a contract which is not working/affordable to end.

The typical trigger for considering 'the switch' is mostly driven by the end of a contract or a rate increase. Other triggers may include bill shock, moving, or poor customer service (often as a result of bill disputes) – but these are seemingly less common.

"In normal circumstances I probably wouldn't switch unless I was saving a substantial amount. But given my situation it's something I might have to consider because every penny counts and there might be a better deal out there with a deeper discount." Female, Single Parent, Metro ACT



Rising cost of energy is driving a need for guidance, support and expert information

The rising cost of energy is becoming an increasingly topical subject. However, consumers feel as if there is not enough information available to help them navigate these tough times and understand the challenges ahead.

Our research participants told us they are looking to the government, retailers and their peers for support, guidance and advice such as:

- News and articles that shed light on problems within the industry.
- Honest, transparent and timely information about impending rate increases.
- Suggestions about how to better manage usage amidst increasing costs.
- Information and / or alerts about newly developed plans that could potentially better suit consumers needs.

“Be as transparent as possible as soon as possible. If it looks likely that prices will increase, then say something early. Offer suggestions as to how to manage pending cost increases.” Male, Dual Parent, Metro SA

“Make regular contact - perhaps annually, to explain if there are any newly-developed plans e.g. for off-peak usage rates etc., that would benefit me. Be specific and honest about changes in rates.” Female, Single Income No Kids / Dual Income No Kids, Metro NSW



Energy retailers often tend to put the onus on the consumer, making it incredibly difficult to ask for help.

Many report it is incredibly difficult to contact an energy retailer, let alone resolve an issue with them

The typical energy retailer call center experience is perceived to have many flaws including:

- Excessively long wait times (sometimes up to 1-2 hours)
- Staff are perceived to be untrained, unempowered and / or based overseas
- Callers are often transferred several times to different departments
- Callers are rarely put in contact with someone who has the authority to resolve an issue
- Callers often need to repeat their story which causes friction and frustration

“Recently the phone lines were experiencing larger than normal number of calls. The chat area was experiencing issues. I had to wait until Monday morning to get through to the company. I wasn't satisfied with the excuse I was given for my complaint but was too tired to take it any further.” Female, Dual Parent, Metro NSW



Lack of empathy, understanding and care on behalf of retailers makes consumers in vulnerable circumstances feel powerless

In dealing with energy retailers, our participants said there is often a general sense that you're 'guilty until proven innocent'. This typically stems from a perception that some customer service representatives (especially those who take initial inbound calls) lack the care and empathy needed to deal with complex situations and consumers in vulnerable circumstances.

Furthermore, this is reinforced by the perception that retailers commonly...

- Deflect issues and responsibility to different departments
- Use a dismissive and / or accusational tone of voice
- Sound like they are reading from a (very limited) script
- Fail to offer suitable payment solutions

Further to this, many also feel as if retailers tend to focus on rectifying the issue at hand (i.e. payment of a bill) and in doing so, tend to lose sight of addressing and posing solutions to the bigger issue at hand – the drivers of vulnerability.

“When I had someone generate a debt with an energy company in my name the people I spoke to try and deal with the situation kept telling me that they can't help me, and I was transferred to about 6 different people. After multiple attempts and a lot of being brushed off I finally spoke to someone that was willing to help me with a little direction on what to do next.” Female, Single Parent, Metro SA



Unfortunately, there is no way for those with urgent and/or serious issues to be pushed up the line

As previously mentioned, many of those we spoke to reported experiencing great difficulty contacting energy retailers - especially for urgent issues such as an impending disconnection, difficulties paying energy bills or bill disputes.

Considering this, consumers see great potential for retailers to provide ways to escalate urgent issues up the line and to be able to speak to a customer service representative who is well versed in providing more specialist and/or tailored guidance and support.

Further to this, many also mentioned the potential for retailers to appoint case managers and / or provide consistent points of contact for those experiencing high degrees of vulnerability to ensure that they get continuity of care and to ensure that they don't have to re-explain themselves each time they call back.

"I would love staff that I can understand I don't know how many times I have asked the person on the line can you please repeat this. I would love someone to be there when I need help and help me and for me not to have to speak to 3 different people to get the answers I need." Male, Dual Parent, Regional NSW



**Drivers of vulnerability may vary,
but the emotional toll it takes on
consumers is largely consistent.**

There are several different reasons for which consumers experience difficulty paying energy bills

Across the study, those that had experienced trouble paying energy bills identified several underlying reasons for this;

- Rate increases;
- Cost of living increases;
- Sickness and poor health;
- Unemployment (long and short term);
- Financial glitch (e.g. credit card expired, missed a bill)
- Unforeseen circumstances (broken fridge, lawn mower, rego due etc.) and;
- Bill shock resulting from increased energy usage (especially during winter months)

Some are more fortunate than others in respect to finding a resolution either via engaging in negotiations with their retailer, receiving financial support from family or friends or through changes in their personal situation (e.g. returning to good health, finding work etc.). However, those who are unmotivated or unable to resolve payment issues quickly often tend to feel isolated, hopeless and alone – which strengthens their reluctance to reach out for help.

“It would've been in the first few years of moving out of home - I was on a low income at the time and I was paying rent, phone, personal loan repayments and more often than not car repairs.” Female, Single Income No Kids / Dual Income No Kids, Metro TAS



Some challenges are specific to those who are not able to have their meter read

Those living in residences with restricted meter access often reported instances where their usage was being estimated as a result of not being able to have their meter read. This was typically due to a technical glitch, account error and/or the consumer not being home.

Consumers in this situation often found estimated bills to be far more inconsistent than actual meter readings which further compounded their financial vulnerability and distress.

Moving forward, these participants felt there was a clear need to improve and streamline the process of arranging for someone to come out and read the meter – especially for those who live in residences where access to the meter is restricted.

“Someone was meant to come and check the meter but because they couldn’t get access they just did an estimate of the readings and the bill was ridiculous.” Male, Single Income No Kids / Dual Income No Kids, Metro NSW

“When finally, someone did check the meter, it was incredibly out and the amount owing was ridiculous. My energy provider took no accountability & ignored our numerous attempts to contact them.” Male, Single Income No Kids / Dual Income No Kids, Metro NSW

“I found that my bills were not consistent. Sometimes it would be \$130ish and then next \$400+ with no lifestyle changes or explanation from the company other than just saying I had to pay to have someone come out and read the meter.” Female, Single Income No Kids / Dual Income No Kids, Metro QLD

“The onus shouldn’t fall on the customer to work out why a bill is unusually high. I feel energy retailers take advantage of the fact most of us don’t know how to check the stats are correct or if we’re being charged fairly.” Male, Dual Parent, Metro SA



Domestic violence survivors also often require extra guidance, privacy and financial support

Domestic violence survivors can become liable for missed payments and debts even when they have no control over household finances. As such, retailers need to be attuned to the whole range of circumstances that can lead to missed payment and the accumulation of debt.

Moving forward, retailers should consider additional staff training in empathy and the often-complex causes of missed payments and debt accumulation.

In addition to this, consumers with lived experience also recommend offering (or improving access to) specialist teams and channels to help better manage these more complex cases.

*"I experienced several issues with my ex-husband trying to access my account. Thankfully my provider called me to cross check my security questions before he was able to get access."
Female, Single Parent, Metro NSW*

*"My ex-husband passed on no money to the children and I, and all he did was ensure the mortgage was paid and I was left to call and seek Centrelink support payments due to financial hardship."
Female, Single Parent, Regional QLD*



Case Study, Female, 33, Metro SA

For the last 6 years, Rita and her small child suffered at the hands of an emotionally and financially abusive husband. He passed no money onto herself or the children, and as a result, Rita was left to call and seek Centrelink support payments due to financial hardship.

Through Covid 19, her energy retailer provided no financial hardship support, no after hours contact numbers and no relief such as waiving a particular month if she simply had no money – unlike her water provider who was able to do so throughout this time.

At the time, no payment plans or support relief payments were provided. Nor was there a team of dedicated staff trained to be able to support the approx. \$700 energy bills she was often barely able to pay.

Fast forward to today, and Rita is still in psychology support to heal from these traumatic times. Should her energy retailer have offered support she firmly believes that it would have made “all the difference at that time” for her mental well-being and stress she was already under.

In her own words, “these circumstances, as you can appreciate, still have me trying to cope with the lasting effects many years later!”

Experiencing difficulty paying energy bills often takes a considerable mental toll

Being an essential service, the notion of not being able to afford one's power bill is often associated with a lot of guilt, stress and anxiety.

Through sharing their stories, our participants highlighted that being unable to quickly rectify a missed payment situation often feel as if it reflects poorly on their personal worth, character and organisational skills.

As a result, some tend to be hard on themselves and - if not treated with dignity and respect – are at risk of avoiding the issue and internalising their problems.

This suggests that consumers experiencing vulnerability may often have issues that span far wider than missed energy bills and therefore may require extra guidance and support to help get their lives back on track.

“I felt very vulnerable, ashamed, and constantly worried about the future. My mental health was very fragile, and this played out physically, with headaches and weight loss.” Female, Single Parent, Metro NSW



Moving forward, there's opportunity to improve guidance, empathy and tailored customer support

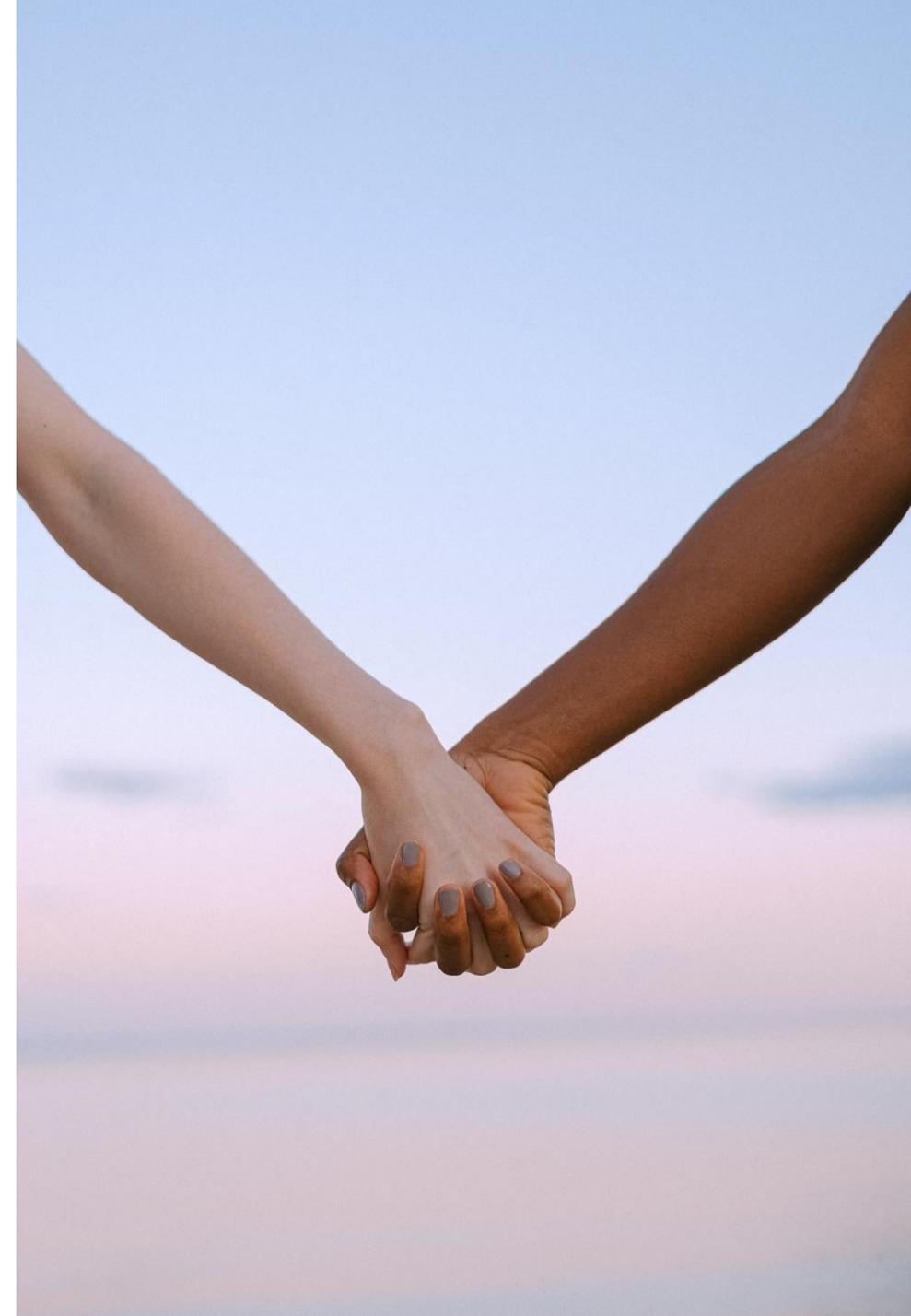
At present, consumers (especially those who are experiencing vulnerability and / or have urgent needs) tend to feel powerless and restricted in their ability to resolve issues with energy retailers. As such, there is a need for more open and tailored lines of communication to help guide and inform those in need.

Moving forward, our participants indicated that this could potentially be achieved by;

- Offering payment plans or other concessions as early as possible
- Waiving unnecessary late or administration fees
- Raising awareness that hardship programs and payment plans are available
- Sending a reminder or SMS notice that a bill has been sent/is due/is late
- More communication before disconnection threat / reminder before bills are due

Overall, our participants expressed an expectation that retailers need to up their game is respect to honesty, empathy and overall duty of care.

"The opportunity to actually speak with a person who understands where you live and knows how providing energy consumption affects each and everyone, to realise that not everything can be done online and can be very misleading. If an energy provider can halt your power or give you late fees it should be able to communicate with the person in an online, messaging service linked to their account, it would feel personalised and streamline." Male, Single Income No Kids / Dual Income No Kids, Metro QLD



There is a need to re-think and raise awareness of hardship provisions and payment plan options

Few reported becoming aware of flexible payment options, programs and plans until they were deep in debt

Regardless of the circumstances, those who are experiencing financial hardship for the first time are often far less aware of the support services and payment options that are available to them through their energy retailer.

This typically manifests itself in consumers delaying or deferring payments, asking friends or family for loans or even going so far as taking out credit cards to pay off their energy bills. The energy retailer is often seen as the last resort for help.

It is only once the situation reaches critical levels (i.e. bills become insurmountable, or a disconnection warning is sent) that consumers may contact their energy retailer at which point flexible payment options are then raised and discussed.

This suggests there is a genuine need to raise awareness of hardship provisions and payment plans early in the process to ensure that consumers better understand the options that are available to them.

“When I was having difficulty paying my energy account I went from worry to relief. I had no means of paying my account and was extremely worried that I might have my services disconnected. I decided to call the company but didn't know what options I had. After sorting out a payment plan with them I felt both relieved and happy.” Female, Dual Parent, Regional NSW



A wooden signpost with a blank sign, set against a background of a cloudy sky. The signpost is made of weathered wood and has a single rectangular sign attached to it. The sign is blank and has a light brown color. The background is a soft-focus image of a cloudy sky with light and dark patches of clouds.

“I had no idea about payment plans or extensions until after I experienced my first disconnection... And the impact of that was huge, we had to have cold showers, unable to cook, had to eat lots of sandwiches and take away food. Kids were hungry and upset. I kept them home from school as they were upset... I made excuses when my friends came over it was horrible I hated it.” Female, Single Parent, Metro NSW

Interestingly, those who entered into a hardship program / payment plan commonly reported a positive experience

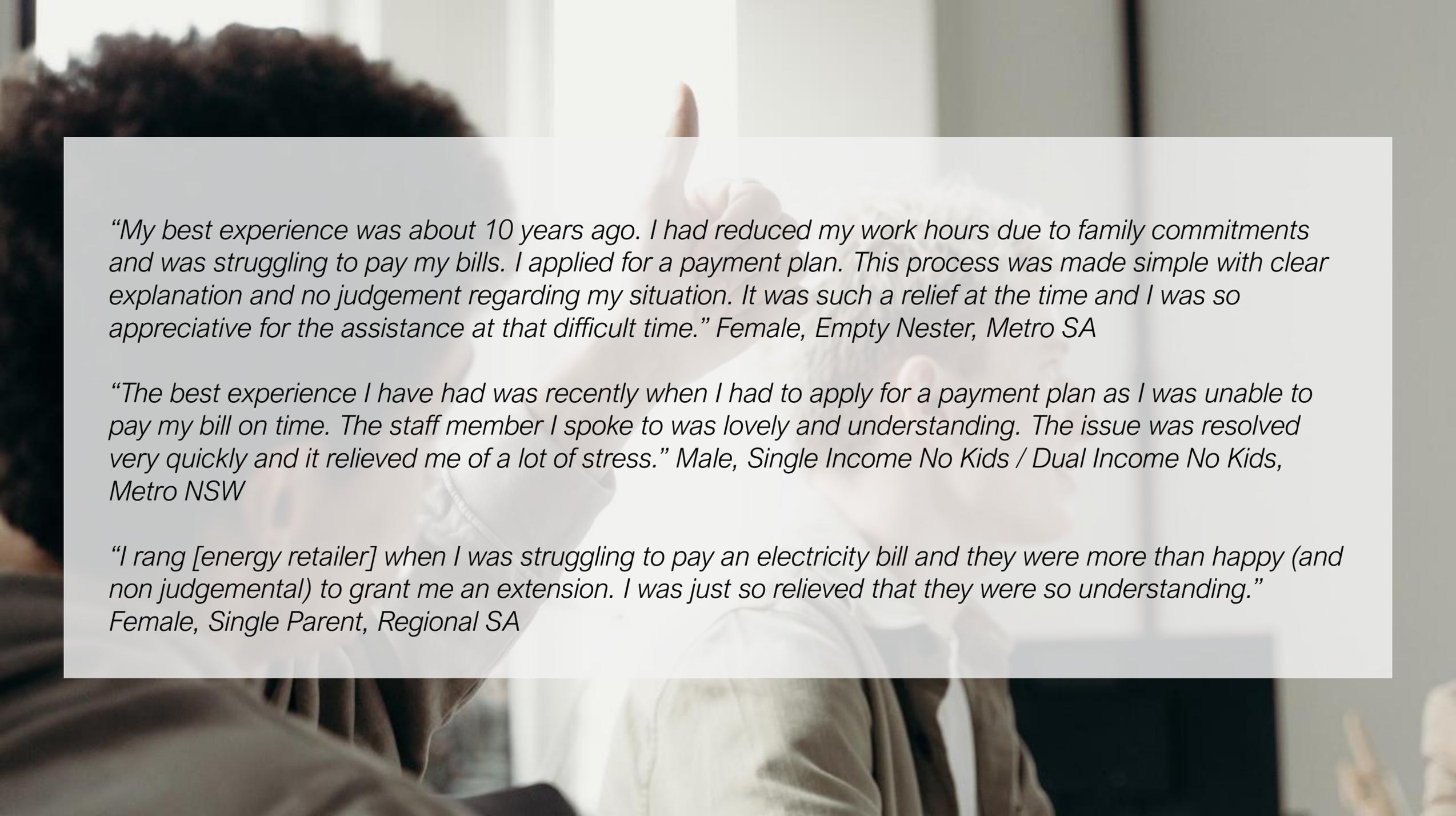
Those who were eventually able to talk to someone who had the authority to offer a payment plan often claimed to have a positive experience. At this point, most claimed to have been spoken to with appropriate care, empathy and understanding.

Moreover, after entering into an agreement, many participants felt as if a weight had been lifted off their shoulders and found the experience of paying in installments to be far less cumbersome and anxiety inducing than their previous arrangement.

Upon reflection, most felt as if they were better off for it but also wished that they had been made aware of such options earlier in the process. This was evidenced by the letters our participants wrote to their 'past selves' on how to manage their missed payment/debt situation better based on their lived experience...

"One of the best experiences I've had with [energy retailer] is when I called regarding an overdue bill. The person who took my call organised a payment plan which was affordable and manageable without any fees or interest charges... I was quite concerned about how I was going to pay the bill and after I called [energy retailer] I felt very happy with the payment arrangement and no longer had to worry about it." Female, Dual Parent, Metro NSW





“My best experience was about 10 years ago. I had reduced my work hours due to family commitments and was struggling to pay my bills. I applied for a payment plan. This process was made simple with clear explanation and no judgement regarding my situation. It was such a relief at the time and I was so appreciative for the assistance at that difficult time.” Female, Empty Nester, Metro SA

“The best experience I have had was recently when I had to apply for a payment plan as I was unable to pay my bill on time. The staff member I spoke to was lovely and understanding. The issue was resolved very quickly and it relieved me of a lot of stress.” Male, Single Income No Kids / Dual Income No Kids, Metro NSW

“I rang [energy retailer] when I was struggling to pay an electricity bill and they were more than happy (and non judgemental) to grant me an extension. I was just so relieved that they were so understanding.” Female, Single Parent, Regional SA

The message from consumers is clear - don't lose one more night of sleep, get on the phone today

People are unaware of the help and support many retailers offer to manage missed payments and in resolving debt. There is shame and embarrassment evident as key barriers to engagement, and stress levels rise as payments mount up.

As a result, consumers are causing themselves undue stress by failing to reach out for help and / or to source a better deal.

Moving forward, there is an opportunity to frame missed payments as normal and encourage customers to access help options available in a timely manner to reduce stress and get on top of the issue in a proactive manner.

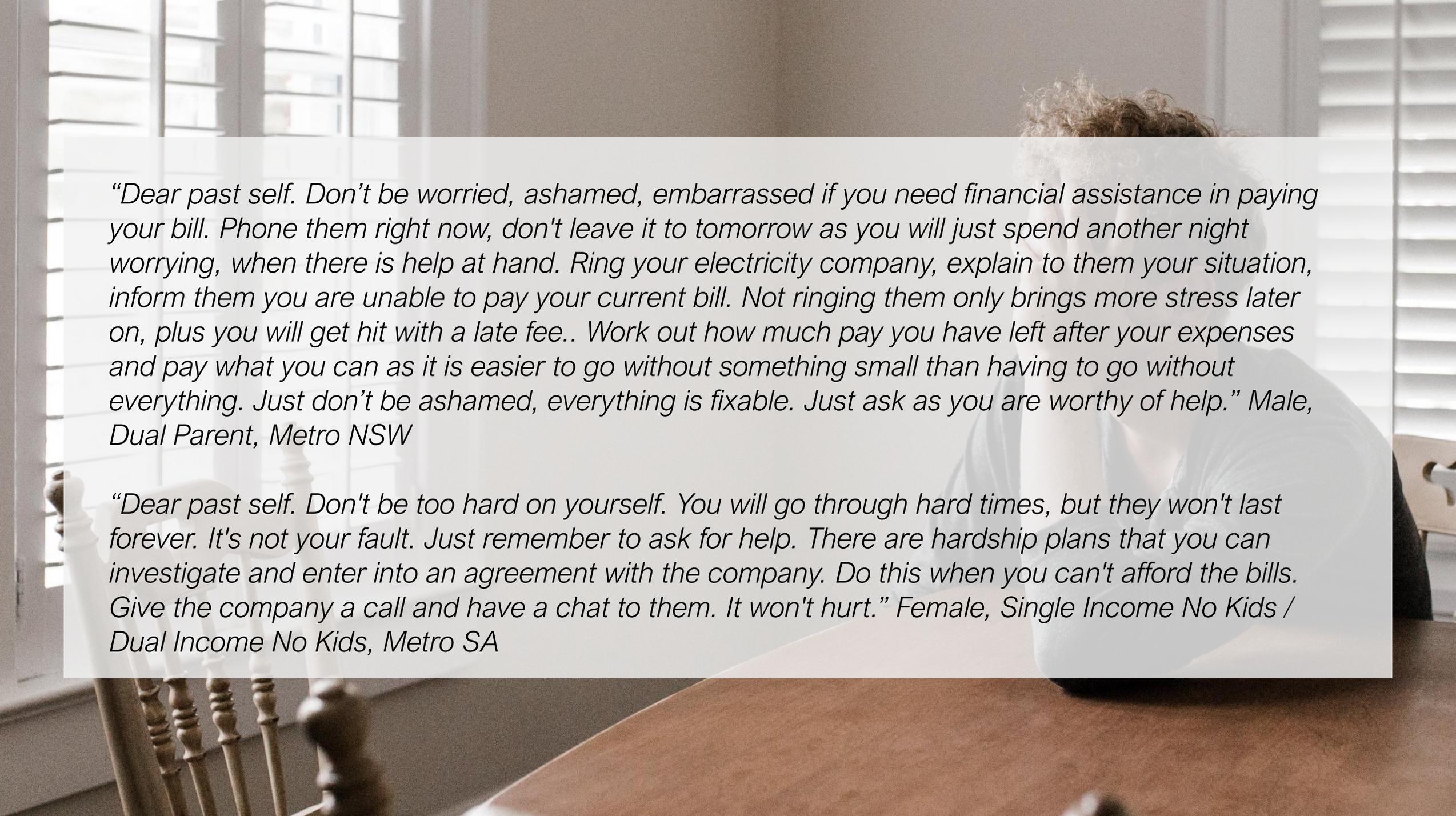
"If I could go back in time I would tell my past self to make contact before incurring too much stress, debt and financial burden." Female, Dual Parent, Metro NSW

"Entering into a hardship program is braver than ignoring a situation and allowing it to escalate. In the long term it's the wiser decision, even if it feels difficult at the time." Male, Single Income No Kids / Dual Income No Kids, Metro NSW

"Do you need help payment your bill? Can you fix it yourself? If not, pick up the phone and ask for help as hard as it may be. Don't wait and let it get out of control." Female, Single Income No Kids / Dual Income No Kids, Metro NSW

"I would have sought help sooner if knew what was ahead. If I could go back in time I would tell my past self to pay the bills and make contact before too much financial burden and ask for help!" Female, Single Income No Kids / Dual Income No Kids, Metro NSW



A person with curly hair is sitting at a wooden dining table in a room with large windows and white blinds. The person is looking out the window. The scene is softly lit, suggesting a calm, domestic environment.

“Dear past self. Don’t be worried, ashamed, embarrassed if you need financial assistance in paying your bill. Phone them right now, don't leave it to tomorrow as you will just spend another night worrying, when there is help at hand. Ring your electricity company, explain to them your situation, inform them you are unable to pay your current bill. Not ringing them only brings more stress later on, plus you will get hit with a late fee.. Work out how much pay you have left after your expenses and pay what you can as it is easier to go without something small than having to go without everything. Just don’t be ashamed, everything is fixable. Just ask as you are worthy of help.” Male, Dual Parent, Metro NSW

“Dear past self. Don't be too hard on yourself. You will go through hard times, but they won't last forever. It's not your fault. Just remember to ask for help. There are hardship plans that you can investigate and enter into an agreement with the company. Do this when you can't afford the bills. Give the company a call and have a chat to them. It won't hurt.” Female, Single Income No Kids / Dual Income No Kids, Metro SA

However, not all are able to commit to the conditions of payment plans and require further assistance

While hardship provisions and payment plans are a welcome solution for some, others simply can not commit to making regular and / or initial payments due to their very limited or fixed income.

In these instances, we heard many stories of energy retailers claiming “there is nothing more we can do” in an empathetic tone but then failing to go on and offer any further suggestions or guidance about to how to get further assistance.

This often left our participants feeling helpless and defeated, with a real fear of energy disconnection. Moreover, this suggests there is a need to deliver more tailored payment programs based on needs and income.

“I was unemployed and couldn’t afford the electricity bill. I called my provider to try and organise a payment plan but I wasn’t able to make the repayments they wanted and they weren’t willing to lower them to accommodate my situation. As a result my power was cut off. For almost a month I was using torches until was able to organise the money to pay the bill. I felt embarrassed and worthless.” Male, Single Income No Kids / Dual Income No Kids, Metro QLD



“It was quite a few years ago, I was in a serious accident that almost cost me my life. I had more medical bills than my income, rent, food, insurance, rego the bills kept coming but my income did not change as I was unable to work, I was struggling living of sickness benefits. It was tough mentally, physically but it was also embarrassing as I was unable to make ends meet and had to ask for help from the salvation army as well as family and friends. I was not able to pay for my power bill or my phone bill so I had to contact them to ask for an extension (which really bothered me for if I cannot afford the payments now how am I going to catch up on what payments I owe), it felt like a downward spiral. it was hard! I was with [energy retailer] at the time and did not have any phone credit to ring them so I had to ask a friend if I could use their phone to make the call (another feeling of embarrassment). I explained to [energy retailer] my situation (they were very understanding) and offered me a payment plan, but I couldn’t even afford to make the initial payments and there was nothing they could do. I felt like I was on the absolute bottom of the barrel, I felt useless, no self worth, I hated having to ask for help as I did not want to burden anyone. It is truly a worrying time to go through, quite depressing.” Female, Empty Nester, Metro NSW

Upon reflection, there's a sense that energy retailers can do more and offer more to assist

Amongst those we spoke to, there was a clear need and desire for energy retailers to step up to the plate and do a better job of actively promoting better and more sustainable plans and options for both prospective and current customers.

Our research participants suggested this could potentially come in the form of:

- Higher concession rates / discounts and longer bill extensions
- Proactive communication to those at risk of becoming 'vulnerable'
- Financial incentives / credits / waived fees for vulnerable consumers

Collectively our participant feedback suggests that increased proactivity on behalf of the energy retailer could go a long way to making consumers more aware of their options and more in control of their payments and budgeting.

"Higher concession rebate/ discount. Longer extension in paying an overdue bill. Be more understanding when we can't pay on time." Male, Dual Parent, Metro QLD

"They should let people know (on their bill) if they are having troubles with their bills to reach out to them so you can make an arrangement to pay if off." Female, Single Income No Kids / Dual Income No Kids, Metro NSW

"Maybe offer once or twice a year a \$50 upwards free credit for someone who is truly in hardship." Female, Single Income No Kids / Dual Income No Kids, Regional NSW



Avoidance is real, retailers need to do a better job of encouraging their customers to access support.

More often than not, retailers tend to place the onus on their customers to seek out financial support

Amongst those we spoke to, it was commonplace for retailers to chase payments and send disconnection warnings before promoting and / or offering any kind of financial help and support. This can drive disengagement among these consumers, further compounding the problem.

As a result, retailers are placing the onus on their customers to seek out the provision of hardship programs, payment plans, and extensions rather than proactively looking to identify, address and solve issues as they occur.

“The only time you get a call from an energy retailer is when multiple payments are missed and bills overdue. Up until that point they don’t tell you anything about extensions and payment plans. It’s all up to you to figure out yourself.” Male, Single Income No Kids / Dual Income No Kids, Metro NSW

“I think extra reminders may help some people who are financially struggling. And even making sure they are approachable to reach regarding organising payment plans for overdue accounts. Maybe even encouraging new customers to set up payments plans when they first sign up.” Male, Dual Parent, Metro QLD

“It should be clearly noted on every bill that hardship programs exist and provide an easy means of contacting the right person to talk to.” Female, Dual Parent, Regional QLD

“There needs to be human contact and input in what is being said and done if accounts are overdue.” Female, Empty Nester, Metro NSW



Retailers need to understand, and account for, how hard it is for their customers to ask for help

The idea of picking up the phone to ask a retailer for help often makes people feel embarrassed and ashamed which is why consumers with missed payments and mounting bills tend to be fearful of engaging with them to resolve their issues.

Furthermore, because the process often involves having to make a phone call to a call centre with inexperienced, unempathetic and unempowered staff – consumers tend to internalise their issue and “bunker down” instead of asking for help.

This suggests there’s an opportunity for retailers to improve by providing channels of communication that consumers can lean into instead of shy away from and also by offering more tailored and specialised support for those who need it.

“I avoided letting friends and family come over so they wouldn’t see that I had no power. It worsened my depression and I had to sacrifice some basic needs so I could get the money together to pay the bill.” Female, Single Income No Kids / Dual Income No Kids, Metro NSW

“My husband lost his job, and I was only working part time. We were knee deep in debt and I stopped opening the mail because I was depressed and knew we were in financial trouble. I didn’t know there was assistance...we came home one day and there was no electricity because I hadn’t paid the bills. Thankfully, my sister came to our aid and paid our bill for us as we had two small children and needed to keep medication in the fridge for one of them.” Female, Dual Parent, Metro NSW





Summary & Implications

To summarise, we have identified 12 key themes that were commonly raised by our participants - and have also included suggested potential actions for AER's consideration.

1. Energy bills are but one of several mounting cost of living pressures in current economic climate

WHAT...

- Inflationary pressures are biting hard among many consumers experiencing vulnerability.
- Some are turning to welfare agencies to help – only to find they are already at full capacity.
- As cost-of-living pressures rise, this demand is likely to further increase.

SO WHAT?

- What might have been previously been considered fair and reasonable payment plans in stronger economic times may now need to be reconsidered given the current economic situation.

POSSIBLE ACTIONS...

- Energy retailers need to further understand and appreciate these payment challenges.
- Greater empathy and understanding is needed – potentially additional training for specialist hardship teams within energy retailers who have the capacity to provide more tailored solutions.
- Expect hardship cases to grow and proactively prepare for this.



Case Study 1

Male, 55, Metro NSW

Peter developed a complex physical ailment which meant that he could no longer work in an office. As a result, he had to cease his employment and take up a part time job as an Uber Eats driver.

Peter felt as if he was making an honest attempt to bring in money, but the bills just keep piling up to the point where he was two quarters behind on his energy bill.

He called his retailer and was offered a payment plan but could not commit to the payment terms to which the operator said there was nothing more they can do.

The operator then closed the conversation without referring him to any other support services or seeking any other alternate arrangements.

Peter then attempted to reach out to the Salvos & Vinnies on his own accord, both of which were inundated and had busy phone lines. After several attempts to ask for help, Peter gave up and contemplated suicide.

Peter is still suicidal and is currently waiting for the day that his energy is disconnected. He is hopeful that someone will answer his call before it is too late.

Verbatims



I reached out to the Salvos and Vinnies but both we're unable to help assist with my issues due to being overwhelmed. After calling several times and not getting through, I simply gave up." Male, Single Income No Kids / Dual Income No Kids, Metro SA



I live on a tight budget and always aim to pay my bills on time. I consider early payment incentives when choosing a retailer. With the cost of living so high the discount means more available funds for me to spend on living necessities." Female, Single Income No Kids / Dual Income No Kids, SA



South Australia electric prices are ridiculous. And now I am scared about the new price increase. The government needs to step in and do something because people like myself will have to go without the heater." Male, Single Income No Kids / Dual Income No Kids, Metro SA



I feel for anyone in a vulnerable position right now, with inflation and the rising cost of living. It is truly a worrying time to go through, quite depressing actually." Female, Empty Nester, Metro NSW

2. Complexities in retail offers continues to make choosing the right energy plan very difficult

WHAT...

- Consumers experiencing vulnerability are struggling to understand retail offers and are often signing up to more costly plans through sign-on deals or discounts.

SO WHAT?

- These plans can ultimately be more expensive and likely to result in missed payments and rising debt.

POSSIBLE ACTIONS...

- There is a need to further educate and empower consumers on choosing a suitable plan.
- There is a need for very practical assistance that can be readily taken up and acted upon, such as “10 questions to ask a retailer about an offer”, how to have more effective conversations/negotiations with retailers, etc.
- Some people are looking for genuinely independent advice on the best offers available in the market – without the need to use tools or navigate information.



Case Study 2

Female, 65, Regional SA

Audrey is recently retired and has recently come to the end of her contract with her energy retailer, who, after a particularly poor customer service experience, she has decided to move on from.

She conducts a Google search & navigates towards retailer websites. She finds the process highly complex and difficult to navigate due to information being presented in several different ways (e.g. comparison tables etc.).

She also finds that the terminology varies and is hard to understand (e.g. feed-in tariffs, shoulder / peak / off peak tariffs, flat / standard/ peak / anytime rate etc.).

Even after stumbling across government sites such as 'Energy Made Easy', the comparison process is still considered to be difficult.

In the end, Audrey consults her local Facebook community for recommendations, and phones a friend. She ultimately bases her decision on the advice of "real people" who helped her identify the best retailer and plan.

Reflecting on her experience, Audrey believes that there is a need to educate consumers about how best to compare providers / plans and seek independent advice.

Verbatims



I would love a side-by-side review and comparison of the pros and cons of each provider. This would probably have to come from an independent objective organisation which doesn't receive payment or benefit from any of the energy retailers they review." Female, Single Income No Kids / Dual Income No Kids, Metro SA



I'd love to be able to access a search engine that is unbiased and rates all electricity retailers in in terms of customer service, loyalty programs, discounts offered, ease of admin processes, and the amount of increases in price in the last 3 years." Female, Dual Parent, Regional QLD



I need to make easier comparisons, not just through upfront prices but long term promises and what the company does for the social, political and ecological environments." Female, Single Income No Kids / Dual Income No Kids, Metro NSW



It can be confusing to navigate the various electricity retailers and to choose one that suits you as there are many fine prints hidden within their advertised deals." Female, Empty Nester, Metro NSW

3. Short term sign-on incentives need to be countered by standard metrics and greater transparency on total estimated life of contract cost

WHAT...

- The process of researching and selecting a new provider / plan can be long and arduous.
- There are few metrics or tools that can be accessed to help compare deals in an informed manner.

SO WHAT?

- Many are seduced by discount offers which will then revert to a much higher rate after the discount period.

POSSIBLE ACTIONS...

- There is scope for greater transparency & honesty regarding the terms & conditions of energy plans (especially in relation to how long certain discounts will apply, late payment fees and other hidden costs) to ensure consumers in vulnerable circumstances have a better understanding of whole of contract costs.



Case Study 3

Female, 65, Metro NSW

Wanda lives on a disability pension and is unwell. In her experience, she has found dealing with the energy industry extremely difficult – a trend which is increasing over time. She claims often finds the energy retailer’s explanations to be highly complex and unclear and the billing process is much the same.

Wanda is often targeted by door-to-door salespeople and telemarketers who try to talk her into swapping energy retailers with the promise of great reductions.

However, in her experience she has found that these deals are not always what they seem to be. She came to learn this after signing up to a deal offered by a door knocker to which she later found to have huge increases in her bill several months after signing up to it.

When she called the company to question it, she was given a “weird explanation” and promised that “it will work out cheaper” but months later, she called again and was told “ it is too late now, you are under contract.”

Looking back on her experience, Wanda is now hesitant to switch to a new provider offering a good deal for fear of them being manipulative and dishonest.

Verbatims



I was talked into swapping retailers with the promise of a great deal only to have huge increases in the bill. And when I questioned it, I was given some weird explanation and promised it will work out cheaper. Months later I rung again and was told its too late because I was already under contract." Female, Dual Parent, Metro NSW



I had recently swapped under pressure from one retailer to another on the promise of cheaper bills. My bills had then tripled. I was distressed and crying as I did not know what to do. I was treated like an idiot. No compassion or understanding." Female, Single Income No Kids / Dual Income No Kids, Regional NSW



I wouldn't switch for a small amount, it'd have to be substantial because the effort it takes to switch often outweighs the benefit and at the end of the day you can't always be sure that what you are switching to will actually save you money." Male, Dual Parent, Metro QLD



I feel they are often manipulative and dishonest and its so confusing often the consumer doesn't know enough to protect themselves. That said, I'm still with my current provider because I'm too scared to risk transferring to someone worse." Female, Empty Nester, Metro SA

4. Smaller & regular pre-payments may help many avoid missing bills and incurring large debts to retailers

WHAT...

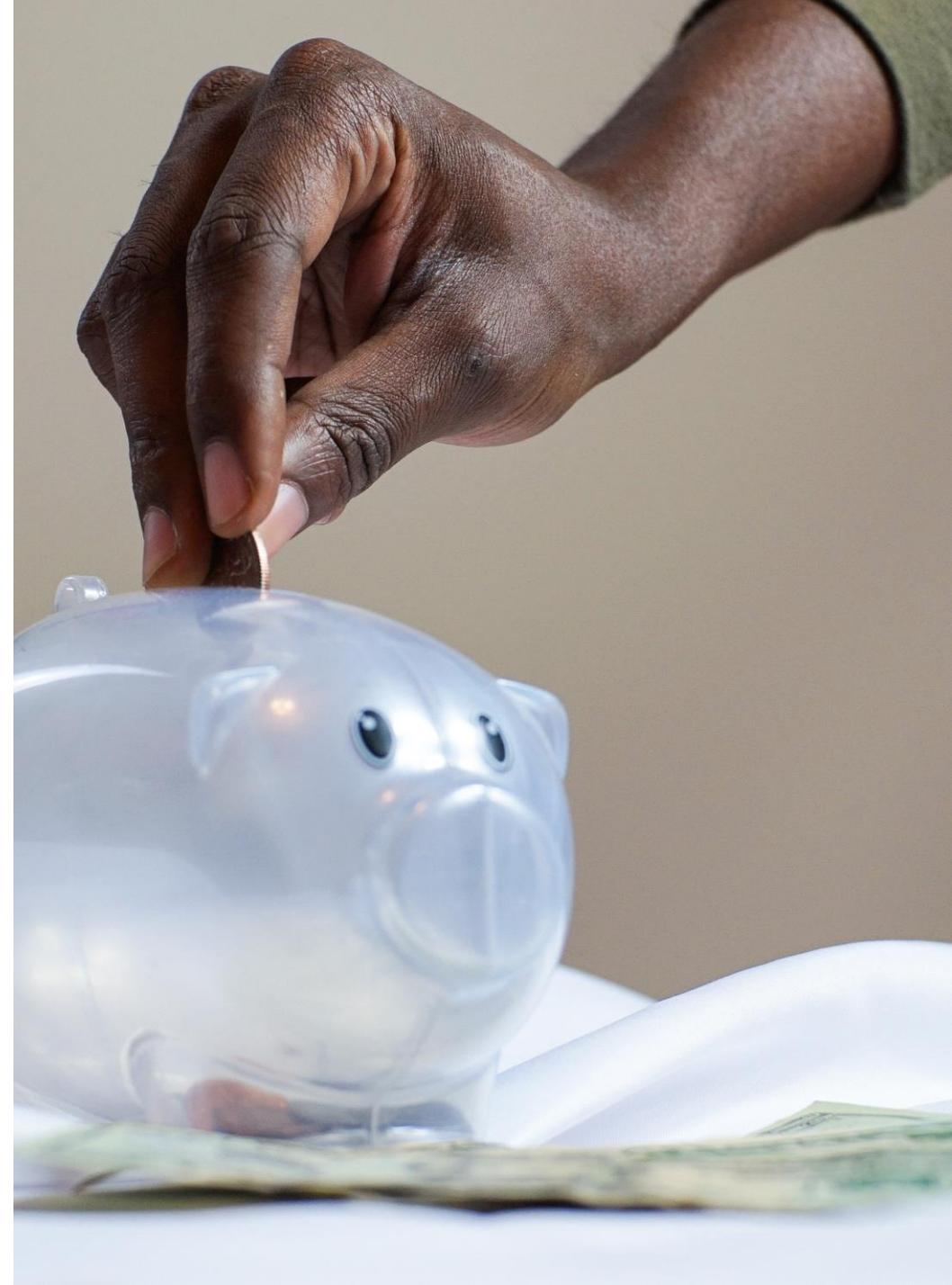
- For those on low, fixed incomes, it is often very difficult to budget for large, quarterly energy bills.
- This means this cohort is at greater risk of missing payments and incurring a debt to a retailer.

SO WHAT?

- This cohort needs access to different – and ideally more frequent – payment arrangements to ensure they can keep on top of energy costs.

POSSIBLE ACTIONS...

- Encourage retailers to consider offering alternate payment arrangements to monthly or quarterly bills in arrears (or further promoting these if already an option). This may include...
 - Weekly payment plans
 - Direct debit arrangements
 - Offers that allow for a degree of bill smoothing
 - Pre-payment options



Case Study 4

Male, 42, Metro ACT

Minh is a parent with a chronic illness and survives on a disability pension. He manages to just cover his expenses, with nothing left over. He is very grateful that this allows for a degree of support with energy bills, but he still struggles when his quarterly bill is more than expected.

If other expenses crop up, and the quarterly bill arrives, he often needs to request an extension. Minh tries to prevent this from occurring and even goes so far as writing in his diary when the next bill is due so that he is aware of its approach, but with the recent price hikes and fluctuating rates he doesn't know what range of expense to expect.

To counteract this, if he happens to have \$20 left over at the end of the fortnight, he tries to pay it towards his next bill to reduce the overall amount when it comes.

In his own words Minh "really struggles financially" and as a result, "barely struggles to get by". Unfortunately, he feels as if the disability support pension doesn't provide for a decent quality of life. Similarly, he is not always able to make the necessary payments but wishes there was a way for him to pay a little bit but often to match his ability and intent to get "back in the black".

Verbatims



I was trying to deal with my mental health issues at the time and I had to quit my job due it being a toxic environment. I didn't have any savings and due to quitting I was excluded from Centrelink support for the first 8 weeks. My energy bills came in and I could not pay them by the due date. I called the energy company I was with and tried to explain my situation but they would not help. They were happy for me to enter a payment plan however I had to make payments straight away. I explained that was not possible and I could start making payment in about a month. They would not allow that and I was not able to enter a payment plan which meant my bill became overdue and eventually my power was cut off." Male, Single Income No Kids / Dual Income No Kids, Metro NSW



I entered into a fortnightly payment arrangement after I fell behind with my account due to having undergone surgery for a hip replacement. It wasn't long before the bills started to get on top of us as we had little to no income for sometime. I was concerned that my services would be disconnected and called my supplier in the hope of receiving an extension on my bills. I called the company and spoke to a lady who suggested I may like to go on to Bill Smoothing Payments which were fortnightly payments. The payment amounts were affordable and allowed me to pay me arrears over time and also cover the costs of upcoming bills." Female, Empty Nester, Regional NSW



I survive on a disability support pension. I manage to just cover my expenses, with nothing left over. I am very grateful that this allows for a degree of support with energy expenses, but I still struggle when my quarterly bill is more than I expected. If other expenses crop up, and my quarterly bill arrives, I often need to request an extension. I try and write in my diary when the next bill is due so I'm aware of its approach, and I try to put as much as I can aside each fortnight but unfortunately, the reality is that the disability support pension doesn't provide for decent quality of life." Female, Empty Nester, Metro NSW



I understand that they (energy retailers) need to me to make payments but they also need to understand what I am reasonably able to commit. I think they (energy retailers) need to be a bit more flexible." Male, Single Income No Kids / Dual Income No Kids, Metro NSW

5. There is a continuing role for education about time of use tariffs and how to minimise energy bills

WHAT...

- Many consumers do not feel empowered as to how to go about reducing the level of energy usage in their home.
- Consumption behaviour is often only modified once 'bill shock' is experienced.
- Cheaper appliances are often the most energy intensive to run – but all that some can afford.

SO WHAT?

- While information is out there on this issue, it appears many are unaware of it.
- This leads to people feeling powerless in terms of energy consumption.

POSSIBLE ACTIONS...

- It might be time for an 'energy smart' campaign that provides practical tips and guidance on how to reduce consumption and have greater control.
- Steps people can take to reduce energy consumption need to offer actions for those with limited budgets (e.g. actions to reduce heat loss vs. recommendations to install solar or upgrade appliances).



Case Study 5

Female, 47, Regional QLD

Catherine, lives with her husband and four kids and leads an incredibly busy life juggling work commitments, dance recitals, school pick-ups and Zumba classes.

Inevitably, her family consumes a lot of energy thanks to running a pool, a fridge, a chest freezer, a spilt system and several other big appliances that are commonly used by herself, her husband and her kids.

As a result, Catherine's bills tend to be quite high, and while she has typically been able to afford them, the increased cost of living has started to bring her usage into question.

However, despite repeated attempts to limit the number of appliances they use and times of day they use them to cut costs, her bill has remained much the same.

Upon reflection, Catherine wishes she had a better grasp of the things she could do to more effectively lower her consumption, and therefore her bills.

Considering this, she sees potential in educating consumers about the types of appliances, brands and times of day that could (and should) be considered to better manage her household's energy.

Verbatims



I would appreciate if they could clearly explain to me when it would be cheaper for me to use electricity and when it would be more expensive." Female, Single Income No Kids / Dual Income No Kids, Metro ACT



Have a website where you can input how many fridges you use, televisions, computers, dishwasher if you have one, a washing machine and dryer (if you have one), solar, electric hot water." Female, Single Income No Kids / Dual Income No Kids, Metro SA



It'd be great if you could input the time of day you use the washing machine, shower etc. Once imputed you would be shown how much on average your bill would be weekly, not quarterly." Female, Dual Parent, Metro NSW



Apart from turning everything off I don't really know how to go about reducing my energy bill. Perhaps the AER could offer people some handy tips and tricks." Male, Empty Nester, Regional NSW

6. Can risk management approaches help us identify consumers at risk of missed payments and debt?

WHAT...

- Missing bill deadlines is stressful and can drive consumer disengagement, leading to mounting (and in many cases insurmountable) energy debts.

SO WHAT?

- There is potentially scope to better profile 'at risk consumers' and ensure action is taken in a timely manner to address any missed payments and get them back on track.

POSSIBLE ACTIONS...

- A more rigorous credit assessment pre-sign-up may warrant consideration – explore the experiences of other sectors where goods/services supplied on credit (e.g. telcos).
- Tailored protection or assistance for those on lowest incomes to proactively reduce scope for missed payments, increased debts and disconnections.



Case Study 6

Male, 29, Regional NSW

Jacob is unemployed and lives with major depression and anxiety. He is constantly in and out of work and is struggling to make ends meet.

Jacob has a lot going on in his life and often finds it hard to manage his finances which means that he frequently misses payments and incurs late fees.

Interestingly, he chose his most recent energy retailer because they offered a discounted rate. However, after missing a couple of bills, he noticed that the discount was only applied for the first three months.

This meant that he was in a position where he could now no longer afford the cost of his energy bills. He then had to call his retailer to ask for an extension – something that he has had to do several times before in the past.

Reflecting on his experience, Jacob wishes that there was a way for retailers to offer better and more sustainable plans to people who need them from the onset.

Beyond this, Jacob also wishes that there was a way for retailers to let consumers know when they are on track for an inordinately large bill to better manage expectations.

Verbatims



I think they need to be better at identifying and flagging people who are at risk earlier in the process... whether that be through credit checks, account tracking or something similar." Male, Empty Nester, Metro SA



Maybe a system of tracking accounts of late payees and people that are always applying for extensions, reach out to them any offer assistance." Female, Single Income No Kids / Dual Income No Kids, Regional NSW



I have been here before, making money go the distance when you are on a low income is really very hard. You often have to rob Peter to pay Paul." Female, Single Parent, Metro NSW

7. Show retailers the power of being proactive, especially when a payment is missed

WHAT...

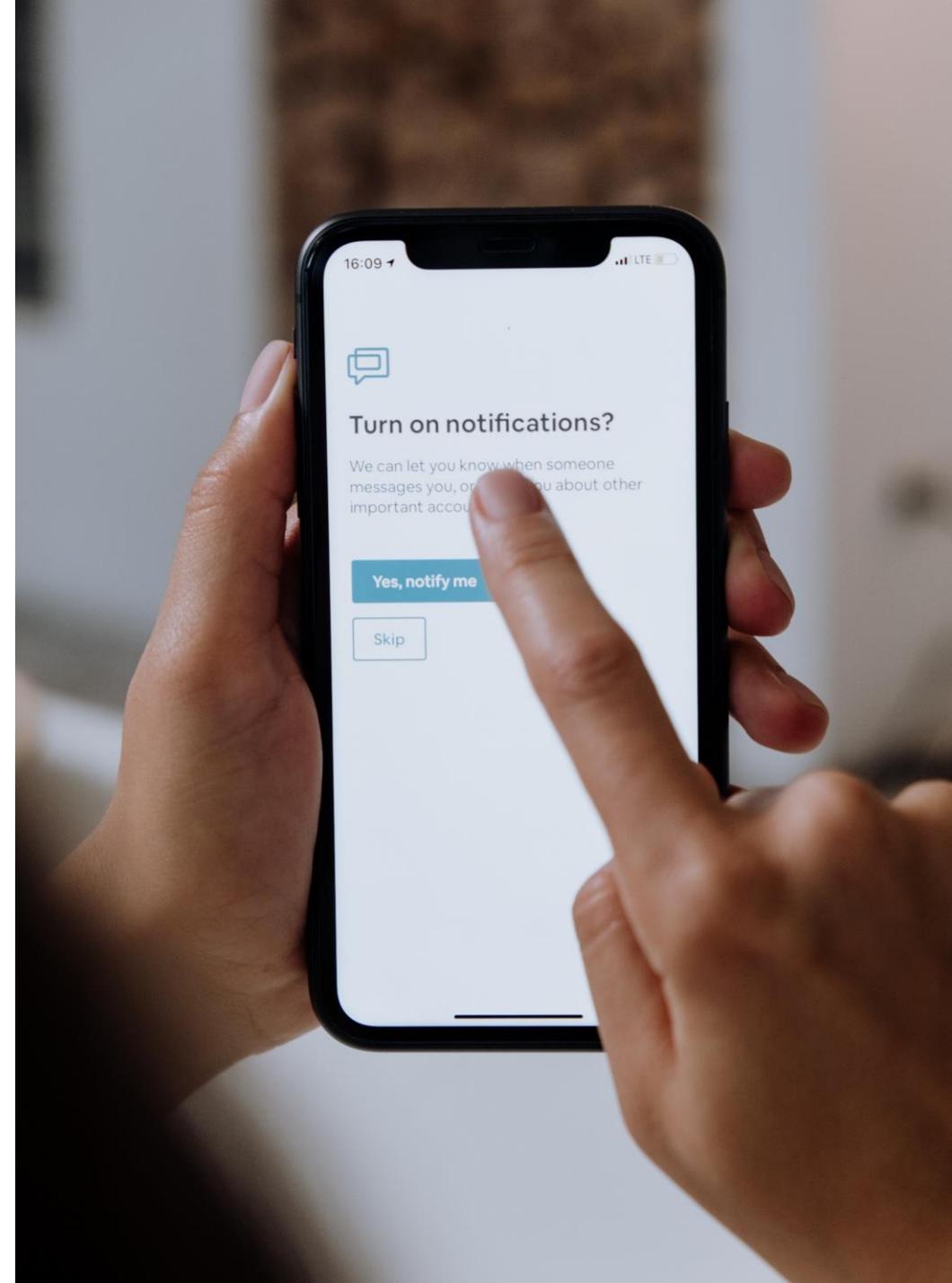
- In most cases, asking for support from a retailer is arduous and makes people feel embarrassed and ashamed.
- Moreover, the focus is often on paying the next bill – rather than identifying and addressing the root cause of the problem.

SO WHAT?

- Proactivity is key to identifying patterns of behaviour, reasons for missing payments and offering tailored supports.

POSSIBLE ACTIONS...

- Opportunity to consider solutions that people can quickly and easily take up (e.g. text, online chat, email etc.).
- Opportunity to think about alternative channels to offer help beyond cash bonuses or credits (e.g. bill reminders, special plans, payment freezes etc.)



Case Study 7

Female, 45, Metro SA

Yasmin lives in a multigenerational home with three kids, two non-English speaking parents and one elderly grandmother who has complex health issues.

Yasmin works two jobs to support her household and from time to time, tries to send whatever spare money she has to her extended family who live overseas.

Yasmin takes the responsibility of looking after family very seriously but after receiving a big quarterly bill she had to prioritise paying for medical bills, food and rent over paying for her home energy.

As time moved on, her energy debt begun to pile up and stress continued to build. Yasmine became increasingly reluctant to confront the situation.

Importantly, she couldn't seem to bring herself to call her energy retailer as she felt like she may have been judged and therefore wasn't confident they would be able to help.

Ideally, Yasmine wishes that retailers are more proactive about offering solutions to people when they have missed their bill and asking why rather than just chasing up the funds and hoping it doesn't happen again next time.

Verbatims



"I would appreciate it more if there was much more communication from them to warn me especially if they have noticed my energy consumption going up, they can inform me before hand rather than me getting a huge shock of a bill at the end of the quarter." Female, Dual Parent, Metro SA



"When people are in financial difficult their ability to problem solve an think clearly diminishes. Showing them that if they just keep paying \$x amount a week will eventually get them ahead may stop them ignoring the situation." Male, Empty Nester, Metro NSW



"I know it wasn't the right thing to do but I just avoided my bills when I got to the point that I couldn't pay them. I went into blinker mode and bunkered down." Female, Single Income No Kids / Dual Income No Kids, Metro QLD



"Be proactive with customers - when different plans are released, let customers know if a new plan may be more suitable." Female, Single Income No Kids / Dual Income No Kids, Metro SA

8. Avoidance is real - so we need to offer solutions and advice that people can lean into

WHAT...

- Many consumers experiencing vulnerability with missed payments and mounting debts are embarrassed and fearful of engaging with retailers to resolve the issue.
- Shame and guilt are two emotions commonly felt among people in this situation.

SO WHAT?

- Outbound contact approaches by retailers – most commonly in the form of overdue/disconnect notices or calls – can drive disengagement among these consumers, further compounding the problem.

POSSIBLE ACTIONS...

- There is a need to reconsider messaging, tone and channel...
 - Stronger focus on help available & normalising missed payments
 - SMS reminders
 - Incognito support line / live chat



Case Study 8

Male, 26, Regional TAS

James is long term unemployed and living day to day. He is currently struggling to pay for food and rent, let alone keep on top of his energy bills.

When the phone rings or when he discovers a bill in the letter box, he does everything he possibly can to avoid it as he simply does not have the time, money or brain capacity to deal with the issue – at least not now.

Despite having heard about hardship programs and payment plans from a friend in a similar situation, James expected the process to enter into such an agreement to be time consuming and difficult – let alone embarrassing.

As time went on, he continued to put it off while his debt accumulated to the point that he received a disconnection notice. It was at this point that he called up to ask for help.

After being put onto a payment plan, James found himself in a similar situation after having again failed to make 'on time' payments due to unforeseen circumstances.

Upon reflection, James wishes that there was an easier and less confronting way to be reminded what consumers need to pay, when they need to pay and what supports / offers / alternatives are available to take up.

Verbatims



It's embarrassing to ask for help especially from a stranger over the phone. I think being able to access help incognito would help people feel more comfortable doing it." Male, Single Income No Kids / Dual Income No Kids, Metro NSW



Maybe have a contact or liaison person that is their personal help and support person without always getting someone different and having to explain everything multiple times." Female, Dual Parent, Metro SA



Let people apply for an extension or payment plan online, rather than over the telephone, as it might make them feel less ashamed or anxious." Female, Dual Parent, Metro NSW



Maybe online or an app with a chat feature... Giving people the option to shift payment dates online without having to call up would be helpful." Female, Single Income No Kids / Dual Income No Kids, Metro NSW

9. Language counts - simple, everyday, approachable tends to be what works best

WHAT...

- Consumers experiencing vulnerability can struggle to navigate retailer webpages, especially when looking for hardship support.

SO WHAT?

- If the language and navigation process is too hard some just find the process too difficult and disengage, leading to mounting unpaid bills and potentially unrecoverable debt for retailers.

POSSIBLE ACTIONS...

- Retailers should use basic and accessible language, including translated material for those with a culturally and linguistically diverse (CALD) background.
- Make sure webpages are user centric and make navigating information easy.
- Encourage those experiencing payment difficulty to contact and discuss payment options.



Case Study 9

Female, 42, Metro QLD

Rosie, a middle-aged schoolteacher, who lives with her husband and new-born child was experiencing financial hardship in the early stages of the pandemic.

After a cursory scan of her energy retailers website to see what support was available, Rosie was a little bit confused as the language used on the website regarding hardship programs was overly complex, jargonistic and gave her the impression that it would be difficult and time consuming.

As a result, she navigated away from the page and did not consider calling the retailer as she was unsure if she would qualify and did not want to risk judgement on her behalf.

However, as time went by, her energy bill debt began to rise. Eventually, it reached a point where she felt it was necessary to give them a call to discuss.

Upon calling, she quickly learnt that she was eligible for a payment plan which allowed her to pay in arrears without any additional fees or penalties. This was set up straight away over the phone and the help was provided in a friendly manner. Moreover, the process was explained in simple terms which gave her a greater sense of confidence moving forward.

Verbatims



I would appreciate if they could speak to me in simple English and not use jargons that I can't understand. Plus, there should always be an option to communicate in language." Female, Empty Nester, Regional QLD



There should be an interpreter available for all languages whenever someone tries to call a retailer so they can better understand the rates in their own language." Female, Dual Parent, Metro SA



I would appreciate if they could speak to me in simple English and not use jargons that I can't understand." Female, Single Income No Kids / Dual Income No Kids, Metro TAS



It's not easy to understand what they say because they use complicated words or jargons." Male, Empty Nester, Regional QLD

10. We need to increase awareness of hardship provisions and payment plan options for those struggling to pay bills

WHAT...

- Awareness of hardship programs, payment plans and the ability to extend bills (when necessary) is extremely low, especially amongst those experiencing financial hardship for the first time.

SO WHAT?

- A lack of awareness and reluctance to ask for help is often causing undue stress and financial strain on consumers experiencing vulnerability, resulting in deeper debt.

POSSIBLE ACTIONS...

- There is an opportunity for an awareness campaign to increase awareness of support pathways and to reduce the stigma associated with asking for help.



Case Study 10

Female, 33, Metro NSW

Donna, who lives with her daughter, has recently come into serious financial hardship for the very first time.

Being a single parent, the rising cost of living as well as a reduction in her hours as a waitress at a local café has put immense financial strain on her family to the point that she does not have the means to pay sizeable energy bills.

Upon receiving a \$600 bill, Donna didn't know what to do or who to turn to. She considered taking out a loan from a friend but ultimately chose to pay with her credit card. She felt anxious and alone and it was only after mustering the courage to talk to her friend about it, that she became aware of energy retailer payment plans.

Upon calling her retailer, she was offered a plan which was a big relief. It felt like a weight was lifted off her shoulders and made the payment process far more manageable while she was able to find her feet.

Upon reflection, she would have appreciated being made aware of payment plans prior to this situation and sees potential in energy retailers proactively checking on the status of their customers and / or referring to payment plans on the bottom of their bills.

Verbatims

“

I think they need a big campaign to raise awareness and change peoples' mindsets about payment plans. Reaching out for help can be a positive experience.” Female, Single Income No Kids / Dual Income No Kids, Metro NSW

“

They need to tell people that payment plans are there for anyone to access. Word it to say that it's not a bad thing to get help in tough situations.” Female, Single Income No Kids / Dual Income No Kids, Metro NSW

“

I wish I knew that payment plans and retailer support was available before things got out of hand... it would have saved a lot of unnecessary anxiety and stress.” Female, Single Parent, Metro NSW

“

Due to the last 2 yrs with the pandemic, fires and floods, what would be good is a fresh campaign for those that normally would not need this assistance but have found themselves in new territory.” Female, Dual Parent, Metro NSW

11. Payment plans need to be realistic and achievable for those who are suffering hardship

WHAT...

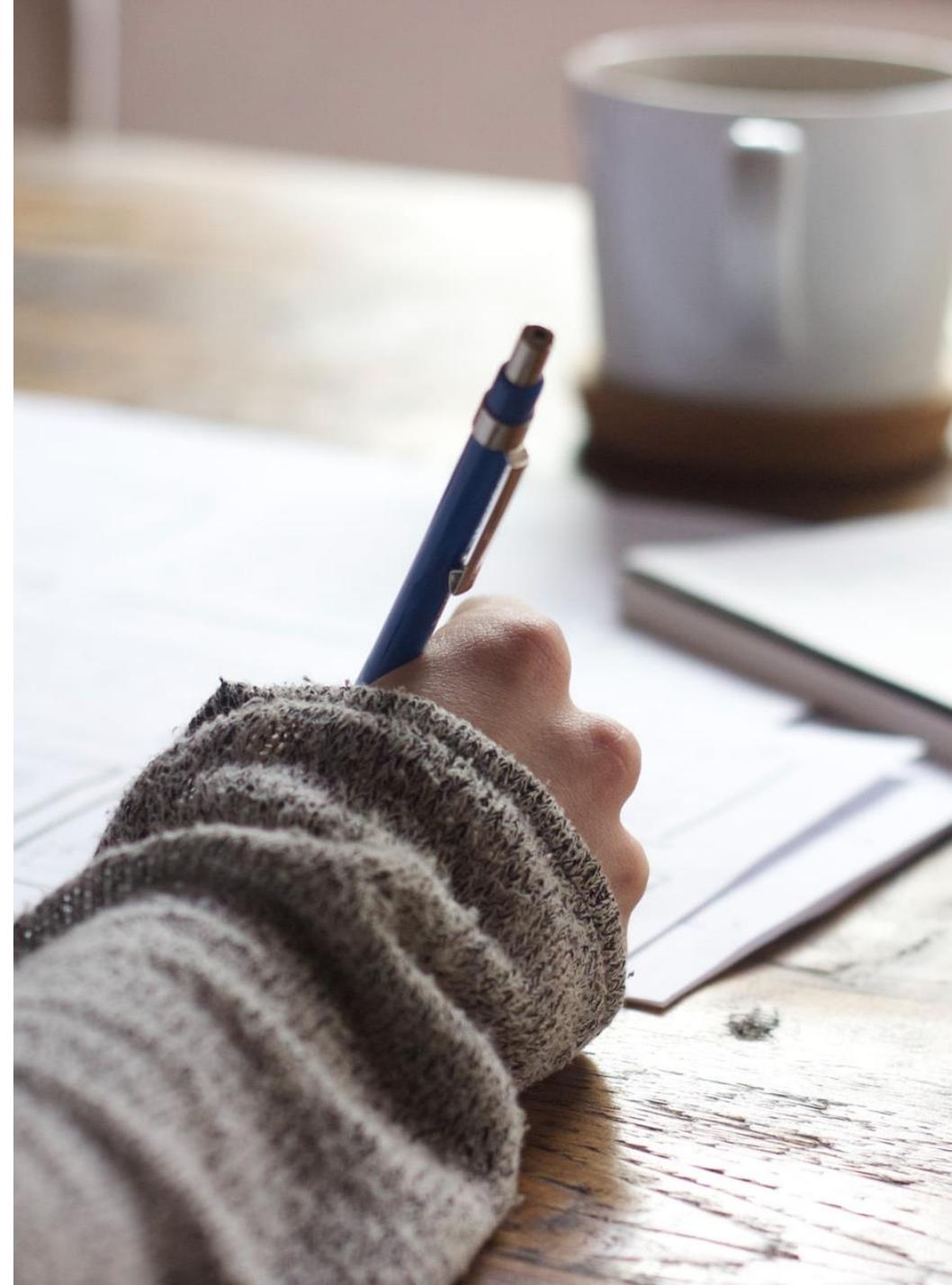
- We heard many stories of consumers experiencing vulnerability being offered payment plans that were simply not possible given their very limited and fixed income.

SO WHAT?

- This leaves people feeling deflated & beaten, with a real fear of energy disconnection.
- Lack of capacity to deliver a more tailored payment program based on needs and income likely drives further disengagement & non-collectibles.

POSSIBLE ACTIONS...

- Explore greater options for tailoring plans, either with lower rate, more time, or both
- Need to prevent further debt accumulation while existing debt is repaid, such as offering discounted hardship rate
- Offer incentives to maintain engagement (e.g. pay half, wipe half arrangements).



Case Study 11

Female, 38, Metro QLD

Jane, a mother of two, has experienced several energy disconnections. Jane is a survivor of family violence and her financial problems stem from that experience.

After years of financial and physical abuse, Jane separated from her husband and took on part time work. However, a short time later, Jane ran into poor health which resulted in the need for her to have major surgery and has not been able to work since.

As a result, her debts begun to pile up and she experienced several disconnections from her utilities. Sometimes the disconnections would last a couple of days, other times they would last for weeks.

Jane has tried several times to negotiate a payment plan with her energy retailer, but simply can not commit to the terms in which they are able to offer her.

She feels ashamed that she is not able to provide for her children and claims that the experience has taken a significant toll on her mental health.

Moving forward, she is hopeful for change in that energy retailers can set up their game and offer more sustainable and realistic solutions to those who need it the most.

Verbatims



There are discounts for retired people, why can't there be discounts for those on lower incomes or who have health issues? It just doesn't make any sense." Female, Single Income No Kids / Dual Income No Kids, Metro NSW



Maybe offer different and more tailored payment plans. Instead of quarterly, maybe monthly? And perhaps waive late fees as that just puts people off and back where they started from." Male, Single Income No Kids / Dual Income No Kids, Metro NSW



They need better payment options, like lower repayments till you are back on your feet. I knew the risks of disconnection but my hands were tied. A little bit of understanding would go a long way." Female, Dual Parent, Metro SA



People at risk should be given automatic extensions, and the amounts should be carried forward to the next bill." Female, Dual Parent, Regional SA

12. Those 'in the know' claim to love the ombudsman but unfortunately very few know it even exists

WHAT...

- The role of the ombudsman is to protect consumers given the often-significant information and power imbalance between retailers and consumers.
- Awareness of this role and the support offered is low.

SO WHAT?

- Consumers experiencing vulnerability are not being afforded the protections that the ombudsman can provide.

POSSIBLE ACTIONS...

- There is significant scope to raise the profile of the ombudsman and ensure vulnerable people are encouraged to seek this support as needed.



Case Study 12

Male, 29, Metro NSW

After falling ill, losing his job and not being able to keep up with his energy bills, Randiv became overwhelmed. He was so stressed and ashamed that he couldn't even imagine having to talk to his energy provider to ask for help.

He managed to go online and find a live web chat option through the energy retailer's website, but the lack of empathy in response made it seem as though the person on the other end was either a robot or just following a script. In addition, the chat kept disconnecting due to his poor internet connection to the point that he eventually gave up.

In the following week, he was stressed and couldn't sleep but one day, after talking to a friend, he discovered the Anglicare financial assistance team who took over and helped set up a payment plan on his behalf.

Some time later, after the payment plan had been honoured in full, Randiv noticed that his provider forgot to cancel the payments and was sending him disconnection notices even though his account was in credit and no bill was due.

He didn't know what to do as his provider didn't believe him and kept telling him that payment was due. He got back in contact with Anglicare who referred him to the ombudsman who escalated the issue and solved the problem.

Verbatims

“

The ombudsman was the only person who was able to help address the problem. I wish I knew about them earlier, it would have saved a lot of time and stress.” Female, Single Income No Kids / Dual Income No Kids, Metro SA

“

I actually don't think many people know that the ombudsman even exists. I understand that it should only be used for serious matters but I think its something everyone should know about.” Male, Single Income No Kids / Dual Income No Kids, Metro NSW

“

I felt worthless because there was an issue with my bill but my provider wouldn't listen. The ombudsman was the only person who could fix the problem.” Female, Dual Parent, Metro NSW

“

“Someone opened an account in my name without my knowledge. They didn't pay the bill and I had it go against my credit file. I had no idea about any of this until I tried to get a loan to buy a car and was denied. Then I got my credit report and saw it was on there. I contacted the energy provider to find out what was going on and they treated me like I was lying. I provided evidence that I was living in a different state to where the account was created but they didn't care. It took me 12 months to clear my credit record with the ombudsman.” Female, Single Parent, Metro QLD



Overarching Themes & Recommendations

To finish, we have distilled our findings down to four key themes and areas of opportunity.

Upon review of all participant feedback, four key themes emerged...



THE RETAIL ENERGY MARKET IS COMPLEX – WE NEED TO PROMOTE SIMPLICITY AND TRANSPARENCY

Participants told us the sheer number of energy retailers and offers can leave them feeling overwhelmed and confused.

The lack of differentiation in brands often results in consumers choosing on the basis of price.

The prevalence of highly complex packages, sign-on bonuses and discounts has the potential to mislead consumers and put those who are most vulnerable at risk.

As a result, there is a clear need for transparency regarding the T&C's of energy plans as well as a need for tools and resources to help inform value for money judgements about them.



RETAILER PROACTIVITY IS KEY – WE NEED TO IDENTIFY AND ASSESS NON-PAYMENT/DEBT RISK EARLY IN THE PROCESS

Retailers are placing the onus on their customers to seek out the provision of hardship programs, payment plans, and extensions instead of proactively looking to identify, address and solve issues as they occur.

Outbound contact approaches by retailers – most commonly in the form of overdue/disconnect notices or calls – often drive disengagement among consumers, further compounding the problem.

Considering this, there is a need for retailers to do a better job of reducing the stigma by proactively assessing, identifying and supporting consumers who may be 'at risk' or 'in need'.



AVOIDANCE IS REAL – WE NEED TO OFFER SOLUTIONS AND ADVICE THAT PEOPLE CAN LEAN INTO

Very few are aware of hardship provisions and payment plans – especially when experiencing financial hardship for the very first time.

Even for those who are aware, the idea of picking up the phone to ask for help is incredibly daunting. In addition, it can bring about feelings of embarrassment and shame.

It is for this reason that consumers with missed payments and mounting bills tend to be fearful of engaging with retailers to resolve their issues.

This reinforces the need to consider messaging, tone and channels of communications to ensure that we provide solutions that people can lean into.



SOME WANT TO, BUT CAN'T PAY – PAYMENT PLANS NEED TO BE REALISTIC AND ACHIEVABLE

Some are offered payment plans that are simply not possible given their very limited and fixed income.

This often leaves them feeling helpless and defeated, often with a real fear of energy disconnection.

Payment plans need to be realistic and achievable for those suffering hardship – potentially by tailoring them to consumers specific needs and income.

It also suggests there is potential in establishing a helpline and / or list of resources (e.g. financial counsellors, specialist support teams etc.) that retailers could direct consumers towards in times of need.

Moving forward, consider the following opportunities...

Educate:

Raise awareness of hardship programs and payment plans and destigmatise help seeking.

Support:

Emphasise honesty, empathy and proactivity in order to establish a fair go for consumers.

Encourage:

Develop solutions that are tailored and enable consumers to lean into support.

Guide:

Offer guidance on how to manage usage, choose retailers / plans and reduce bills.



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Appendix

A note on duty of care protocols and risk mitigation procedures...

We are always mindful of our approach to conducting research on topics that are sensitive or high-risk in nature, and our risk mitigation procedures were based in principle on other projects with higher-risk audiences. As such, our risk mitigation procedures for this project included, but was not limited to:

- **Informed consent.** Crucial to our recruitment process was informed consent. Participants were provided with details of the project, so they could make an informed decision as to their choice to participate. Participants who have indicated they were currently experiencing intense mental health challenges or who felt that participation may have caused them distress were asked to consider if it was right for them at the time to participate.
- **Experienced moderators and constant monitoring.** The research team all had experience conducting research on sensitive topics and with higher-risk audiences and were adept at picking up on signs of participant distress. Further, there was constant monitoring throughout the fieldwork period, allowing for the team to quickly identify any issues that require follow up or participants who may need to be contacted individually to provide tailored help-seeking information.
- **Availability of help seeking information.** Participants were provided with direct contact information on available support services in all communications and across all touchpoints of the project.
- **Anonymity.** Clear protocols were put in place to ensure anonymity of all participants, and confidentiality was stressed throughout each stage of the process.
- **Ring fenced conversations.** Participants were divided into five (5) separate discussion streams* based on their responses to the recruitment screener. This meant that participants could only see responses from, and anonymously interact with, people who shared the same lived experience as themselves. The rationale behind this was to ensure that participants felt comfortable sharing their stories

*The five (5) discussion streams included: Stream 1 (Renters, CALD, Regional), Stream 2 (Individuals with a chronic mental health condition), Stream 3 (Parents with chronic illness), Stream 4 (Family violence victim / survivors) and Stream 5 (Individuals who are long term unemployed)

