public interest
ADVOCACY CENTRE

PIAC recommendations based on *Close to the Edge* findings

1. **Improve the proactive, early identification of consumers at risk of disconnection.**
   The research indicates there is a progression or loop for people dealing with bill affordability, moving through the 3 categories in the research (worried, notified and disconnected) which suggests there are opportunities for retailers to identify people before they get into unmanageable debt or are disconnected. These people should be offered tailored assistance through a hardship program to avoid long term debt.

   Currently subjective measures are used to determine eligibility for hardship programs which results in inconsistent entry. This could be addressed by automatically notifying some consumers that hardship assistance is available when they have:

   a. a certain dollar debt amount. A debt of more than $55 in accumulated arrears would align with the Victorian Payment Difficulty Framework (to be implemented from 1 January 2019)
   b. paid late or missed on-time discounts on two consecutive bills
   c. requested a payment extension on two consecutive bills
   d. applied the maximum Energy Accounts Payment Assistance (EAPA) vouchers to their account
   e. been issued with a notice of disconnection
   f. significantly high usage or at least one significantly larger than average bill when they have a known history of payment difficulty.

2. **Remove barriers to achieving effective assistance.**
   The research shows many consumers were unaware of assistance options including EAPA, rebates, Centrepay, the appliance replacement offer, financial counselling, bill smoothing, monthly billing, Energy and Water Ombudsman NSW, options to reduce energy/water usage to keep future bills down and how to get on to a better energy deal. The research also showed embarrassment for consumers is a barrier to assistance.

   These issues could be improved by:

   a. retailers being required to advise consumers of the above options in written and verbal communications
   b. retailers making available, and publicising the availability of, bill smoothing and monthly billing
   c. the availability of a third party to assist consumers including linking them to other services
   d. a number of contact options available to consumers experiencing payment difficulties. Some consumers don't want to, or can't, speak to anyone about their payment options so electronic communication options are appropriate. Other consumers are comfortable when interacting with a person
   e. increasing energy and water efficiency program funding to help keep bills down
   f. apps for people who would like to monitor their usage
   g. a fair energy offer that all consumers default to when no other explicit choice of offer is made, as well as more proactive

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assistance, particularly to rebate, hardship and payment plan consumers, with switching to better energy offers for those who would like to switch.

3. **Reducing recourse to disconnection.**
   Disconnection does not address the factors which contributed to the disconnection and does not stop it happening again. It usually only exacerbates peoples' experience of hardship. Minimising recourse to disconnection could include:
   a. keeping consumers who make a reasonable attempt to make a payment towards their outstanding debt connected
   b. removing the ability for disconnection and reconnection fees to be passed on to individual consumers. These fees compound the affordability problem for vulnerable consumers
   c. ensuring retailers are only using disconnection as a last resort. One way to achieve this is that retailers could be required to seek third party confirmation that disconnection is warranted
   d. no disconnection of households with children under 16 years.

4. **A ban on pay on time discounts that exceed the value of the actual cost to retailers of late payment.**
   These discounts compound the problem of bill affordability for households experiencing payment difficulties by acting as a bloated late payment fee.