



RESEARCH:

Payment harms in the energy and telecommunications sectors

Background

The Public Interest Advocacy Centre ([PIAC](http://www.piac.asn.au)) partnered with the Australian Communications Consumer Action Network ([ACCAN](http://www.accan.org.au)) to research consumer payment harms in energy (gas and electricity) and telecommunications (phone and internet). The research examined whether people experiencing disadvantage pay more to receive essential services because of the way they pay.

Some aspects of the billing landscape in the energy and telco sectors can cause significant consumer detriment. These include: Direct Debit, bundling¹, Buy Now Pay Later (BNPL), small loans, payment advances, month to month products and credit cards. Anecdotally, we understood from discussions with financial counsellors, that those on fixed and low incomes, in precarious employment, younger Australians and seniors were most at risk.

The true cost and impact of these payment arrangements is under-recognised with the arrangements shifting risks of essential service payment difficulty to the consumer, instead of it being shared with the retailer. The sharing of risk between consumers and retailers is a fundamental protection built into regulations for essential services.

As consumer advocates, we are aware of consistent evidence that people go without the essential services they need to support their health and wellbeing in order to afford their energy and telecommunications bills. We also know people cut back on other essentials such as food and medicine in order to afford energy and telecommunications bills. This research sought to explore the extent of these practices in order to inform more effective consumer protection and assistance in essential services.

Aim

This research aimed to understand how people manage their energy and telecommunications bills, how the nature of their bills and the way they pay interacts, and any impacts or harms they experience as a result.

¹ This research explored bundling of energy and telco services together, but also telco-only bundling, and energy-only bundling.

Methodology

The first stage of the research was an Ipsos omnibus online survey ('Ipsos survey') of 1,000 nationally representative adults. This explored how those adults pay for energy and telecommunications, the reasons for their choices and whether they have experienced any problems or noticeable impacts as a result. This stage included cohort analysis to see whether certain groups in the community experience more harms than others. Groups experiencing particular harm were found to be: First Nations people, seniors on low incomes (e.g., pensioners), people from culturally and linguistically diverse (CALD) backgrounds, people living with a disability, 18–29 year olds; people in precarious employment (i.e. casuals). This survey was undertaken in January 2022.

From there, Action Market Research (AMR) was engaged to undertake:

- Desktop research into available energy and telecommunications offers.
- Interviews with 10 service providers - frontline workers such as financial counsellors who help people experiencing payment difficulties.
 - Interviews were conducted over the telephone and/or videoconference.
 - Participants received a \$50 incentive payment/charity contribution as a thank you for their time.
 - Interviews were conducted between April and June 2022.
 - Interviews were between 30 and 40 minutes long.
- Interviews with 30 consumers from the cohorts identified in the omnibus survey as more adversely affected by payment harms, and who indicated they experience payment issues.
 - Interviews were conducted over the telephone and/or videoconference.
 - Participants received a \$40 incentive payment as a thank you for their time.
 - Interviews were conducted between April and May 2022.
 - Interviews were between 15 and 20 minutes long.
- A questionnaire of 1,026 consumers ('AMR survey') who were 18 years or older, living in Australia, responsible for either their telco (phone/internet) or energy (electricity/gas) bills, and have a household income of \$50,000 or less, or, if their income was higher, reported some difficulty affording their household bills.
 - The questionnaire was conducted online.
 - 978 respondents indicated they were responsible for their energy bills whilst 1,022 were responsible for their telecommunications bill.

RESEARCH: Payment harms in the energy and telecommunications sectors

- The questionnaire included a core set of questions asked of all respondents as well as specific questions related to energy and telecommunications. Due to the length of the questionnaire, it was determined that a respondent would receive either the energy or the telecommunications questions, not both. Quotas were applied to this section with a higher weighting placed on NSW respondents receiving the energy questions to satisfy PIAC's request for a NSW emphasis.
- Minimum targets were set for key demographic groups as identified in the omnibus survey to ensure a statistically valid sample for analysis of these groups.
- The survey was completed between 2 and 8 August 2022.
- The average questionnaire length was 26 minutes.
- Some of the figures may not add up to 100% due to rounding.

More details

More details about the methodology and results of this research can be requested by contacting [PIAC](#) or [ACCAN](#):

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