Powerless:

Background and methodology

June 2024

About the Public Interest Advocacy Centre

The Public Interest Advocacy Centre (PIAC) is leading social justice law and policy centre. Established in 1982, we are an independent, non-profit organisation that works with people and communities who are marginalised and facing disadvantage.

PIAC builds a fairer, stronger society by helping to change laws, policies and practices that cause injustice and inequality. Our work combines:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change and public interest outcomes.

Energy and Water Consumers' Advocacy Program

The Energy and Water Consumers' Advocacy Program works for better regulatory and policy outcomes so people's needs are met by clean, resilient and efficient energy and water systems. We ensure consumer protections and assistance limit disadvantage, and people can make meaningful choices in effective markets without experiencing detriment if they cannot participate. PIAC receives input from a community-based reference group whose members include:

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

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Background on debt and disconnection

Energy and water businesses have the ability to use the threat of disconnection[1] as a tool for managing the debt and arrears of their customers. There are specific rules regarding when and how this threat can be carried out,[2] but the process always involves stress, anxiety and cost for the households involved. Disconnection threats as a tool to manage debt and arrears rely on the assumption people can pay and require an extra 'incentive' to contact their service provider and arrange payment. The Public Interest Advocacy Centre (PIAC) does not agree with this assumption and advocates strongly for more effective and fairer ways to manage debt and payment difficulty and support households struggling to pay.

PIAC's debt and disconnection research is intended to:

- improve understanding of the causes, process and experience of payment difficulty in energy (electricity and gas) and water;
- explore how payment difficulty leads to debt accumulation and disconnection/restriction;
- explore how payment difficulty can be masked from retailers;
- understand the experience for affected households and the impact on them; and
- discuss and assess more effective alternatives to disconnecting households from an essential service.

Throughout 2023 PIAC undertook the latest iteration of this ongoing research, which has been undertaken four times before, with reports published in 2005, 2009, 2013 and 2018.[3] This iteration of the research takes some different approaches to structure and methodology, including covering a 2 year rather than 12 month period, which are discussed in detail in later sections of this document.

In 2018 the methodology was expanded to include not just people who have experienced a disconnection, but also people who avoided disconnection after receiving a disconnection notification, and people who were seriously worried about being disconnected and making sacrifices to ensure that their bills were paid. The 2023 project further expands this scope to examine the experience and impact of debt as well as an examination of a program where disconnection notifications are hand delivered to households.

The relationship between debt and disconnection

Energy and water debt have been increasing into the post-COVID-19 period. This debt has a real impact on people who can feel that they can never 'get their head above water'. General levels of increased energy debt (as evidenced through reporting by the Australian Energy Regulator – AER) could indicate increasingly widespread issues with energy affordability. Retailers and regulators have asserted the potential for a causal link between this increased debt and a lower

1 For brevity, this report and other reports in this series use the term 'disconnection' to refer to both 'disconnection or de-energisation' and 'restriction', unless referring to water restrictions specifically.

2 These are much less prescribed in water than they are in energy.

3 The research in 2005 was called 'Cut Off', the 2009 research was called 'Cut Off II', the 2013 research was called 'Cut Off III'. To reflect the expanded scope, the 2018 research was called 'Close to the Edge'. Considering the change in scope and methodology for this iteration of the research, a new name was given again.

level of disconnection activity emerging out of the COVID-19 period. Our research seeks to assess this assertion and consider alternative explanations, as well as other means of more effectively dealing with the build-up of debt.

Factors which may obscure debt and payment difficulty

Payment difficulty can be hidden from retailers and regulators. Households often go without the energy they need for their and their family's health, wellbeing and inclusion, as a strategy to manage energy bills. Some households also go without other essentials such as food and medicines. People also turn to loans from friends and family, crowdsourcing and increasingly utilising a range of credit products which at best delay the problem but at worse compound it. Our research builds on previous projects, including our research into the impact of different payment methods on payment difficulty, to examine the potential for hidden payment difficulty, what implications this has for disconnection practices, and what other measures may be more effective.

The experience and impact of disconnection

Previous research has focussed heavily on the impact of disconnection itself, particularly in cost to households. While still part of this project, the focus has been wider, looking at the impact on people of the anxiety accompanying the threat of disconnection, the impact of debt and 'going without' and as the impact and aftermath of actual disconnection itself. We ask questions regarding the roles of retailers, governments and regulators in the management of payment difficulty and consumer protection and consider the effectiveness of potential alternatives.

PIAC's established view is that threats of disconnection are not an effective mechanism to initiate consumer assistance or manage debt and arrears. Disconnection threats may elicit a response, but they compound issues for households. They add stress, additional expense and often further complications - including driving people to different retailers - to an already difficult situation. At best they create or perpetuate poor relationships between households in payment difficulty and their retailer. At worst they undermine the incentive for retailers to more effectively support households in payment difficulty and may be actively making the wider issue of debt and affordability in the community worse.

Our research seeks to examine peoples' experiences and the impact those experiences have on people as a way to understand affordability issues in energy and water and to derive recommendations for retailers, governments and regulators, centred on more effectively supporting households to sustainably access the essential energy and water services that they need.

Broader social and economic context of the research

Energy and water bills can be best understood as an integral component in the cost of housing, alongside rents and mortgage payments. Evidence shows that energy and water bills are usually prioritised over other expenses[4] and tend to be shuffled with rent and mortgage expenses depending on urgency.

4 For example, as part of PIAC's Paying to Pay research, of all the bill types they receive, people were asked to rank these bills in order of priority. Rent/mortgage payments are seen as the most important (49% ranked this number one) followed by electricity (20%), with gas at eighth most important (2%) (noting that not all

Ongoing cost of living crisis

This research has been conducted within the context of significant increased cost of living issues with high inflation across the cost of all products and services, rapid interest rate rises, high rents and low wage growth. Across the community people are being squeezed from every direction, with larger numbers under more extreme financial stress. Disrupted global supply chains, soaring energy prices, ongoing recovery from COVID-19 and the impacts of significant flooding and fires cannot be understated or separated from the context in which the 2023 disconnection and debt research occurred.

As the squeeze on households continues, people's ability to cope is eroded and savings or financial buffers are eliminated. Unsurprisingly, this research provides evidence that payment difficulties for essentials is increasingly being experienced by a wider range of middle-income households, leaving households on low incomes experiencing even more severe and consistent impacts.

Interaction between payment methods and debt

This general environment of financial stress coincides with the rapid rise and widespread availability and popularity of payment advance, Buy Now Pay Later (BNPL) and other unregulated or lightly regulated credit products. These products have rapidly changed people's payment behaviours, providing an additional (if unsustainable) means of short-term payment to avoid energy (and other) debt. The 'usual' pattern of debt accumulation and disconnection is likely to have changed, potentially delaying instances of debt build up and disconnection seen by energy/water providers.[5] Where the general debt is increasing, this may suggest a much more substantial and widespread problem than is apparent.

Energy affordability

Energy bills are an enduring source of financial pressure for lower income households regardless of the level of energy prices. These households tend to spend a much higher proportion of their income on electricity. The 'lumpy', uneven nature of electricity bills (i.e. bills are often higher in summer and winter) and the size of a quarterly bill relative to income or savings can be hard for lower income households to manage. This means lower income households are often perpetually on or close to the edge, where a single energy bill is enough to tip the balance. Increasingly this is also true for a larger cohort of households with higher incomes.

Bills rising faster than income

Energy bill amounts have increased faster than wages since 2005[6] and are on a consistent trend to becoming structurally less affordable for many households. From June 2022 to June 2023 this accelerated with the biggest rise in energy bills since 2012-13.[7] It was this rapid jump which led to the Commonwealth and NSW Governments provided additional rebate payments for eligible

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households are connected to gas). When viewing these results by top three bills ranked, electricity becomes the most important bill with 68% of all respondents ranking this within their top three bills to pay off as a priority. Gas is seventh with 21% ranking it as a priority bill.

5 For further information, see PIAC's report *Paying to pay: Using credit products to afford energy*.

6 Australian Energy Regulator (AER), *State of The Energy Market 2023*, 234.

7 Ibid.

households in 2023. In 2024, an additional $300 was announced by the Commonwealth Government for all households. While welcome, these payments are limited in impact and are unlikely to address the substantial and ongoing issues of energy affordability being faced, particularly by low income households.

Multiple factors impacting energy affordability for lower income households

Lower income households pay a greater portion of their income on energy because their income is lower, their energy use is often higher, they have less scope to healthily manage their use, and less access to energy saving technologies. Overall, residential electricity use may be decreasing, as a result of improvements to housing and appliance efficiency and Consumer Energy Resources (CER) such as rooftop solar and batteries. But due to income, tenure and other limitations, a significant number of more disadvantaged households can't healthily reduce their energy use (though they may already be under-consuming compared to what they need). The AER themselves note that although residential electricity use has been declining, 'electricity use among other households has likely remained relatively consistent over time, and these customers are likely spending more on electricity compared with 10 years ago.'[8]

Issues facing renters

Given the current high cost of housing, households in private rental need not be on low incomes to be facing serious energy affordability issues. Regardless of their income they still have very limited options to healthily manage or reduce their energy costs, electrify or improve efficiency, leaving them locked into higher energy bills and putting them at greater risk of payment difficulty.

Ongoing impacts on affordability

It is increasingly apparent that the energy system transition, driven by what is required to meet the challenge of climate change, will involve huge infrastructure investments. The NSW Energy Infrastructure Roadmap, the Integrated System Plan, and other national and jurisdictional investments involve immediate (and ongoing) costs in network investment. These costs, likely to run into the tens of billions of dollars will result in cleaner and cheaper energy in the future. However, in the meantime, they will add hundreds of dollars to bills. This impact will be felt for decades.

This is part of the picture which has likely lead to the AER anticipating that energy affordability will continue to be a problem into the foreseeable future.[9] [10]

Rates of disconnection

Energy

While each energy retailer has its own culture and systems to deal with debt management and non-payment, they must all abide by the rules governing disconnection processes (summarised in Box 1).

During COVID-19 lockdowns across 2020 and 2021 the AER implemented a *Statement of Expectations* (SoE) which prevented, and then significantly reduced, disconnections for non-

8 Ibid 232.
9 Ibid 18.
10 Ibid 234.

payment. Most retailers have been slow to resume their previous disconnection practices and whilst numbers are increasing, they remain relatively low compared to the consistent historical standard. Specifically:

- In 2018-19: 32,237 NSW households were disconnected from electricity for non-payment which was approximately 1% of all residential consumers.
- In 2022-23: 13, 211 NSW households were disconnected from electricity for non-payment which was 0.39% of all residential consumers.[11]

Fewer NSW households have reticulated gas than electricity (there are 3,396,468 NSW households who receive electricity from a retailer but only 1,498,950 who have a gas retailer[12]). Most commonly NSW households with reticulated gas have a combination of one or all of:

- Gas water heating,
- Gas cooktops, and less commonly,
- Gas space heating.

As a result, gas bill amounts vary quite widely though are historically smaller than electricity bills. This is rapidly changing as the average price of gas rises. The impact of gas disconnection varies with the nature of the household appliances and historically gas retailers have resorted less to disconnections as a debt management tool, likely due to the more complicated process required to undertake gas disconnection. Notably gas disconnections only dropped slightly during COVID-19 years and have now returned to be higher than pre-COVID-19 levels. Specifically:

- In 2018-19: 3,893 NSW households were disconnected from gas for non-payment, representing 0.28% of all gas consumers.
- In 2022-23: 4,689 NSW households were disconnected from gas for non-payment, representing 0.31% of all gas consumers.[13]

It is important to note that these figures for both electricity and gas do not capture all households in NSW. Estimates suggest at least 95,000 households in NSW are in embedded electricity networks and about 64,000 are (likely also) in embedded gas networks,[14] with many of these not captured in the AER's data on debt and disconnection. Given the nature of many embedded networks in NSW (including the many thousands of residents in long-term caravan accommodation) the incidence and impact of disconnection is likely to be higher and should be an area of particular consideration.

Water

NSW households can't be disconnected from their water service for non-payment (in recognition of the public health consequences of doing so) but can have their water service 'restricted' by their retailer. Each water provider has its own culture and systems regarding how they deal with non-payment and there are no consistent rules which apply to all households across NSW, and no monitoring and oversight of restriction practices and incidence. Some water providers such as

11 AER, *Schedule 3 Q2 2023-24 Retail Performance Data*.
12 AER, *Schedule 2 Q2 2023-24 Retail Performance Data*.
13 AER (n 9).
14 Committee on Law and Safety, NSW Legislative Council, *Embedded Networks in NSW*, 12.

Sydney Water and Hunter Water did not restrict services during COVID-19 (though there was no explicit prohibition requiring them to) and have been slow to resume restrictions.

Due to the lack of consistent regulation and reporting of payment assistance and debt management in NSW water services, it is difficult to determine rates of residential restrictions. Figures for restrictions which supplied by providers are only provided across all customers – residential and business. For example Sydney Water (NSW's largest water provider):

- In 2018-19: 8,145 customers were restricted from their water service. There were 5,298,000 customers (1,892,000 of these customers were residential), which means 0.15% of the total customers were restricted.
- 2022-23 figures (the latest figures available) indicate that Sydney Water did not restrict any customers during that period.[15]

There are no consistent figures for most NSW residents outside of the Sydney and Hunter water service areas.

NSW tenants are only legally required to pay for usage charges (the owner of the property must pay for the service charges) where the property has demonstrated it meets minimum water efficiency requirements. While there are serious discrepancies between these legal requirements and the general lived experience of NSW tenants, in theory it should mean that NSW rental households have lower water bills, and as such less likely to experience payment difficulty.

Box 1: Rules around disconnection and restriction

Disconnection and restriction for non-payment are intended to be 'last resorts' measures.

Energy

Households are protected through the National Energy Customer Framework and can't be disconnected for non-payment if:

- The retailer has not adhered to a specified series of attempts to communicate with the account holder;
- The household is on the life support register;
- The account holder has made a complaint that has not yet been resolved;
- The retailer is aware that the household is seeking assistance through a government funded energy assistance program;
- The debt is less than $300;
- The consumer is in a hardship program or on a payment plan they are adhering to;
- There is extreme weather; or
- The debt is less than $300;
- If family violence has been disclosed to the retailer, additional consideration must be given before a disconnection can take place (implemented in 2023 through a family violence rule change).[16]

NSW households are also protected from disconnection through the Social Programs for Energy Code, preventing households seeking assistance through an Energy Accounts Payment Assistance application from being disconnected.

Water

[15] Australian Bureau of Meteorology, *Urban National Performance Report: The Complete Dataset 2022-23* (2024).
[16] More details can be found in Rule 111 of the National Energy Retail Rules.

Water providers may restrict (but not disconnect) household water services in response to debt, arrears or non-payment.

There is no uniform approach by water providers across NSW in response to non-payment and no consistent regulatory or reporting framework. Whilst some pricing, restriction and legal actions data is reported in water,[17] debt levels and participation in hardship programs are not.[18] Unlike in energy, no single body examines any indicators of outcomes for NSW water consumers, including responses to payment difficulty.[19]

Larger water providers such as Sydney Water and Hunter Water have well developed and considered (if inconsistent) hardship programs. But there is no visibility or regulation of responses to customer payment difficulty by council run providers in regional NSW. Anecdotally it is understood that some councils aggressively pursue debt, including by recovering the debt at sale of the property.

Recent trends in energy debt accumulation

AER reporting shows a rise in the general level of debt, particularly longer-term debt. Specifically data shows that:

- Average residential energy debt is higher than it was prior to COVID-19;[20]
- Approximately 3% of NSW households who are not in hardship programs had energy debt in 2022-23.[21]
- The number of NSW residential electricity customers on payment plans has increased, with approximately 1.5% of NSW households on payment plans in 2022-23.[22]
- Approximately 50% of payment plans are cancelled.[23]
- Across the National Energy Market (NEM) there has been a 30% increase in the number of households in hardship programs for electricity.[24]
- Approximately 1.5% of NSW households were in hardship programs.[25]
- The numbers of households successfully 'exiting' hardship programs has been gradually decreasing.[26]

17 Pricing and other indicators such as restriction rates and legal actions taken by all water bodies across Australia are reported in the Urban National Performance report, published on the Bureau of Meteorology.
18 However in the latest Review of Sydney Water's Operating Licence by the Independent Pricing and Administrative Tribunal (IPART), IPART has proposed that they start reporting some affordability factors.
19 Conversely, examinations of outcomes for water consumers are undertaken in other jurisdictions, for example, the Essential Services Commission in Victoria publishes an annual Water Performance Report.
20 AER (n 4) 239.
21 AER, Annual retail markets report 2022–23, 65.
22 Ibid 71.
23 Ibid 73.
24 Ibid 76.
25 Ibid 77.
26 Ibid 92.

Box 2: Rules around assistance for payment difficulty in energy

Energy retailers are required to have a hardship policy approved by the AER, which must set out how they identify people in hardship and how they will assist them to manage their energy bills.[27]

Payment plans must be offered to people in hardship programs as well as other people who self-identify or the retailer identifies as experiencing difficulty paying their energy bill.[28] A payment plan for a hardship customer must have regard for the person's capacity to pay,[29] but this requirement does not apply to people on payment plans but not in hardship programs.

Recent trends in disconnections

A number of factors are likely to have influenced the number of disconnections, who is being disconnected, and how those disconnections are impacting people.

Remote disconnections

Subject to having safety management plans in place, energy retailers in NSW can initiate electricity disconnection remotely for households with advanced (smart) metering. It is not clear how many retailers have these processes in place and what impact this may have on the incidence of completed electricity disconnection (and people's experience of it). Evidence in Victoria indicates full implementation of remote disconnection resulted in substantial increases in disconnection completion rates - and repeated disconnections - of households.[30]

Knock to Stay Connected

Two of the three NSW electricity distribution businesses (Essential Energy and Endeavour Energy) have implemented a program of 'Knock to Stay Connected' (K2SC)[31] [32]. This process inserts a stage in advance of the usual disconnection process, with the intent of avoiding the cost of later visits to disconnect and reconnect the household. The network meter readers personally hands the householder a notice of impending disconnection, or leaves the notice at the property. The distribution businesses are also providing assistance information on financial and other supports available[33] based on work done by PIAC and other community organisations.

This visit gives the householder several days to contact their retailer to stop the disconnection and activate retail and other assistance. During pilots of the program both distribution businesses had a significant reduction in the number of disconnection orders which were completed. The intent of providing additional assistance information at this point is to use a key moment of household attention to ensure the household is fully informed to get the best assistance from their retailer, stay connected and access other supports, increasing their capacity to avoid future payment difficulty and disconnection.

27 See Division 6 of the National Energy Retail Law for more information.
28 See Division 7 of the National Energy Retail Law for more information.
29 See Rule 72 of the National Energy Retail Rules for more information.
30 St Vincent de Paul Society (2016) *Households in the dark: Mapping electricity disconnections in South Australia, Victoria, New South Wales and South East Queensland*, 4.
31 The Energy Charter https://www.theenergycharter.com.au/knock-to-stay-connected/
32 This is relevant for households with network-managed metering, constituting approximately 80% of people
33 The Energy Charter https://www.theenergycharter.com.au/wp-content/uploads/2023/10/Knock-to-Stay-Connected-Leave-Behind-TEMPLATE-NSW.pdf

Ausgrid, sought to undertake a pilot in partnership with Energy Australia but has not yet rolled it out. The main NSW gas distribution business, Jemena, was later in initiating K2SC, but is now implementing it as business as usual.

Increased compliance and enforcement
The AER has increased its compliance and enforcement work in recent years, including fining retailers for wrongful disconnections, though establishing 'wrongful disconnection' under the AER's regulatory framework is difficult, and this project could provide greater insight into how a more effective (and enforceable) framework could operate.

Project Scope

Similar to the previous study in 2018, PIAC's Disconnection and Debt research in 2023 has extended beyond disconnection to look at the wider circumstances leading up to and arising from energy and water related debt and issues with energy and water affordability generally.

Retailers (and to some degree, regulators) view disconnection as a necessary tool to 'drive the engagement' that is required to deal with consumer debt. Considering this, the project was aimed at examining the lead-up to debt that may trigger disconnection threats as well as the post-threat/post-disconnection experience of people and the impact on people's level of debt and energy affordability more broadly. The intent is to examine the degree to which arrears may be 'voluntary' (the result of consumers who could otherwise pay simply deciding not to), and whether the threat of disconnection lead to improved circumstances for the household (that is, did the threat help them to get help they otherwise would not have accessed from their retailer).

In 2023, the scope was expanded again to also include whether or not people received a door knock visit, as part of the K2SC initiative, and generally what people thought of this initiative. This research also has a more explicit focus on considering alternatives and other solutions to disconnection and testing perspectives of those alternatives.

Research objectives

PIAC regards energy and water as essential services and is concerned that energy (and to a lesser extent water) affordability and debt is a persistent and growing problem driving vulnerability in the community. We contend these issues are only exacerbated by disconnection and fear of disconnection. Our previous research found that disconnection and fear of disconnection 'make a bad situation worse', increasing cost and stress for households who are already struggling with affordability and other issues (such as physical and mental health; job loss and caring responsibilities etc).

The transition to a zero carbon energy system risks exacerbating these inequities, leaving renters, those on low incomes and others with poor housing more exposed to experiencing payment difficulty, debt and possible disconnection. Accordingly, this research seeks to consider the tenure, housing efficiency and other aspects of households' circumstances to assess what role improvements in these areas may play in helping to address payment difficulty and debt.

The project sought to examine all aspects of the experience of payment difficulty in energy and water and its impacts on households including:

- The circumstances in which energy and water debt is accumulated.
- How people experience energy and water debt and the practices they employ to manage that debt.
- How people interact with their retailer and how this impacts their ability to manage their bills.
- What supports people receive (retailer and government) and when they receive this support and how this impacts their ability to manage their bills.
- The practices and behaviours people employ to avoid energy and water arrears and debt and disconnection.
- The experience of disconnection threats and disconnection, where it has occurred, what has led to it, and what occurred afterwards - particularly what assistance was engaged afterwards and what impact it had on the household.

The scope of evidence collected through the project are explicitly structured with the intent to inform recommendations that:

1. Identify more effective and appropriate alternative tools to disconnection to manage debt and engage assistance for consumers experiencing payment difficulty.

2. Reduce or eliminate disconnections and threats of disconnections for the purposes of debt-management and ensuring that disconnection is genuinely a 'last resort' where it is allowed.

3. Where a discoonection does occur, to ensure that the impact on the household is minimal and that appropriate assistance is provided to improve the household's financial stability and reduce their risk of being disconnected again.

4. Improve the proactive identification by retailers of consumers facing payment difficulty, including circumstnaces where debt may be 'hidden', such as:

    a. engaging in unhealthy energy and water rationing,
    b. foregoing other essentials such as food and medicines,
    c. using problematic payment options (such as BNPL), which can exacerbate financial difficulties,
    d. borrowing from friends and family, and/or
    e. otherwise in danger of accumulating energy and water related debt.

5. Improve co-operation between retailers and governments in the provision of effective support to address payment difficulty and consumer energy/water debt.

6. Improve compliance and enforcement processes to ensure retailers are meeting their obligations under laws and regulation.

7. Improve accessibility of retailer hardship programs and the NSW Government Energy Accounts Payment Assistance (EAPA) / Payment Assistance Scheme (PAS) (provided via some water providers) so these supports are sought instead of credit options.

8. Improve household-centric responses to payment difficulty.

9. Address other key enduring contributors to and causes of consumer energy unaffordability and debt (such as household energy efficiency, payment methods, energy rebates, etc).

Methodology

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

The first stage

This stage involved qualitative interviews with NSW financial counsellors and community service providers investigating key issues relating to consumers' energy/water use and affordability, impact and experiences of disconnection and debt, as well as exploring potential solutions and improvements to help people avoid disconnection and debt.

A total of n=15 front line interviews were conducted via telephone and/or videoconference. Interviews were conducted between May – June 2023.

The interviews ranged from 30-40 minutes and each participant was offered a $50 incentive payment / charity contribution in recognition of their time.

The frontline workers research included a variety of community service providers, team leaders, case workers, and financial counsellors from a broad spectrum of organisations in NSW including, but not limited to:

- St Vincent de Paul;
- Shoalhaven Women's Centre;
- Southern Highlands Homelessness Service;
- Northern Rivers Community Gateway;
- Our Community Project;
- Wesley Mission;
- Financial Rights Legal Centre;
- The Salvation Army; and
- Mob Strong.

Some frontline workers preferred to remain anonymous in the research findings and their / their organisation's confidentiality has been retained.

In the research reports, these interviews are referred to as **frontline worker interviews**.

The second stage

This stage involved qualitative 'case study' discussions with key NSW stakeholders, including Distribution Network Service Providers, an energy retailer, water providers and the ombudsman investigating the broader industry views on consumer energy use and affordability issues, targeted support and intervention programs, including the Knock to Stay Connected initiative, and exploring potential solutions and improvements to help consumers avoid disconnection and debt.

A total of n=8 stakeholder discussions were conducted via videoconference between June - September 2023. The interviews included discussions with personnel from each of the following:

- Ausgrid
- Endeavour Energy
- Essential Energy
- EnergyAustralia
- Jemena
- Hunter Water
- Sydney Water
- Energy and Water Ombudsman NSW (EWON)

These discussions ranged from 20-30 minutes with relevant personnel from each organisation. Interviews were transcribed, summarised and written up as case study summaries to showcase the broader industry views, particularly around experiences with trialling the Knock to Stay Connected initiative.

In the research reports, these interviews are referred to as **stakeholder interviews**.

The third stage

This stage of the research project included qualitative interviews with individual consumers in NSW who have or are currently experiencing energy/water payment difficulty and/or have been impacted by disconnection, including being notified or worried about disconnection. A total of n=15 interviews with consumers were conducted via telephone between September – October 2023.

The interviews ranged from 30-40 minutes and each participant was offered a $100 incentive payment in recognition of their time. Consumers were recruited via research-only panels and a QR-code opt in that was distributed by participating frontline workers and stakeholders. Interviews were transcribed, summarised and analysed for key themes emerging from all 15 interviews.

In the research reports, these interviews are referred to as **consumer interviews**.

The fourth stage

This stage included a quantitative survey with a broad sample of NSW residents investigating consumers' energy use and affordability, impact and experiences of disconnection and debt, and exploring potential solutions and improvements to help consumers avoid disconnection and debt.

The main tracking study in 2023 expands on the methodology used in the 2018 research (which built on the previous rounds of the research) but has also adapted the questionnaire for relevance, especially in light of the significant changes that have occurred since 2018, most notably with the COVID-19 pandemic (2020-2022) and, more recently, in terms of the cost of living crisis being faced by Australians as a result of high inflation.

A key change to the methodology of the quantitative study in 2023 was to explore beyond disconnection to the wider circumstances leading up to and arising from energy and water-related debt and issues with energy and water affordability more generally. In particular, the 2023 study examined the following:

- Greater examination of what other issues the household was experiencing at the time of the payment difficulty.
- How people experience energy/water debt and practices they employ to manage that debt.
- Practices and behaviours people employ to avoid energy and water arrears and debt.
- The experiences of debt, including debt collection.
- Experiences of Knock to Stay Connected (if available).
- Practical, sustainable solutions that would help people.

A total of 1,044 surveys were completed with NSW households (age 18+) using a combination of research-only panels and opt-ins from community service providers, frontline workers and an email distributed by EWON to their recent customer database. The sample collected provides a confidence interval of +/-3.03 at 95% confidence. Soft quotas were initially applied on age, gender and metro/regional location to ensure a good spread.

Key screening criteria to qualify for the research included having experienced one or more of four types of disconnection experience in the last two years (this was a change from previous iterations which covered the last 12 months). As such, the sample collected was more based on natural fall-out, which is also able to provide insights into the types of NSW residents (and households) who are being impacted more so than others. The overall survey length was 25 minutes. A prize draw was offered to non-research panel participants to encourage participation. A copy of the final questionnaire is available by request from PIAC.

The four qualifying experiences for participation included:

1. Being **disconnected** from electricity or gas, or restricted from water in the last two years,
2. Receiving a visit to their home from their distributor or provider in relation to an upcoming disconnection or restriction in the last two years,
3. Being **notified** in some other way about an upcoming disconnection or restriction in the last two years, or
4. Being seriously **worried** about having their electricity, gas or water disconnected or restricted and needing to make sacrifices to ensure the debt was paid in the last two years.

The second criteria was a new element in the 2023 research and was intended to capture people who may be part of the new K2SC initiative that some distributors and providers are participating in. For the purposes of the results criteria two and three have been merged as part of the 'notified' group used in prior research.

The 2023 study expanded the relevant timeframe for these experiences from 12 months in 2018 to two years to account for the period 'post-COVID-19'. Since all disconnections (and at least some restrictions) were paused during the pandemic, the incidence of actual disconnection and restriction across the last five years is significantly lower. At the time of starting the 2023 study, there were still relatively low numbers of disconnection occurring (compared to historically) – although this changed rapidly throughout the year as retailers sought to recover non-payment. We determined that extending the period of coverage was necessary in order to capture a sufficiently large pool of people with relevant experiences.

Additional notes

- Where percentages do not add to 100%, this is due to rounding.
- Quantitative survey results are shown by total and analysed by three types of respondents: ‘disconnected’, ‘notified’ (combining visited and/or notified by email), and ‘worried’.
- Disconnection is taken to mean either disconnection or restriction.
- Where it is relevant to look at electricity, gas and water separately, this has been done. Sometimes the survey question combines electricity and gas under the term ‘energy’ as a whole, and other times (such as testing solutions), the question was asked in relation to all utilities used.
- ‘Provider’ and ‘retailer’ are used interchangeably and refer to energy retailers and corporations/councils which provide water services.
- Shading in the tables is where the result for a subgroup is higher than the total.
- Any quotes from participants for the 2023 research are presented in quotation marks.
- Names of participants are pseudonyms to ensure that the experiences and opinions provided are confidential.