



March 2021

“Knock before you disconnect” program

Background

Electricity is an essential service and there are a range of programs and regulatory requirements to enable people struggling with energy bills to remain connected to their energy supply. Disconnection for non-payment is nearly always the outcome of a customer not being to meet their energy costs, and should be viewed as a last resort – occurring (if at all) only after retailers have offered payment plans, hardship programs and followed all other regulatory requirements.

Last financial year, South Australia had the highest disconnection rate of any NEM jurisdiction in Australia (.9% down from 1.3% in 2018-19)¹. Only 1.5% of customers in SA were on payment plans in 2019/20 (down from 2.2% in the previous year), and 1.92% of customers were on hardship programs. This is in circumstances where South Australia had the highest average debt for non-hardship customers in the NEM of \$1,131 (over \$200 higher than NSW), the highest average hardship debt on entry into hardship programs of \$1,884 (up \$800 since 2015-16),² and the highest average hardship customer debt of \$1,970.³ In Q3 2019/20 (before the COVID moratorium on disconnections), most disconnected customers in South Australia had debt levels of between \$500 and \$1500.

Of the 6988 customers disconnected in SA during 2019/20, only 3219 had been on a payment plan in the previous 12 months.⁴ Under the Law and Rules, retailers must offer customers struggling to pay their bills a payment plan⁵ and cannot disconnect those customers unless they been offered two payment plans in the previous 12 months.⁶

The introduction of smart-meters in South Australia also adds new complexities to the dangers of disconnection. Smart meters currently make up approximately 20% of the meter fleet in South Australia (around 200,000 households), and roughly 4000 smart meters are installed in SA each month. Smart meters enable disconnections to be processed remotely

¹ Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, p. 91

² Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, p. 83 (see also AER [Annual Retail Markets Report 2019-20 – Charts and Tables](#))

³ Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, p. 83 (see also AER [Annual Retail Markets Report 2019-20 – Charts and Tables](#))

⁴ Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, Schedule 3 Schedule 3: complaints, debt (non-hardship), Centrepay, missed pay on time discounts, credit collections, payment plans, disconnections [Retail Performance Data](#)

⁵ [National Energy Retail Law](#), Section 50(1)(b)

⁶ [National Energy Retail Rules](#), Rule 111(2)

(with no house visit required) making the process of disconnection both faster and cheaper. In Victoria, where there has been a state-wide roll out of smart meters, there appears to be a strong link between smart meters and increases in disconnection completion rates, as well as increases in households experiencing multiple disconnections.⁷

In SA, there are currently very few disconnections and reconnections completed using the “remote” capabilities of smart meters, but we understand this is soon going to change. SACOSS is firmly of the view that remote disconnections are not in the best interests of vulnerable customers, and it is vital to include the process of personal face-to-face contact prior to proceeding to disconnect for non-payment.

A trial of SA Power Networks’ pre-visit service resulted in more than 50% of disconnection for non-payment service orders being cancelled.⁸ SA Power Networks’ program has been picked up by Essential Energy in NSW, with even greater success (an 80% disconnection cancellation order in their pilot “knock before you disconnect” program⁹). Remote disconnection and reconnection will remove SA Power Networks from any involvement in the disconnection process.

Policy Response

The number and type of disconnections in South Australia points to a failure on behalf of retailers to help customers manage their debt, and maintain a connection to their energy supply. SACOSS is aspiring to achieve the goal of no disconnections for non-payment, but in the interim is seeking the South Australian Government mandate a “knock before you disconnect” program to ensure there is active personal engagement with all customers faced with potential disconnection, including customers with smart meters. The two pilot programs from SA Power Networks and Essential Energy prove that personal contact prior to disconnection links customers with supports, avoids disconnection and reconnection fees, as well as the significant distress caused by living without an energy supply.

SACOSS is seeking SA Power Networks’ site visits become part of the disconnection process, for all meter types. The state government could provide for this requirement under the *National Energy Retail Law (Local Provisions) Regulations 2013*, which allow for the state government to derogate from the National Energy Retail Rules as they are applied in SA.

SACOSS Proposal

1. Require all retailers to participate in pre-disconnection for non-payment site visit programs for all customers prior to disconnection, irrespective of meter type.

⁷ St Vincent de Paul Society & Alvis Consulting, *Households in the Dark II: Mapping electricity disconnections in South Australia, Victoria, New South Wales and South East Queensland*, by Sophie Labaste, August 2019. <https://alvisconsulting.com/wp-content/uploads/2019/10/Households-in-the-Dark-II-Report.pdf>

⁸ 875 sites were “pre-visited” and 492 disconnection for non-payment service orders were cancelled prior to schedule date (56.23% successful pre-visit).

⁹ Essential Energy’s personal contact approach to reducing disconnections was commended by the Energy Charter’s Independent Accountability Panel in [its Assessment of achievement of better outcomes for Australian energy consumers in 2019-20](#), December 2020