

Australian Energy Market Commission (AEMC)
Consumer Research for Nationwide Review of Competition in Retail Energy Markets

Qualitative and Quantitative Research Report

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AEMC Executive Summary

This report sets out the findings of market research conducted by Newgate Research between February and March 2014 on behalf of the Australian Energy Market Commission (AEMC). This research was designed to inform the AEMC's first annual review of the state of competition in electricity and natural gas across all National Electricity Market (NEM) jurisdictions.

The research, conducted in southeast Queensland, Victoria, South Australia, New South Wales and the Australian Capital Territory (ACT) comprised seven three and a half hour qualitative forums with a total sample of 162 participants and a quantitative study with a sample of 2,213 conducted via telephone or online.

This Executive Summary seeks to highlight similarities and differences in results between jurisdictions, between residential and small business customers and between electricity and gas customers. As each jurisdiction is at various stages on the reform journey, comparisons must be considered in this light.

Key Findings

- Most consumers were satisfied with their current electricity and gas company, largely on the basis they receive a reliable service. However, qualitative research results suggest they feel less positive about electricity and gas companies in general.
- The vast majority of consumers were aware they could choose their energy company and, to a slightly lesser degree, their plan. Awareness was considerably lower in the ACT. Despite this, the qualitative research clearly indicates that energy literacy varied significantly by jurisdiction.
- The proportion of participants who had switched electricity company or plan in the last five years and the extent of marketing varied significantly depending on the jurisdiction and the stage of deregulation.
- Between three and four out of ten residential consumers in most jurisdictions had actively investigated offers or options they could switch to.
- Around one in ten consumers were currently looking for a better deal, around half interested in switching but not currently looking and around four in ten not interested in switching energy provider or plan. This was fairly consistent across jurisdictions.
- The main reasons for not investigating alternative energy companies or plans were satisfaction with current arrangements and the lack of a value proposition.
- The strongest driver to switch energy company or plan was saving money.
- Consumers were moderately satisfied with the level of choice available to them although the qualitative results reflected more nuanced opinions, with many expressing dissatisfaction that competition has not really been effective in bringing down prices or creating meaningful choice.

The following chart provides a high level overview of the findings against the main research objectives, incorporating both the qualitative and quantitative research findings. The results are relevant to both residential and small business consumers across both electricity and gas.

Key Measures	Victoria	South Australia	New South Wales	Southeast Queensland	Australian Capital Territory
Satisfaction with retailer	High	High	High	High	Very high
Awareness of choice of retailer	Very high	High	High	High	Low
Switched company or plan	High	Moderate	Moderate	Moderate	Low
Approached by a retailer	High	High	Moderate	Low	Very low
Proactively searched for offers	Moderate	Moderate	Moderate	Moderate	Low
Satisfaction with level of choice	Moderate	Moderate	Moderate	Moderate	Low

Broad themes in the research were as follows:

There were fairly high levels of interest in issues associated with energy

Half of the residential consumers (51%) and significantly more small business consumers (64%) surveyed across all NEM jurisdictions were quite interested in energy issues, giving a rating of 7 or more out of 10 (where 10 meant they were extremely interested). Across all jurisdictions just one in ten (12% of residents and 9% of businesses) were not really interested in energy issues (rating of 3 or less out of 10). At most of the forums, the main issue raised was the increasing price of energy. This concern was also evident in the quantitative results where at least three quarters of consumers indicated they were quite or very concerned about future energy prices (ranging from 74% in the ACT to 83% in southeast QLD giving a concern rating of 7 or more out of 10). Across most jurisdictions, consumers with higher quarterly energy bills were more concerned than those with lower bills.

Most consumers were satisfied with their current electricity and gas company

The majority of consumers were satisfied with their electricity company. Two thirds of residential and small business consumers (66%) were satisfied with their electricity company. Across all jurisdictions the quality of service was rated consistently higher than value for money. For quality of service, around two thirds of consumers (67% of residents and 62% of businesses) gave a rating of 7 or more out of 10. By comparison, around half (50% of residents and 52% of businesses) gave a rating of 7 or more for value for money.

Similarly for gas, consumers were generally satisfied with their current company (71% of residents and 68% of small business consumers). As with electricity, the quality of service provided by their gas company was rated consistently higher than the value for money. Around six in ten consumers (64% of residents and 59% of businesses) thought the quality of their gas service was good or excellent while just over half (53% of residents and 54% of businesses) thought the value for money was good or excellent.

Across all NEM jurisdictions, ratings of gas companies were generally on par or higher than ratings for electricity companies. The qualitative research suggests that consumers are more satisfied with their gas company because their gas bill isn't as high as their electricity bill and prices are not seen to have

increased as fast. It also suggested that people are more positive about their own electricity or gas company than they are about the sector more broadly.

The vast majority of consumers were aware they could choose their energy company and, to a slightly lesser degree, their plan

Around nine in 10 consumers were aware that they could choose their energy company and around eight in 10 were aware that they could choose their plan. Awareness was considerably lower in the ACT (57% of residents were aware they could choose their electricity company or that there were different plans to choose from, 36% were aware they could choose their gas company). While the qualitative results showed that levels of energy literacy varied by jurisdiction and was higher in Victoria and South Australia, overall literacy was fairly low with most only able to name a handful of companies that could sell them energy and unsure about the tariffs available. This level of confusion was also evident in the quantitative survey.

The extent of marketing varied considerably depending on the stage of deregulation

Around two-thirds of residents in Victoria (66%) had been approached by an energy company in the last 12 months compared to 58% of residents in South Australia, 49% in NSW, 42% in southeast Queensland and 10% in the ACT. Most had been approached by between two and three different companies.

Between three and four out of ten consumers in most jurisdictions had actively investigated offers or options they could switch to

Consistent with marketing activity, the level of active investigation varied depending on the stage of deregulation with the highest rates in Victoria (39%) and the lowest in ACT (10%). Across all jurisdictions, 95% of those who investigated their options proceeded to switch. Just under a quarter of all consumers (23%) had not investigated options or switched at all in the past five years. Consumers in the ACT were significantly more likely to have not investigated their options (43%).

The proportion of participants who had switched company or plan varied depending on the stage of deregulation

The highest reported electricity switching rates were in Victoria at 54% and the lowest in ACT at 16%. Interestingly only 35% reported switching in South Australia while 49% had switched in NSW and 44% in southeast Queensland. Consumers were less likely to have switched their gas company or plan than their electricity. Not surprisingly, far more people reported switching gas company in Victoria (47%) than in other jurisdictions such as South Australia (26%), southeast Queensland (27%) and NSW (37%).

Far and away the main driver to investigate options and switch is the potential to save money

Around two thirds of consumers (63% residents, 66% businesses) switched their electricity company or plan because they wanted a cheaper price or because they were offered a discount or better price. Around six in ten consumers (59% residents, 56% businesses) changed their gas company or plan for this same reason.

The main reason customers did not investigate their options or switch was because they were happy with their current arrangements. Other main barriers to switching relate to inertia and disengagement, with many saying all energy companies offer virtually the same price and that comparing options is too confusing or time consuming. The drivers and barriers were generally consistent for electricity and gas.

Levels of interest in looking for a better deal were quite consistent

Around one in ten consumers were currently looking for a better deal, around half interested in switching but not currently looking and around four in ten not interested in switching energy provider or plan. The likelihood of switching energy provider or plan in the next 12 months varied a little more, with 24% in Victoria saying they were quite or very likely (7-10 on scale) compared to 19% in southeast Queensland,

17% in the ACT and 15% in NSW and just 12% in South Australia. Consumers in ACT were least likely to consider switching with 59% saying they were not really likely to switch in the next 12 months.

The internet was the most common source of information used when switching or investigating options

Around three in ten residential consumers and a third of business consumers used an online source to help them to switch their electricity company or plan. Some also mentioned door-to-door sales people visiting the home and telephone calls from their retailer. Around one in ten had looked at a price comparison website, retailer website or had telephoned their retailer. Word of mouth from friends or a family member was an also important information source.

Across all jurisdictions, confidence in understanding the various options and product offers available was quite mixed

Across all jurisdictions around four in ten residents (39%) and half of the business consumers surveyed (48%) were quite or very confident they understood the options and offers available to them in their state or territory. Results were quite mixed across the various jurisdictions, ranging from between 33% in South Australia and 41% in NSW being quite or very confident and between 17% in South Australia and NSW to 25% in ACT not feeling very confident. The qualitative results suggest this confidence was somewhat overstated.

When it came to preferred information sources, the internet was the number one preference, but few can recall their jurisdictions independent comparison website without prompting

Around one in five consumers specifically said they would prefer to visit a comparison website when they are investigating options or offers they could potentially switch to. Of those that had been to comparison websites, many could not remember their name with around 1% typically naming their jurisdiction's independent comparison website unprompted. A greater proportion recognised the name of this comparison site when prompted, particularly the YourChoice website in Victoria (29%).

The majority of consumers were at least somewhat confident they could source the information they need to compare different market offers

Between 71% in the ACT and 82% in Victoria and South Australia gave a confidence rating of 4 or more out of 10 (10 meaning extremely confident). However, the qualitative research suggested that the information itself was quite confusing, and that energy literacy and awareness of the range of retailers and plans was limited in most jurisdictions.

Most consumers are moderately satisfied with the level of choice available in their state or territory

In the quantitative survey consumers were moderately satisfied with the level of choice available to them, with satisfaction highest in Victoria (57% very or somewhat satisfied) and South Australia (56%). Satisfaction levels were moderate in southeast Queensland (49%) and New South Wales (48%) and the lowest in the ACT (32%).

The qualitative results however reflected more nuanced opinions, with many expressing dissatisfaction that competition has not really been effective in bringing down prices or that they did not feel as though there was much difference between the choices available. Some complained that it has created a system where consumers are forced to wade through a lot of confusing information when they would really rather 'set and forget'.

The qualitative results suggested satisfaction would increase if there was improved communications about the potential to save money, the extent of the options available to them in terms of both numbers of companies able to sell them energy and the various plans available, as well as the availability of independent comparison websites.

Summary of differences between residential and small business consumers

Results between residential and small business consumers were generally consistent, however the following significant differences were noted:

- Businesses had higher levels of interest in issues to do with energy. On average across all jurisdictions, 58% of business consumers were very interested compared with 51% of residents. This was particularly true in Victoria (64% business vs. 51% residential) and NSW (61% business vs. 52% residential).
- While awareness of being able to choose their energy company was consistent between residents and businesses, small business consumers were aware of significantly more companies that they could choose from. On average, across all jurisdictions, businesses thought there were eight electricity and gas companies to choose from while residents thought there were just six.
- Business consumers were significantly more confident that they understood the various options and options available to choose from. Around nine in ten business consumers across the NEM (89%) were fairly or quite confident compared with just eight in ten residential consumers (79%).
- Small business consumers in Victoria, South Australia and NSW were significantly more likely to have actively investigated offers or options in the past 12 months compared to residential consumers.
- Across all jurisdictions, business consumers were more likely to be looking for a better deal (16% vs. 10% of residents). They were less likely to say they were not interested in looking (23% vs. 38% of residents). Similarly when it came to future switching intentions, business consumers were significantly more likely to switch in the next 12 months (33% quite / very likely vs. 18% of residents).

Introduction

Background

Newgate Research was commissioned by the Australian Energy Market Commission (AEMC) to conduct qualitative and quantitative research on small electricity and gas customers' experiences of retail energy markets in southeast Queensland, Victoria, South Australia, New South Wales and the Australian Capital Territory (ACT).

This research will be used by the AEMC to inform the first simultaneous annual review of the state of competition in electricity and natural gas retail markets across all National Electricity Market (NEM) jurisdictions.

Research Objectives

The key objective of this research was to assist the AEMC in developing a complete understanding of whether the retail energy market experiences of residential and small business consumers are consistent with those expected in a competitive market. The research focused on markets where there is more than one active retailer in electricity and gas markets for small customers. .

More specifically, the research aimed to measure and understand the views and actions of consumers in relation to:

- Interest, awareness and knowledge of energy markets;
- Awareness and perceptions of choice in energy company or plan;
- Participation in the energy market, including drivers and barriers (both positive, negative and neutral) to switching energy companies or plans, and future switching intentions;
- Information sources and needs; and
- Consumer satisfaction with the energy market, including perceptions of energy companies and levels of satisfaction with market choice.

A copy of the discussion guide, the stimulus material and the presentations from the qualitative research as well as the quantitative questionnaire can be found in the Appendices.

Methodology

This research comprised qualitative and quantitative components, outlined in detail below.

Qualitative Research: Forums

Between 10 and 27 February 2014, Newgate Research conducted seven qualitative forums in four jurisdictions across Australia. In southeast Queensland, South Australia and Victoria two forums were held – one in the capital city and one in a large regional centre. In the ACT one forum was held in Canberra. No forums were held in NSW as similar qualitative research was conducted by Newgate Research in mid 2013 as part of research to inform development of the Communications Blueprint associated with the Review of Competition of Retail and Electricity and Gas Markets in NSW.

Each forum comprised between 14 and 32 participants and a total of 162 people participated in the qualitative research. Each forum lasted for about 3.5 hours and was held in a hotel conference room.

Recruitment of participants was undertaken by specialist recruiter Australian Fieldwork Solutions (AFS) using a recruitment script and screening questionnaire designed by Newgate Research. Key elements of the approach follow:

- **Residential Consumers:** A mix of general community segmented by household income with a mix of ages and life stages. All participants had to be the main or joint decision maker regarding their household's energy retailer. Quotas were set to capture participants who had looked into switching energy plans or companies in the past twelve months, with some who had actually switched and others who had not. Quotas were also set for electricity retailers to ensure a good mix of companies was represented. In some states quotas were set for participants with gas. All quotas were set to broadly reflect the actual demographic profile of each location.
- **Small Business Consumers:** Defined by the average amount of their quarterly electricity and gas bills, with different criteria in each jurisdiction. All participants had to be business owners or managers in charge of making decisions around their business' energy retailer. As with the residential consumers, quotas were set for switching behaviour and electricity retailers. A mix of industries was represented including retail, education, construction, automotive, agriculture, manufacturing and hospitality.

In line with standard market research practices all participants received an incentive for their time. Residential consumers received \$150 and, reflecting the challenges in recruiting SME participants, SME participants received \$250.

Forum facilitation was led by Newgate Research CEO Sue Vercoe (Canberra, Brisbane, Maroochydore and Melbourne) or Senior Research Director Jasmine Hoye (Adelaide, Murray Bridge and Ballarat). Table facilitators were Sue Vercoe, Jasmine Hoye, Irene Andreadakis, Tanya Ploen, Julie Sheather, and Lauren Campbell. Other representatives from AEMC attended to observe and assist with note taking.

During the forums representatives from the AEMC gave a presentation that covered the following key topic areas:

- The components of the electricity bill
- Electricity retail competition and the differences by state
- How electricity prices are set in each state
- Projected trends in electricity prices

- The different offers customers can choose from
- Government pricing comparator websites

At each forum the presentation was followed by questions in an open forum, followed by discussions at individual tables.

Quantitative data was also collected at the forums via IML Worldwide handheld audience voting devices. Questions were typically asked at both the beginning and end of the sessions to allow results to be compared. The results were collated and were used to inform qualitative reporting.

Following are forum and recruitment details by location:

Location	Date	Participants	Gas Penetration	Table Segmentation
Canberra, ACT	10 February	14 residential 3 SMEs	Approx. 6	Above and below \$100,000 including SMEs
Brisbane, QLD	12 February	24 residential 6 SMEs	Approx. 8	Above and below \$72,000, gas, SMEs
Maroochydore, QLD	13 February	16 residential 5 SMEs	Approx. 5	Above and below \$62,000, SMEs
Adelaide, SA	17 February	25 residential 7 SMEs	Approx. 8	Above and below \$58,000, gas, SMEs
Murray Bridge, SA	18 February	13 residential 4 SMEs	Approx. 3	Above and below \$40,000 including SMEs
Ballarat, VIC	26 February	13 residential 1 SMEs	Approx. 10	Above and below \$50,000 including SMEs
Melbourne, VIC	27 February	24 residential 7 SMEs	As it fell out	Below \$42,000, between \$42,000-\$100,000, above \$100,000, SMEs

Quantitative Research: Telephone and Online Surveys

A quantitative research survey was conducted with 1,833 residential and 380 small business consumers across five NEM jurisdictions as follows.

State	TOTAL	Residential	Small Business	Margin of Error (95% confidence level) +/-
Victoria	403	327	76	4%
New South Wales	401	325	76	4%
Australian Capital Territory	199	152	47	7%
South Australia	407	327	80	4%
Southeast Queensland	803	702	101	3%
Total	2,213	1,833	380	2%

Note that the AEMC requested a larger sample be used in southeast Queensland because the Queensland Government is currently considering deregulating the market subject to the AEMC finding competition to be effective.

Prior to conducting the surveys, the questionnaire was thoroughly tested through 4 cognitive interviews with residential consumers. The surveys were conducted by Irene Andreadakis and Tanya Ploen of Newgate Research. The aim of these interviews was to ensure that the questions were being understood as intended and that the language being used in the survey was appropriate. Using the quantitative survey as a guide, each interview lasted for about 30-45 minutes and participants were given a \$50 Coles Myer voucher to thank them for their time.

In addition to the cognitive interviews, a pilot study of 50 interviews was conducted to ensure that the questions were programmed correctly and that the interview length was within the budgeted time.

Fieldwork was undertaken by Australian Fieldwork Solutions (AFS) between 20 February 2014 and 7 April 2014. The average survey completion time was 20 minutes.

Respondents were aged 18 and over and had to be the person in the household or business who was the main or joint decision maker when it came to choosing their energy retailer. Businesses qualified for the survey if their quarterly electricity bill was below the ranges specified in the table below. Businesses were only asked the series of questions about gas if their quarterly gas bill was below the amount specified below.

	Electricity		Gas	
	Metro	Regional	Metro	Regional
SA	13,000	13,000	3,750	3,500
ACT	6,000		3,750	
NSW	7,250	7,750	4,000	6,250
VIC	2,750	3,500	2,300	2,500
SE/QLD	4,750	4,750	6,000	4,500

Quotas were also set for both residential and business consumers as follows:

Location	VIC	NSW	ACT	SA	S/E QLD	Total
Capital city	300	254	200	308	533	1,595
Rest of region	100	146		92	267	605
Total	400	400	200	400	800	2,200

Has mains gas	VIC	NSW	ACT	SA	S/E QLD	Total
Residential	Min 100	Min 100	Min 100	Min 100	Min 100	Min 100
Business	Min 30	Min 30	Min 30	Min 30	Min 30	Min 30

Age / Gender (Res only)	Males	Females	Total
18-34	274	274	548
35-54	324	338	662
55+	291	324	615
Total	889	936	1,825

Business size (SME only)	Total
Less than 20	275
20-99	50
100-199	50
Total	375

Business Type (SME only)	Total
Construction	60
Professional, Scientific and Technical Services	44
Rental, Hiring and Real Estate Services	40
Agriculture, Forestry and Fishing	33
Financial and Insurance Services	29
Retail Trade	25
Transport, Postal and Warehousing	23
Health Care and Social Assistance	19
Manufacturing	15
Accommodation and Food Services	15
Administrative and Support Services	15
Wholesale Trade	14
Other	43
Total	375

Surveys were completed using a mixed mode approach in order to reach a broad range of consumers across each jurisdiction. Half the residential surveys were done via telephone using a White Pages random sample, and half were done online using sample from an online panel (Survey Sampling International). The business surveys were predominantly done via telephone using White Pages business sample, however, respondents were given the option of doing the survey online if they preferred.

The final data was weighted to reflect the actual population by state, according to 2011 ABS Census data.

A respondent profile has been included at the end of this report to show that there was an excellent mix of consumers included in the sample.

Notes to the Reader

This report presents the findings of the qualitative and quantitative research and is set out in chapters by jurisdiction because it was anticipated that many readers would be primarily interested in consumer opinions in their state. However, in order to provide some context in terms of how results between jurisdictions compare, the quantitative results in each state include a NEM average and the occasional reference is made to this in the commentary. We note however, that this average has limited meaning because all jurisdictions are at various stages of the deregulation journey. It is for this reason that the report does not contain charts showing results by jurisdiction.

In the qualitative research most participants who had both electricity and gas found it difficult to differentiate between them when talking about issues associated with market competitiveness but where possible significant differences are reported.

This research was conducted in accordance with the international quality standard for market and social research (ISO 20252).

In preparing this report we have presented and interpreted information that we believe to be relevant to achieve the objectives of this research project. Where assumptions are made as a part of interpreting the results or where our professional opinion is expressed rather than merely describing the findings, this is noted. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making.

Please note that qualitative findings included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population.

Quotes from the research have been included in the report to further support the findings. Verbatim quotes are included in italicized font and include the jurisdiction and the consumer type e.g. residential or small business and the segment e.g. low, medium or high income.

For quantitative survey results, the base (number and type of respondents) and the actual survey questions are shown underneath the relevant charts and tables. Weighted results are shown throughout the report, unless otherwise specified. Results may not always total 100% due to rounding. For multiple response questions, the results may add up to more than 100% as respondents may have given more than one answer. Results are only shown when the sample sizes are more than 30. Some results when sample sizes are less than 30 have been shown, indicated by a “!” these results should only be treated as indicative and interpreted with caution.

Any statistically significant differences reporting are at the 95% confidence level. These differences have been indicated using arrows. An arrow on the state total means that it is significantly higher or lower than the NEM average. An arrow on a capital city or regional area means that it is significantly higher or lower than the other region. On charts where only total state results are shown split by residential and business consumers, arrows indicate that the residential results are significantly different to the business results. In these charts, significant differences to the NEM average are indicated using circles.

Throughout this report barriers to switching are considered. Please keep in mind that barriers are not necessarily negative things that need to be addressed; they cover the full suite of reasons why people have not switched or looked into switching, including positive or neutral reasons such as being satisfied with their current retailer or arrangements or being on a contract.



VICTORIA



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1. Victoria

1.1 Executive Summary

Introduction

This chapter outlines Newgate Research's findings from qualitative and quantitative research conducted among small energy consumers in Victoria. The research was designed to assist the AEMC in developing a complete understanding of the retail energy market experience for residential and small business electricity and gas consumers, as part of its nationwide review of competition in retail energy markets.

The qualitative research comprised two forums held in Victoria in:

- Ballarat on 26 February 2014 with 13 residential consumers and one small business consumer; and
- Melbourne on 27 February 2014 with 26 residential consumers and seven small business consumers.

The quantitative research involved a mix of telephone and online surveys with 327 residential consumers and 76 small business consumers. Residential consumers were defined as the person in the household who is the main or joint decision maker when it comes to choosing an energy company. Small business consumers were those who consumed less than \$2,750 of electricity per quarter (\$3,500 in regional areas) and less than \$2,300 of gas per quarter (\$2,500 in regional areas). Please see the Methodology section starting on page 6 for more details.

This research is part of a broader project that includes South Australia, Queensland and the ACT, and quantitative research in NSW.

Key Findings

- **The majority of consumers were at least somewhat satisfied** with their own retailer due to a range of factors including good customer service, incentives, discounts, payment options, reliability of supply or the provision of useful information. Overall consumer satisfaction with both electricity and gas retailers was consistent with that found in most other jurisdictions. There was broader dissatisfaction with the industry based on concerns about high and rising prices, and the way energy companies price their services, their marketing practices and their communications.
- **Most Victorian consumers were aware that they could choose their own energy company and plan.** There was almost universal knowledge among residential and business consumers that they can choose their energy company (around 9 in 10 were aware). There was also higher awareness in Victoria than other jurisdictions of the different types of energy plans, price structures, contract lengths and terms. Victorian participants were able to name more electricity and gas companies that they could choose from than people in other jurisdictions. Despite this, there was still evidence of gaps in energy literacy, particularly around tariffs and smart meters, and mixed levels of confidence in understanding the various options and offers available to consumers.
- **At least four in ten Victorian consumers surveyed had actively searched for an energy offer.** Around 39% of residential consumers and 57% of small business consumers had actively investigated different offers or options that they could potentially switch to in the last 12 months. These results are higher than those found in other jurisdictions.

- **Compared with other jurisdictions, more Victorian consumers have recently been approached by an energy company, and on more occasions.** Around two thirds of consumers (66% of residents and 62% of small businesses) reported having been approached by a company offering to sell them energy in the last year. Residential consumers reported approaches from an average of 3.6 companies, with far higher rates in Melbourne than in regional areas, and business consumers had been approached by an average of 3.9 companies. In the qualitative research Victorian participants also mentioned the greatest variety of ways in which energy retailers were vying for their business, including both discounts and incentives.

Reported switching rates are strong. In the past five years, around 65% of residential and small business consumers surveyed had changed their electricity company or plan at least once. Slightly fewer consumers (56% of residential customers and 59% of business consumers) had switched their gas company or plan in the last five years. Of all NEM jurisdictions, switching rates were the highest among consumers in Victoria.

- **Interest in looking for a better deal was relatively high, but many are simply disinterested.** Around 13% of residential customers said they were currently looking for a better deal, with 46% interested but not currently looking and 37% not interested. When asked about their likelihood of switching energy company or plan in the next 12 months, 24% were quite or very interested (a rating of at least 7 out of 10), 28% were fairly interested (a rating of 4 to 6) and 46% were not interested (a rating of 0 to 3). Small business consumers were generally more interested in switching than residential consumers. The qualitative and quantitative research suggest that the key barriers to switching retailers were satisfaction with their current retailer (32%), a sense that they probably couldn't get a much better deal (9%), coupled with a degree of confusion about the complexity of various market offers (3%). Many were also disengaged and thought it was too much of a hassle (18%) or simply did not have the time (22%).
- **The majority of consumers were at least somewhat confident they could source the information they need to compare different market offers.** The majority of consumers are fairly or quite confident that they have access to the information they need to choose a suitable energy company or plan. The qualitative research suggested that many customers find energy information quite confusing, and that energy literacy and awareness of the range of retailers and options in the market was limited. Victorian consumers were using online price comparison websites more than those in other jurisdictions but unprompted awareness of the State Government's YourChoice and Switch On websites was very low.
- **Consumers in Victoria were more satisfied with the level of market choice compared to other jurisdictions, but there were mixed views about its value.** The quantitative survey showed that 57% of residents and 64% of small businesses were at least somewhat satisfied with the level of choice available to them. These results are consistent with discussions in the qualitative forums. Victorian consumers reported a larger number of companies selling energy and were able to list a wider range of incentives and discounts than in other jurisdictions. However, many forum participants felt they were not benefiting that much from competition and that there was perhaps *too much* choice, while some wondered if there was really that much difference in prices between retailers. There was general agreement that competition would be enhanced if it were easier to compare plans, suggesting that if consumers were more engaged in the market they would find it more competitive than they currently realise. Note that most Victorians had little idea of how their energy market differed from those in other states.

1.2 Summary of Market Context

Victoria was the first Australian jurisdiction to deregulate its prices. This occurred in 2009 following an AEMC competition review that found that competition was effective, with strong rivalry between energy retailers encouraging the majority of energy customers to exercise choice among both retailers and plans. Retail competition had been in place in Victoria since 2002.

Customers in Victoria have a choice of market offers from 19 electricity retailers and Victoria has the highest rate of switching in Australia. In addition to market offers, all retailers operating in Victoria are required to provide a “standing offer” which is a basic contract similar to a default tariff (or regulated tariff in other jurisdictions), if customers do not choose a market contract. The three electricity “host” retailers are AGL, Origin and EnergyAustralia, with a combined market share of approximately 70%.

Victoria is also the only jurisdiction where there has been a mandatory rollout of smart meters, with 95% of households now having them installed. Since July 2013, customers have had a choice between flat rates and flexible pricing, though take-up of flexible pricing has been limited. Smart meters have been contentious for a number of reasons, including their initial cost and perceived ongoing cost impact on electricity bills.

The gas market is also deregulated and there is both significantly higher penetration and consumption of gas in Victoria than in other states as it is used for heating as well as cooking and heating water. Consequently the average gas bill is higher and the average electricity bill is lower than in other states.

Victoria has not yet implemented the National Energy Customer Framework (NECF). Victorian customers can compare electricity and gas plans on websites run by the Victorian Government.

1.3 Key Findings

1.3.1 Energy Markets: Interest, Awareness and Knowledge

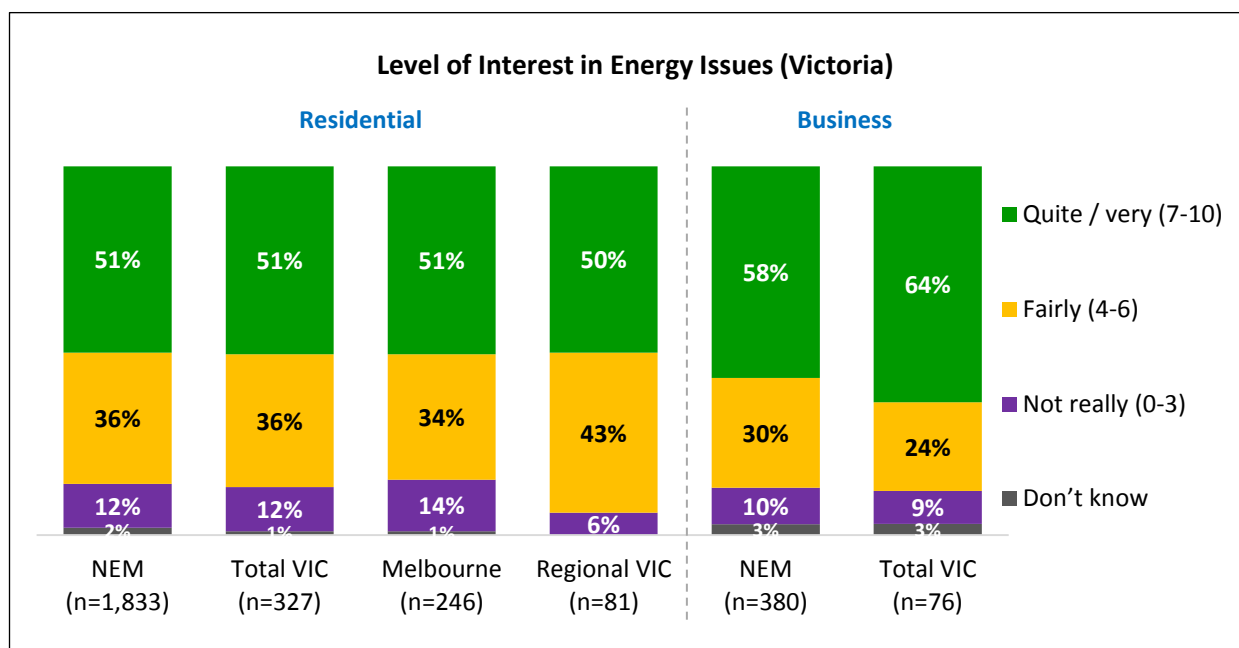
This section of the report examines:

- Perceived energy issues and the level of interest in these issues;
- Knowledge of options available to consumers; and
- Consumer confidence in engaging with the market.

Energy issues and levels of interest

There were fairly high levels of interest in issues associated with energy in Victoria, particularly amongst small business customers.

In the quantitative survey around half of the residential consumers were quite or very interested (51% rating 7 or more out of 10, where 0 meant not at all and 10 meant extremely interested). Around a third were fairly interested (36% rating between 4 and 6) and just one in ten were not really interested (12% rating 3 or less). Small business consumers were more interested than residents with almost two thirds indicating they were quite or very interested (64%). Results were fairly comparable between those based in Melbourne and those based in regional Victoria.



Base: All Respondents

Q10: How interested would you say you are in issues associated with energy i.e. electricity and gas? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely interested.

This level of interest in energy issues was reflected in the Melbourne and Ballarat forums. It was particularly strong in Melbourne, with the large majority of participants indicating at the start of the forum that they were quite or very interested in issues to do with their energy bills.

By the end of the forums the level of interest had grown in Ballarat as a result of learning more through the AEMC's presentation. Meanwhile, interest decreased slightly in Melbourne, reflecting a heightened sense that despite there being lots of energy companies competing for customers, there didn't seem to be much difference between them in terms of what customers were paying. As such, some participants felt there was not as much incentive to look into the different offers as they had previously thought there might be.

As with all other markets, rising energy prices was the most significant energy issue for participants in Victoria. Many had noticed their bills increasing in the past few years and speculated as to why that was. Their suggestions included:

- The need to maintain electricity infrastructure;
- The carbon tax (although no one was confident they knew how much they were actually paying towards it);
- Increasing service charges;
- Energy companies making significant profits (especially if they can afford to give customers discounts); and
- "Gold plating" – building new infrastructure where it isn't necessarily needed.

Some companies pay you \$7 when you pay the bill. They are obviously making way too much profit. Why can they give all this money away? (Melbourne, small business)

Participants with gas generally didn't feel its price was increasing as much as that of electricity and were less interested in discussing it as a result. A couple of participants had experienced spikes in the gas bills though, one as a result of a leak, while the other wasn't sure why.

Gas has risen the most. My bill went from \$400 to \$900 in the next bill, and I don't know why. (Ballarat, Higher Income)

Unlike other markets, smart meters were the second most frequently mentioned energy issue in Victoria. Most of the discussion centered on questions about the use and value of smart meters, as well as the added cost. Some people questioned whether they were receiving the type of savings they had anticipated while others were confused about what the meters actually do and even whether or not they have one. A few people mentioned having a faulty meter and one questioned the safety of them. There were also questions about time of use and peak and off peak tariffs and how they fit in with smart meters.

Other issues

The other issues that participants raised in relation to energy were a long way behind price and smart meters and, in almost all cases, were mentioned by only a few people at each forum. These concerns can be broadly grouped as retailer behaviour, solar, and environmental concerns.

Issues raised about retailer behaviour, in broad descending order of importance, included:

- Poor customer service including incorrect bills and bill disputes;
- Confusing energy plans and offers; and
- Frustration that energy companies don't offer rewards to loyal customers.

Why don't energy companies offer good deals to reward loyalty? It only happens when you leave. They punish you if you stay. (Melbourne, Higher Income)

The issue of solar power was also discussed by both those who have it and those who want it. While some interest in solar appeared based on benefits to the environment, most was focused on its ability to reduce energy bills. There was discussion about the recent drop in feed-in tariffs and some with solar were upset with this change. Of those who had previously been interested in solar, some indicated it would discourage them while others remained keen.

Solar has been a fabulous thing for us in that we generate more than we use. We pay during winter, and in summer we generate more than we use. I worked out it would be a five to seven year payback. Three years in and we're ahead. (Melbourne, small business)

It feels good not to be adding to pollution. (Melbourne, Higher Income)

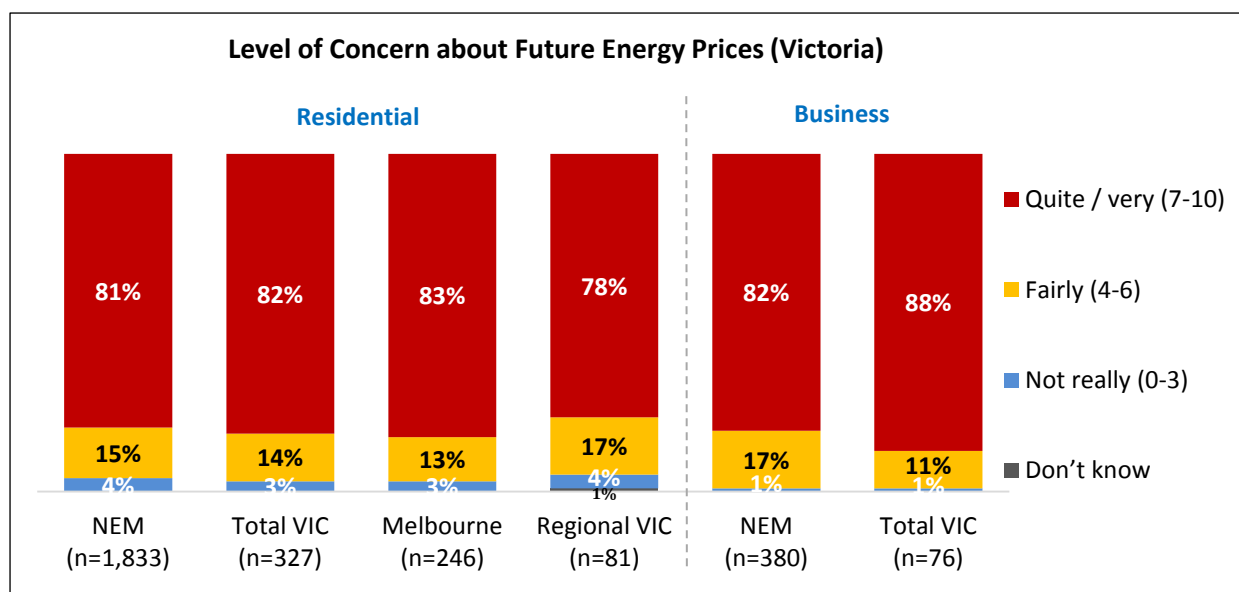
Lower level issues related to energy and environmental concerns were:

- Australia's overuse of electricity;
- Australia's reliance on energy from coal mining and the impact on the environment;
- Wind farms as an alternative energy source and potential impact on health;
- Decreasing gas supplies;
- The fire at the Hazelwood Mine and whether there would be power blackouts in Melbourne if Hazelwood has to shut down; and
- The impact of energy infrastructure on bushfires.

When discussing their reactions to higher energy prices, many participants said they had become more conscious of their energy use in recent years and had changed their consumption behaviour in an effort to cut their bill. This included switching to energy efficient light bulbs, switching energy off at the source, using energy saving devices offered by local councils, rugging up instead of using the heating, and using new power boards. Some, however, had not made any changes to their behaviour.

At this point few participants mentioned that they had looked for a different energy provider or plan as a way to help reduce their costs – but subsequent discussion indicated that saving money is definitely a driver to switching providers.

As seen across the other NEM jurisdictions, a large majority of consumers surveyed were quite or very concerned about future energy prices (82% of residents and 88% of businesses rating 7 or more out of 10, where 10 was extremely concerned). Almost four in ten respondents were extremely concerned about the future cost of energy, giving a rating of 10 out of 10 (38% of residents, 37% of businesses). Not surprisingly, residents with higher electricity bills were significantly more concerned than those with lower bills (the average concern rating among those whose quarterly electricity bill was less than \$500 was 8.0 compared with 8.7 among those with a bill of \$500 or more).



Base: All Respondents

Q12. How concerned are you about future energy prices? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely concerned.

Knowledge of Energy Markets

Knowledge of bill components

Despite concern over energy prices and efforts by many consumers to reduce their energy consumption, forum participants' knowledge of how they are billed for their energy usage in terms of charges and calculations was not particularly strong. However, those from higher income households did tend to be a little more engaged and as such, have a little more knowledge.

Unlike in most other jurisdictions, however, the majority knew that electricity was measured in kilowatt-hours (kWh). Despite this, no one knew how many kWh they used in a typical billing period or per day. Some participants had a sense that they used more in winter. One small business participant who worked from home as an accountant knew their energy use, having undertaken a fairly extensive review of their energy consumption. The few with solar panels were also more aware of their consumption, but again in all but one case, considered it in terms of dollars rather than kilowatts-hours.

It only changes when I go away. It doesn't vary between summer and winter. (Melbourne, small business)

There was very low awareness of the unit of measurement for gas.

Although most people initially said they didn't know how their bill was structured, when asked about the components, many were able to mention various charges. The majority was aware that there are fixed and variable charges, as well as peak and off-peak rates, and some people knew (from experience) that there was also a flat rate. However, no-one really knew the specific charges, reflecting a lack of engagement.

Read the meter, take it off the previous reading, add in the supply charge. (Melbourne, small business)

There's a standing cost to the connection and then a certain rate for certain amounts of usage. (Ballarat, Lower Income)

Off-peak and on-peak also exists. I wouldn't know if they're good or bad though. (Melbourne, Lower Income)

Some thought they had a choice when it came to peak times but were not sure if individual companies offered choice or each company offered just one option.

Some of them allow you to choose your peak times to a degree – by choosing different plans. (Ballarat, Higher Income)

Most of the forum participants had a smart meter installed but didn't know much, if anything about it, although some said it seemed to have contributed to their bills increasing. Only a few had heard of flexible pricing or time of use pricing but they didn't really know what it was or that it was linked to their smart meter. Only a couple mentioned the concept of a shoulder price.

Does flexible mean time of use? I've gone back onto time of use pricing, but some companies won't give you flexible prices, some will. (Melbourne, Lower Income)

I don't know why flexible pricing came in. Maybe it was because of the carbon tax or the new government. (Melbourne, Lower Income)

Because I don't know what flexible pricing is, I don't know if I'm on it. (Melbourne, Lower Income)

Some people also spoke of different charges for different usage tiers, although there was some confusion about this because some people thought these were rising block tariffs while others thought the price decreased the more they used.

You can use a certain amount of wattage and over that the rate drops slightly. (Melbourne, small business)

Other cost components of the bill mentioned included the carbon tax (although none had any sense of how much this was, with the exception of one small business participant who said it was negligible), connection and exit charges, meter reading fees, administration and service charges, and GST. A few participants were also aware there were extra costs for choosing GreenPower.

The carbon tax is a furphy and it has actually had a negligible effect on electricity prices, but politicians are going on about how it's had a big effect; they're doing it for political gain. (Melbourne, small business)

Knowledge of how prices are set

When asked how they thought electricity prices were set and whether or not they were regulated, most people didn't really know and assumed that the government had some kind of role in regulating or capping prices. Some people realised that there must be wholesale prices that are passed on to consumers, but most didn't have much sense of how much this represented in the bill.

I think the energy companies have a medium level of control. The government controls it to a point, but they would have to have some control to make sure they gain a profit. (Ballarat, Higher Income)

They apply to the government for a price rise, the government says to drop it and then claims to have saved customers. (Melbourne, small business)

When asked how much control they felt that energy companies have over the price they charge, the majority assumed they must have a moderate degree of control because they are able to offer discounts

and different incentives and services like renewable energy, and they are able to make choices over how they market their offerings.

AGL has renewable energy so perhaps they have some control. (Ballarat, Higher Income)

To be able to offer deep discounts they must have some control. Like control over their running costs, for example whether they outsource their call centre. (Ballarat, Higher Income)

Some participants observed that they were dealing with retailers, rather than generators or distributors, who were not involved with the production of energy but rather just the marketing and billing of it. Some – including small businesses and participants on lower incomes – felt that the proliferation of these companies, each with a CEO and executive team, sales staff etc., had resulted in a lot of money being unnecessarily wasted on executive salaries and marketing, when they were all essentially selling a commoditised product with no differentiating features.

Only a few participants thought retailers had a low level of control over their prices and that was either because they thought prices were regulated or because they thought retailers had to buy energy from suppliers and have no control over the wholesale price.

Awareness of Choice

Energy company

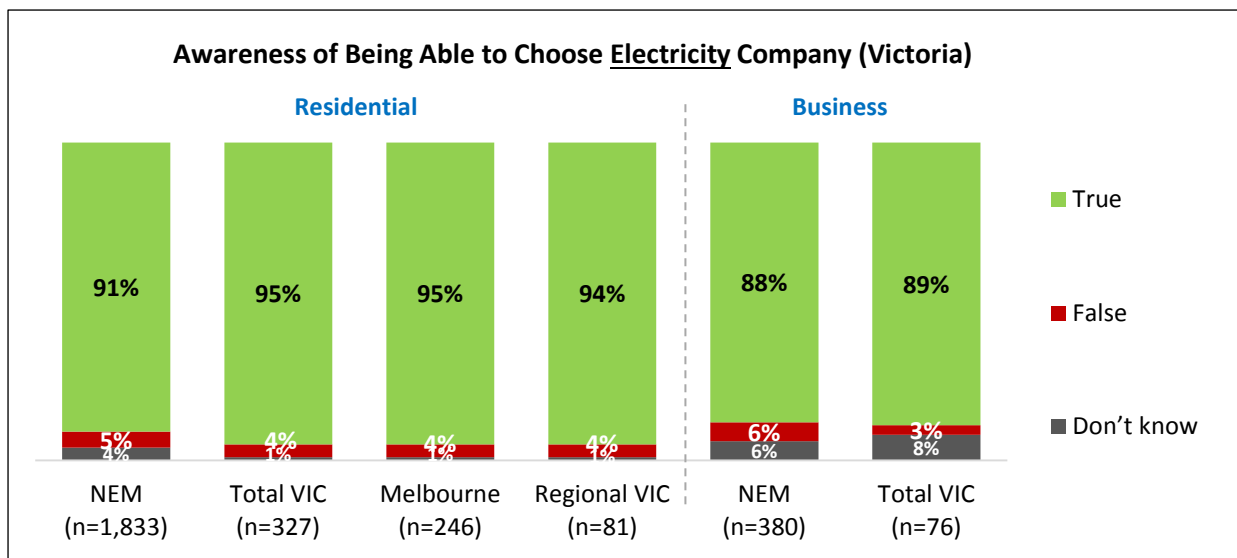
Almost all forum participants were aware they could choose their energy company. They knew this as a result of having been approached by door-knockers or call centres, or through advertising. Some said they remembered when deregulation happened (especially those on higher incomes) and implied that it would have been very difficult to miss although they suspected that perhaps some older people or ‘ethnic’ people may not be aware. This high level of awareness was consistent with the quantitative survey with the vast majority of respondents being aware that they could choose their electricity (95% of residents and 89% of businesses) and gas company (95% of residents and 91% of businesses).

Without prompting, some forum participants mentioned that they also have the option to choose different plans from their energy company.

They’re forever ringing. (Melbourne, small business)

There’s lots of companies vying for your business. I heard of a new company the other day with a prepaid package. (Melbourne, Lower Income)

You can choose different plans or payment options. You can do what suits your family best. (Ballarat, Higher Income)

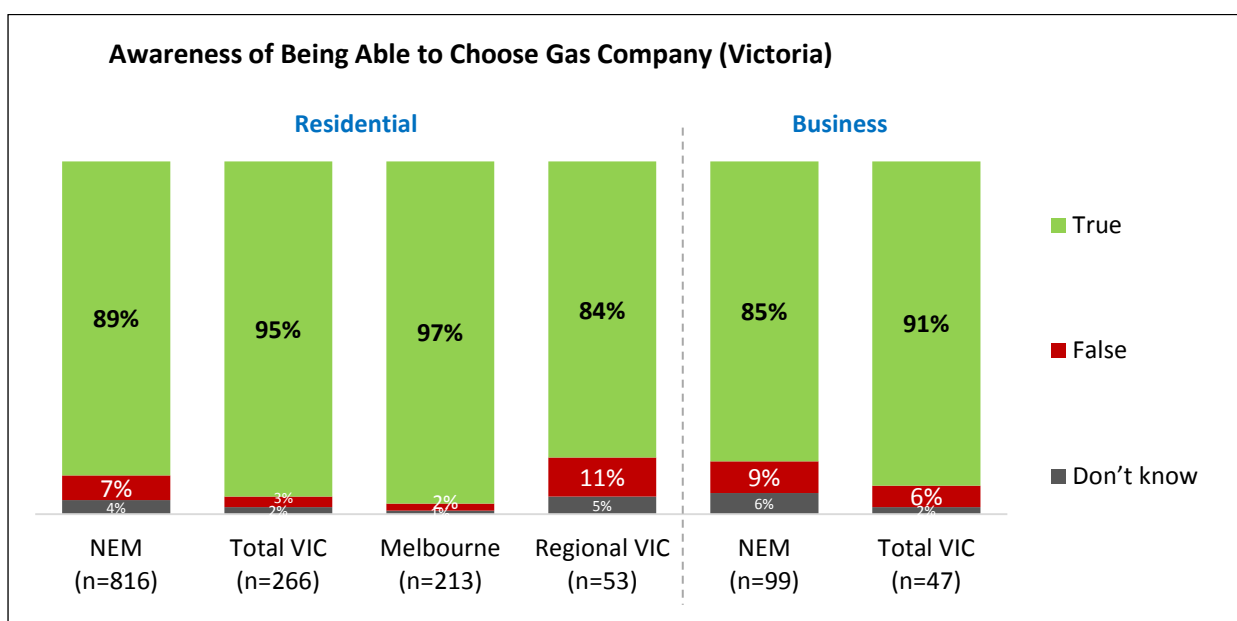


Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False.

a) Consumers in your state [territory] can choose their electricity company

Base: Respondents who have mains connected gas



Base: Respondents who have mains connected gas

Q13. Please tell me whether you think the following statements are True or False.

b) Consumers in your state [territory] can choose their gas company

Forum participants' knowledge of the extent of choice available was reasonable and higher than we found in Queensland, South Australia and the ACT, and in a similar study in NSW in late 2013. Of the 19 electricity retailers and nine gas retailers operating in Victoria, without prompting, most forum participants named between four and eight electricity companies and between three and five gas companies that they could potentially buy from. Slightly more were mentioned in Melbourne than in Ballarat.

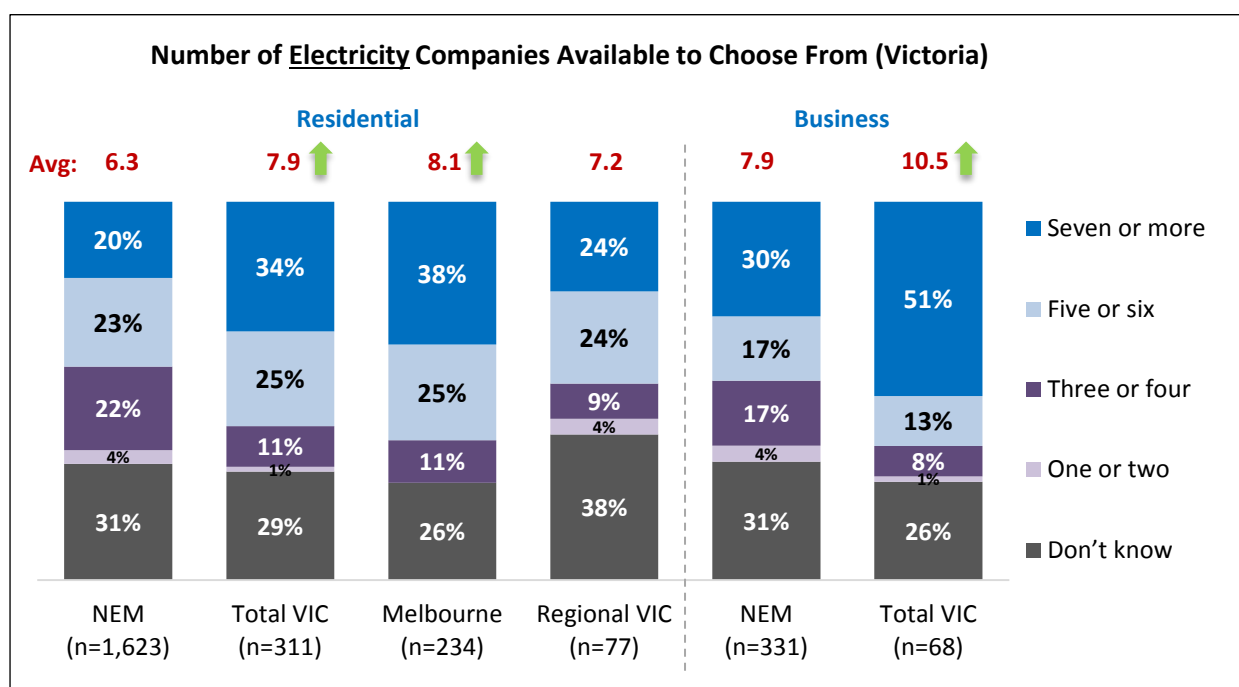
The most top of mind electricity retailers in Victoria were AGL and Origin, followed by Red Energy and EnergyAustralia. These were seen to be the larger companies that do a lot of advertising and have been around for longer.

There was also some lower level unprompted awareness of TruEnergy, Simply Energy, Australian Power and Gas, Dodo, Alinta and Lumo Energy, with some others recognising their names when they saw them in a list. In both Melbourne and Ballarat, lower income participants were better able to name companies they could buy energy from than higher income participants and small businesses.

AGL has been around for 100 years. (Melbourne, small business)

A lot have definitely been branded in my brain. (Melbourne, Middle Income)

The results of the quantitative survey were fairly similar to the qualitative research. When asked how many electricity companies there were to choose from, on average, residents thought there about eight (7.9) and small business consumers thought there were around 11 (10.5). As evident in the forums, those in regional areas of Victoria were aware of fewer companies (7.2) than those in Melbourne (8.1). Despite Victorians being aware of significantly more companies than in other NEM jurisdictions, the average numbers mentioned were far less than the actual number (19) and there was still a significant proportion who could not say how many electricity companies there were to choose from.



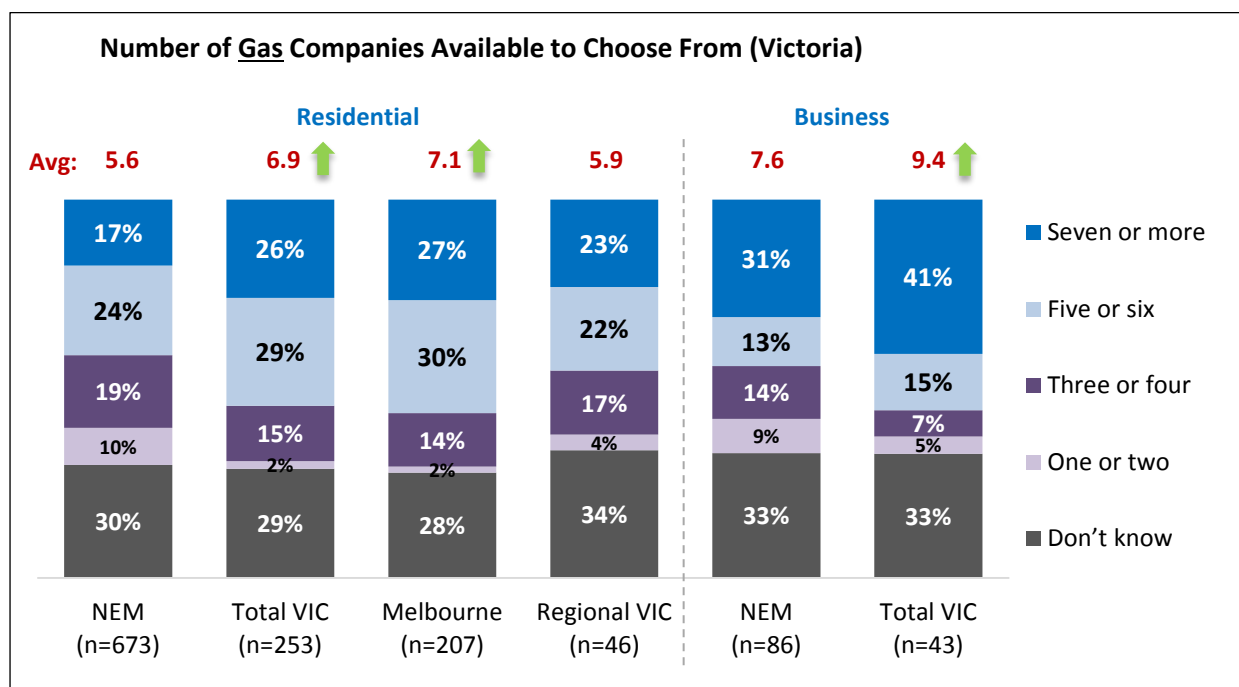
Base: Respondents who say they can choose their electricity company

Q14. As far as you're aware, how many different electricity companies are available for you to choose from in your state [territory]?

NB: The arrows on the state total indicate that the result is significantly higher or lower than the NEM average. An arrow on a capital city or regional area means that it is significantly higher or lower than the other region.

As noted, participants named slightly fewer gas than electricity companies and those they were able to name without prompting were generally the same as the electricity companies – just at lower levels. Unlike in other jurisdictions, many participants assumed that most companies offered both electricity and gas, reflecting the higher penetration of gas in Victoria. The standout mentions for gas were AGL and Origin.

Consistent with the qualitative research, respondents in the survey thought there were less gas companies to choose from than electricity companies. On average, residents thought there were around seven gas companies (6.9) and businesses thought there were about nine (9.4). Those in Melbourne were aware of significantly more gas companies (7.1) than those based in regional Victoria (5.9).



Base: Respondents who say they can choose their gas company (if they have mains connected gas)

Q15. As far as you're aware, how many different gas companies are available for you to choose from in your state [territory]?

When forum participants saw the list of all the energy companies who operated in their area many were surprised at just how many there were.

I'm flabbergasted! (Melbourne, Higher Income)

That's pretty surprising to see there's so many. Do they all operate across all areas or do some of them have strongholds in certain parts of Victoria? (Ballarat, Lower Income)

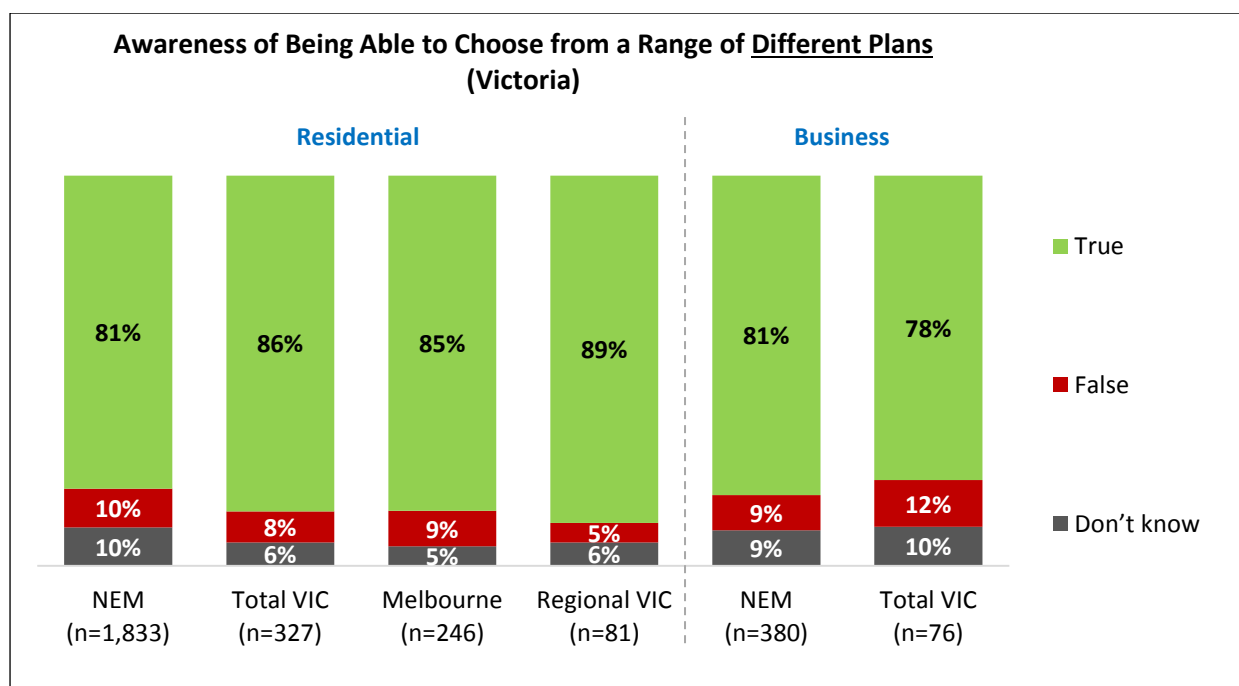
Energy plan

Most forum participants were aware that they could choose from a range of different types of energy plans, price structures, contract lengths and contract terms. The large majority was also reasonably confident that they had access to the right information to enable them to choose an energy plan that suits the needs. They knew that they could get information about the different offers by going online or telephoning the companies, as well as by asking people they know.

The results of the quantitative survey were fairly consistent with the forums, with 86% of residents and 78% of small business consumers being aware that they could choose from a range of different plans.

The tools are there - it is up to the consumer to do the research. (Ballarat)

There's a wealth of information out there – on the Internet, over the phone. There's so many companies fighting to have you and they will release more information to make themselves look better. (Ballarat)



Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False.

c) Consumers in your state [territory] can choose from a range of different types of energy plans, price structures, contract lengths and terms

When asked about the different types of plans that are available, most forum participants tended to mention different types of discounts and payment options as well as incentives. These were much more varied than in other jurisdictions, reflecting the more advanced nature of competition in the market.

There were a large variety of discount and payment options that participants were aware of, including different time-of-use based tariff structures, discounts off the base price, discounts for bundling of electricity and gas, pensioner discounts, discounts for online billing and on-time / early payment (mentions of 3-25%), discounts for going to direct debit, getting better rates for signing on to a contract for longer, pre-paying bills, hardship provisions, solar feed-in-tariffs, and GreenPower / renewable energy, the ability for higher users to negotiate on price.

There was some discussion about how new customers are rewarded with better discounts and rates, which annoyed those who felt they were loyal by staying with the same company, yet were never rewarded. Many participants spoke of getting a good entry rate, which then reverted over time back up to the normal rate.

It's a bit grating, but that's the way it is. (Melbourne, small business re new customers getting rewards)

You often get a good entry rate, then it will revert to the normal rate. (Melbourne, small business)

With AGL if you sign up for two years you get 25%, if you don't sign up for two years you get 18%. (Melbourne, small business)

A few participants on middle and lower incomes were concerned that the pay on time discount didn't work because the due date was always a few days before payday.

The bill is always Tuesday and you get paid on Thursday. I think they do that on purpose. (Melbourne, Middle Income)

A wide range of incentives was mentioned – many more than in other jurisdictions. These included no early termination / exit fees, vouchers (e.g. AFL team shop and AGL store, both to the value of \$60 annually, fuel voucher), a pack with shower heads and light bulbs, free movie tickets (one was offering two free movie tickets per month for a year), tablets, televisions and DVD players, magazine subscriptions and discounts for online billing and on-time / early payment, a bonus of \$400 for staying 12 months, air-conditioning /appliance deals, getting a 30% discount with RACV membership, rebates on football memberships, Flybuys points, cycling gear and coupon booklets.

Most participants knew there were different contract lengths available, although quite a lot did not know if they were currently on a contract or assumed they weren't, while quite a few *knew* that they weren't. Many people thought they simply continued with their current retailer until they decided to change and very few had heard of evergreen contracts.

Is evergreen the same as no contract? (Melbourne, Lower Income)

Despite this, many people had heard of exit fees. A few participants had broken their contracts because the benefits of their new offer more than offset the exit fee – whether through being a better discount or the new retailer offering to pay the exit fee upfront. This was the only market in which exit fees were not consistently seen as a deterrent for breaking contracts.

This high awareness of different types of discounts and incentives was coupled with reasonable interest in these options. These were seen as key differentiators between the companies (discounts first, and then the incentives), along with the quality of customer service (whether based on personal experience or the company's reputation), and for those on lower incomes in particular, the alternative payment options.

Regulation

Forum participants didn't really know that energy consumers in Victoria have the choice of a standard or market price. There were somewhat mixed views about which price would be lower, but a tendency to think the standard price might be cheaper, reflecting the generally low level of energy literacy and engagement. Quite a few also thought there would be more protection or safety in a standard contract because it would have more regulation.

Confidence

In the forums only a few participants were totally confident that they could *understand* the various options and offers that are available to energy customers but confidence levels were generally higher than in other jurisdictions.

It's too confusing for anyone... It's really hard to understand what they're talking about... let alone understand them (when you call them). (Melbourne)

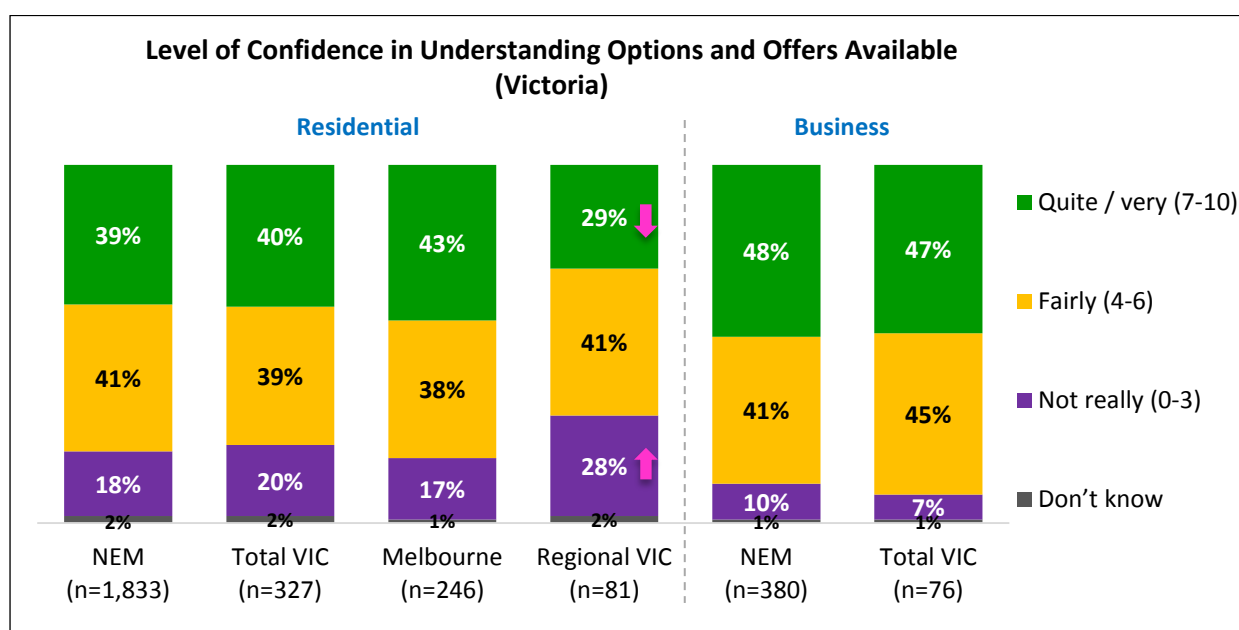
I know where to get the information but I don't understand it. I don't have time to understand it. (Melbourne)

Since privatisation it's gotten complex. (Melbourne)

I'm reasonably but not totally confident that I got a good deal after doing research. (Ballarat)

I recently moved into a new home so I had to do a whole lot of research. Also with solar panels, I have done a lot of research. I did a lot of research to get the best price. (Ballarat)

In the quantitative survey, respondents reported mixed levels of confidence in understanding the options and offers available to consumers in Victoria. Four in ten residents (40%) and around half of the business consumers (47%) were quite or very confident (rating of 7 or more out of 10). Four in ten were fairly confident (39% of residents and 45% of business rating between 4 and 6) and one in five residents (20%) and just 7% of businesses were not really confident (rating of 3 or less). Residents based in regional areas of Victoria were significantly less confident than those based in Melbourne. Significantly more residential consumers who had actively investigated options in the past 12 months felt they were quite or very confident assessing they understood the options and offers available (53% rating 7 or more compared to 33% of those who had not).



Base: All Respondents

Q11. And how confident are you that you understand the various options and product offers that are available to energy customers in your state [territory]? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

1.3.2 Switching Behaviour

This section of the report examines:

- Past switching behaviour;
- Drivers and triggers to investigating offer energy plans and switching;
- Barriers or reasons for not investigating other energy plans and switching;
- Information gathering processes and key sources of information;
- Likelihood to switch or consider another offer in the future; and
- Initiatives likely to increase confidence in investigating alternative plans.

The qualitative research explored the different motivations and barriers among those who had switched, those who investigated switching but ultimately did not, and those who had neither investigated nor switched.

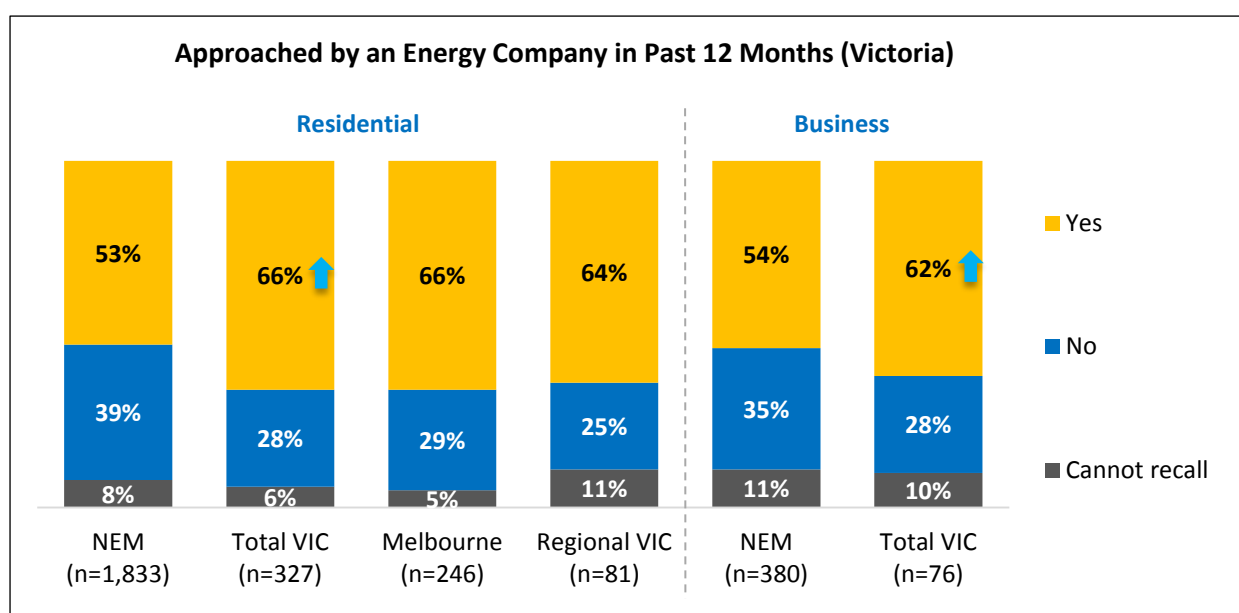
Past switching behaviour

Around two thirds of consumers in the quantitative survey (66% of residents, 62% of small business consumers) in Victoria had been approached by an energy company offering to sell them energy in the last

twelve months. This is significantly higher than in other NEM jurisdictions, reflecting the absence of regulation in the state.

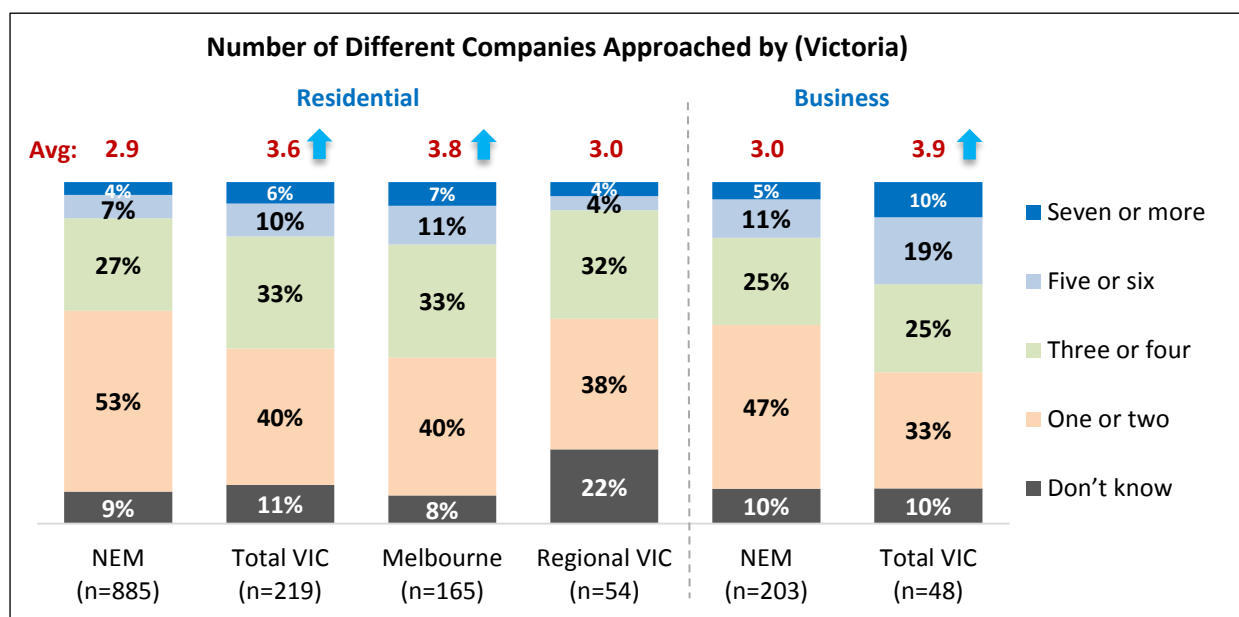
On average, residential consumers who had been approached by an energy company had been approached by 3.6 companies and small business consumers had been approached by 3.9 companies. This was significantly more than other NEM jurisdictions. Residential consumers in Melbourne (3.8 on average) had been approached by significantly more companies than those based in regional Victoria (3.0).

Four in ten residential consumers (39%) and almost six in ten small business consumers in Victoria (57%) had actively investigated different offers or options that they could potentially switch to in the last 12 months. Consumers in Victoria were significantly more likely to have actively investigated offers or options compared to other NEM jurisdictions.



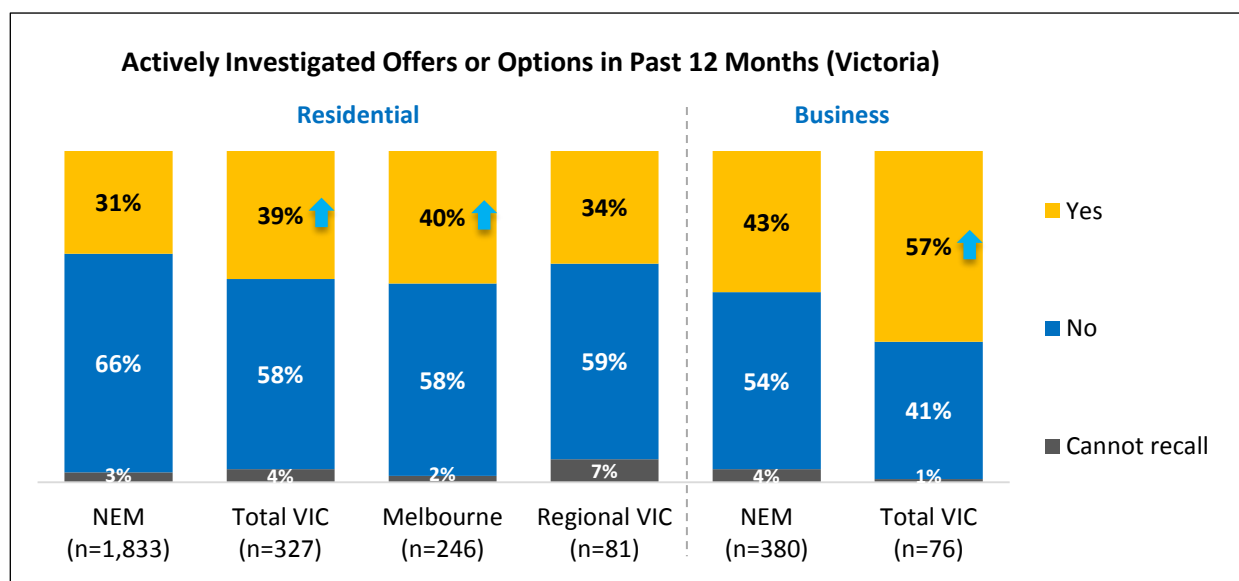
Base: All Respondents

Q18. In the past 12 months have you been approached by an energy company offering to sell you electricity or gas?



Base: Respondents who had been approached by an energy company in the past 12 months

Q19. How many different companies would you say have approached you in the last 12 months offering to sell you electricity or gas?



Base: All Respondents

Q20. In the past 12 months, have you actively investigated different offers or options that you could potentially switch to?

Respondents in the quantitative survey were asked to indicate how many times they had switched their electricity or gas (if relevant) provider or plan in the past five years. In order to further understand consumers' propensity to switch, they were also asked how many times they had switched other service providers in the past five years.

The table below shows the proportion of consumers who changed their service provider at least once in the past five years. The gas switching rates are shown as a proportion of consumers who have mains connected gas.

Provider (% switched at least once)	Residential				Business	
	NEM (n=1833)	Total VIC (n=327)	Melbourne (n=246)	Regional (n=81)	NEM (n=380)	Total VIC (n=76)
Electricity Company	48%	54% ↑	54%	55%	47%	57%
Electricity Plan	39%	43%	41%	47% ↑	39%	46%
TOTAL Electricity	60%	65%	64%	69%	56%	65%
Gas Company	40%	47% ↑	48%	45%	37%	46% ↑
Gas Plan	30%	31%	30%	38%	40%	53% ↑
TOTAL Gas	49%	56% ↑	55%	57%	45%	59% ↑
Car Insurance	37%	33%	34%	27%	Not asked of business consumers	
Mobile	32%	32%	31%	33%		
Internet	30%	28%	29%	23%		
Home Insurance	22%	22%	24%	17%		
Landline	22%	21%	23%	15%		
Bank	18%	18%	17%	22%		
Health Insurance	13%	13%	15%	9%		

Base: All Respondents

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company? MULTIPLE RESPONSE / D7. In the last five years, how many times have you changed any of the following providers or companies with which you have products and services? MULTIPLE RESPONSE

In Victoria, around two thirds of residents and small businesses (65%) had changed their electricity company or plan at least once in the past five years. Around six in ten had changed their gas company or plan (56% of residents, 59% of businesses) – significantly more than in other NEM jurisdictions. By comparison, a third of residential consumers (33%) had changed their car insurance or mobile phone provider (32%) in the past five years.

The following types of residential consumers were significantly more likely to have changed their electricity company or plan in the past five years:

- Consumers aged 35 and over (70% vs. 51% of those aged under 35)
- Those who were quite or very interested in issues to do with energy (74% of those who gave a rating of 7 or more vs. 56% of those who gave a lower rating)
- Those who had been approached by an energy company offering to sell them energy (73% vs. 51% of those who had not been approached)
- Those who actively investigated options or offers they could potentially switch to (79% vs. 56% of those who hadn't)
- Those who were at least fairly confident they understood the various options and offers that were available to consumers (70% of those who gave a rating of 4 or more vs. 48% of those who gave a lower rating)
- Those who were quite or very confident they had access to the right information to choose a suitable energy deal (75% of those who gave a rating of 7 or more vs. 59% of those who gave a lower rating).

The following types of residential consumers were significantly more likely to have changed their gas company or plan in the past five years:





- Those who were at least fairly confident they understood the various options and offers that were available to consumers (60% of those who gave a rating of 4 or more vs. 36% of those who gave a lower rating)
- Those who were quite or very confident they had access to the right information to choose a suitable energy deal (64% of those who gave a rating of 7 or more vs. 47% of those who gave a lower rating).

The table below shows the average number of times consumers in Victoria changed their energy company or plan in the past five years.

When it came to electricity, residential consumers in Victoria had changed their company 2.0 times and their plan 1.9 times on average. Business consumers had switched their company (1.7) or plan (1.8) slightly less times than residential consumers.

Residential and business consumers tended to change their gas company (residential 1.9, business 1.7) or plan (residential 1.8, business 1.8) at similar rates to electricity.

There was strong relationship between the number of times people had changed their energy company or plan and the number of companies they had been approached by. The tipping point tended to be three companies i.e. those who had been approached by three or more changed energy company or plan significantly more times than those who had been approached by two companies or less.

Provider (Average number of switches)	Residential				Business	
	NEM (n=773)	Total VIC (n=173)	Melbourne (n=129)	Regional (n=44)	NEM (n=159)	Total VIC (n=44)
Electricity Company	1.7	2.0 	2.0	1.9	3.1	3.0
Electricity Plan	1.7	1.9 	1.9	1.7	3.5	3.2
Gas Company	1.7	1.9 	1.9	1.8	1.8	1.7
Gas Plan	1.7	1.8	1.9 	1.5	1.9	1.8

Base: Respondents who had switched in the past five years

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company?

Drivers and triggers to investigating offers and switching

The qualitative research suggests the main trigger to investigating a new energy deal was learning that it was possible to save money by changing their company. They typically learnt of this via word of mouth from family or friends who were getting better deals, through door-to-door salespeople, telephone calls from energy companies, or to a lesser extent through advertising – mainly on television.

I got a marketing phone call and was offered a Royal Auto membership with Simply Energy. It was 30% off the usage for electricity and 10% for gas, but no discount off the service charge. They had a cooling off period so I signed up and looked into it by going to different energy company websites. The offer was good so I stayed with it. (Melbourne, Switcher)

Some consumers, simply through their own concern about rising energy prices, driven either by receiving an unexpectedly high bill or due to rising costs over a period of time, were motivated to investigate their options of their own volition. Another was dissatisfaction with their energy company due to bad customer service experiences, changes being made without informing the customer and billing disputes.

A few participants also explained that they have just got into the habit of checking for better deals every so often, including one small business participant who has built this into their regular course of business. A couple commented that it was their own way of keeping the energy companies honest.

It's just what I do to take stock. I go through the gas, electricity and phones every couple of years. It started with telephones ten years ago, and I have added energy companies to the list. (Melbourne, small business)

If you have the time and the inclination... I would do it again just to check I am getting a reasonable deal. You have to keep them honest. (Melbourne, Switcher)

Other mid-level triggers to investigate alternative energy companies or plans identified in the qualitative research included:

- Moving house or business premises;
- Expiring contract – got sent a letter, which prompted them to look around;
- Switched in error – one had a door-to-door salesperson switch them although they had not agreed to it, and another had mistakenly thought it was their own company calling to offer them a better plan, and subsequently missed the cooling-off period; and
- Had solar panels installed and they were seeking the best feed-in rate.

Solar panels – the government said you're going to save a lot. We have them and in the first couple months it was okay but now the price just keeps rising. That's why I looked. (Melbourne, Looked but Didn't Switch)

I was checking solar rates to see what other companies were giving, to see whether others would accept solar. Some of the smaller companies won't accept solar panels to generate electricity for the property, only the bigger companies offer it. I looked into solar to cut down the electricity bill. I'd planned on solar for a number of years, was just looking for the right opportunity and the right money. (Ballarat, Looked but Didn't Switch)

Lower-level triggers to switching mentioned by just one participant each were:

- The incentive – an advertisement on TV in which they were offered a tablet;
- Discount was initially good but the price kept going up, negating the discount, so they went back to their original company because it provided better customer service; and
- Going through the experience of switching and finding that it wasn't as hard as they thought it would be.

Before I made the switch, I would have just stayed with the ones I was with and thought it was too difficult to change. (Melbourne, Switcher)

While several triggers will often prompt consumers to investigate alternative offers, for those who ultimately switched, the price, plan, incentive or the discount on offer was typically the key driver in the final decision-making.

In order to quantify the drivers and triggers identified in the qualitative research, respondents who had changed their energy company or plan in the past five years were asked their main reason for switching.

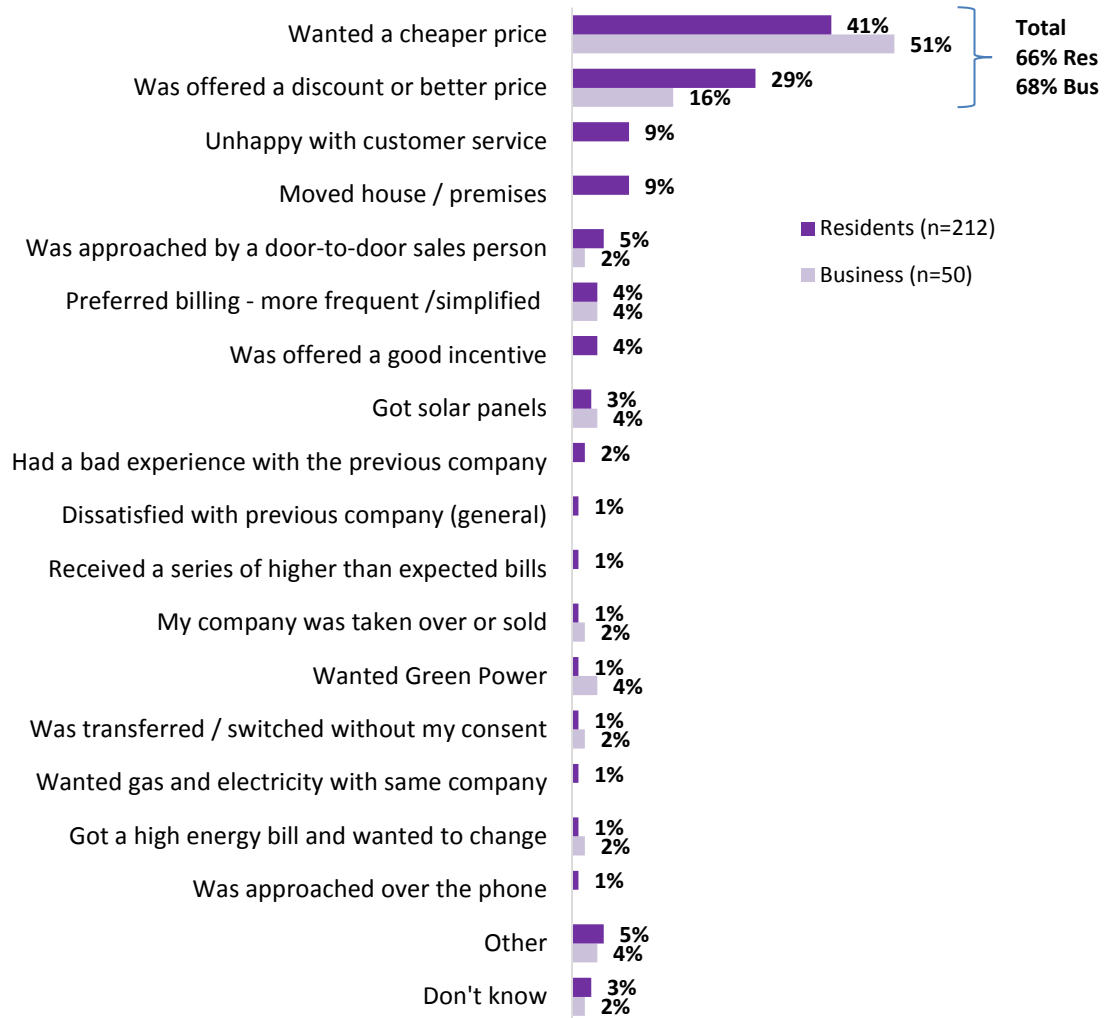
The drivers and triggers identified were similar to those mentioned in the forums. For electricity, the main reasons for switching were that consumers wanted a cheaper price (41% of residents, 51% of businesses) or they were offered a discount or better price (29% of residents, 16% of businesses). In total, 66% of residents and 68% of businesses who switched electricity company or plan were motivated by cheaper price.

Other lower level reasons for switching were also consistent with the qualitative research and included being unhappy with the customer service (9% of residents), moving house (9% of residents) or being approached by a door-to-door sales person (5% of residents, 2% of businesses).

For gas, the main drivers for switching were wanting to find a cheaper price (37% of residents and businesses) or being offered a discount or better price (30% of residents and 19% of businesses). In total, 66% of residents and 56% of businesses were motivated by price. Lower level drivers were moving house or business premises (13% of residents), wanting to bundle electricity and gas (8% of residents) and being unhappy with customer service (7% of residents and 10% of businesses).

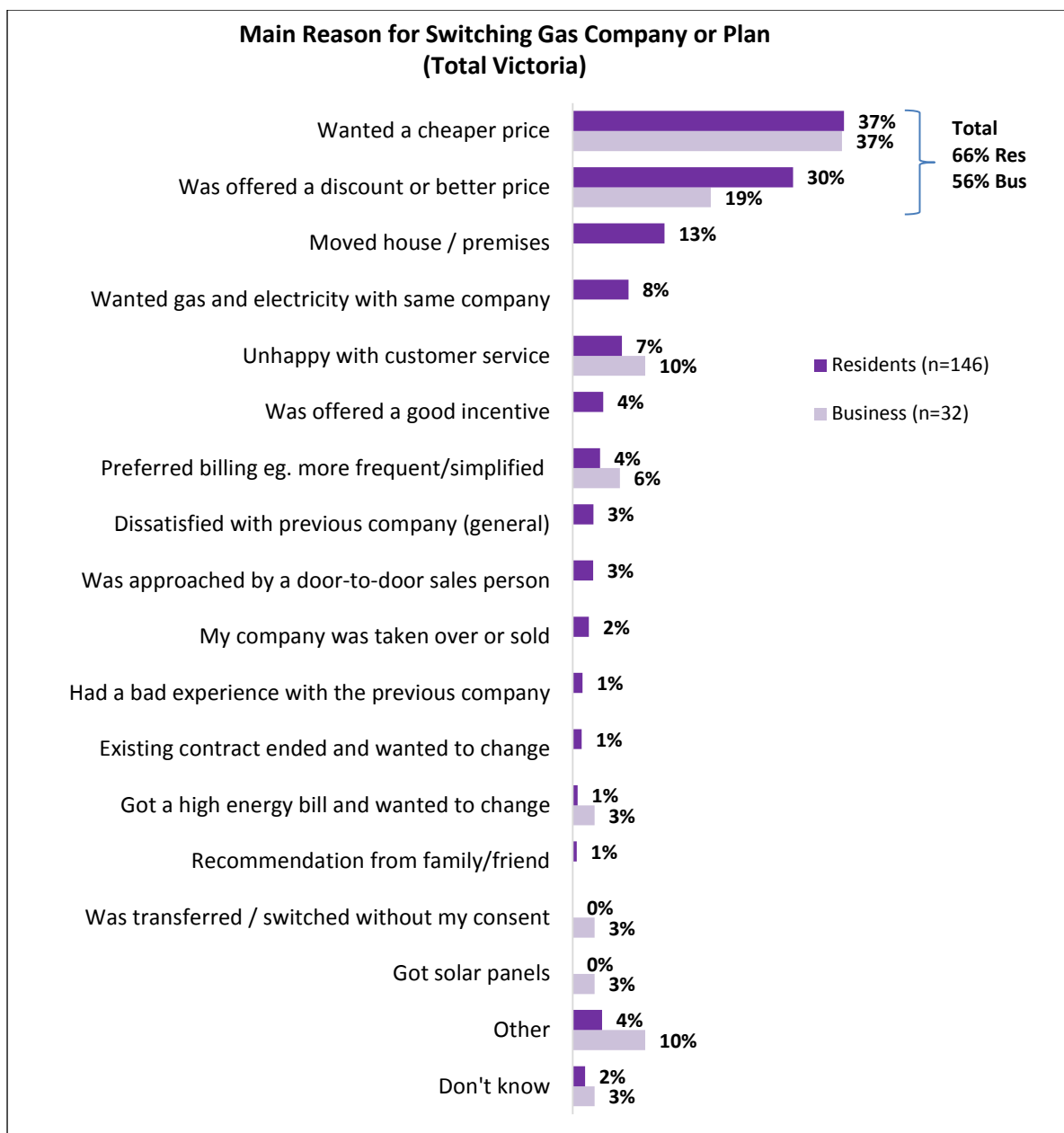
These results are fairly similar to those in other jurisdictions and results in Melbourne and regional Victoria were also comparable. The only standout difference was that those in regional Victoria were significantly more likely to say they switched their electricity company or plan because they got solar panels (9% vs. 1% of those in Melbourne).

Main Reason for Switching Electricity Company or Plan (Total Victoria)



Base: Respondents who switched their electricity company or plan

Q22. The last time you switched, what was the main reason you changed your electricity company or plan? MULTIPLE RESPONSE



Base: Respondents who switched their gas company or plan

Q27. The last time you switched, what was the main reason you changed your gas company or plan? MULTIPLE RESPONSE

Reasons for not investigating offers or switching

The results from both the quantitative survey and qualitative forums suggest the main barriers to consumer participation in the Victorian energy market are satisfaction with (or more accurately, a lack of annoyance with) their current company, price increases remaining within expectations, inertia, distrust that an alternative offer will be better, inability to identify the best offer and a lack of engagement.

All forum participants had been approached to change company or plan in recent years but only some were interested in looking into the offers.

Non-switchers had mixed satisfaction with their retailers, indicating that dissatisfaction is not always a driver to switching. Some simply said they hadn't switched because their company didn't annoy them.

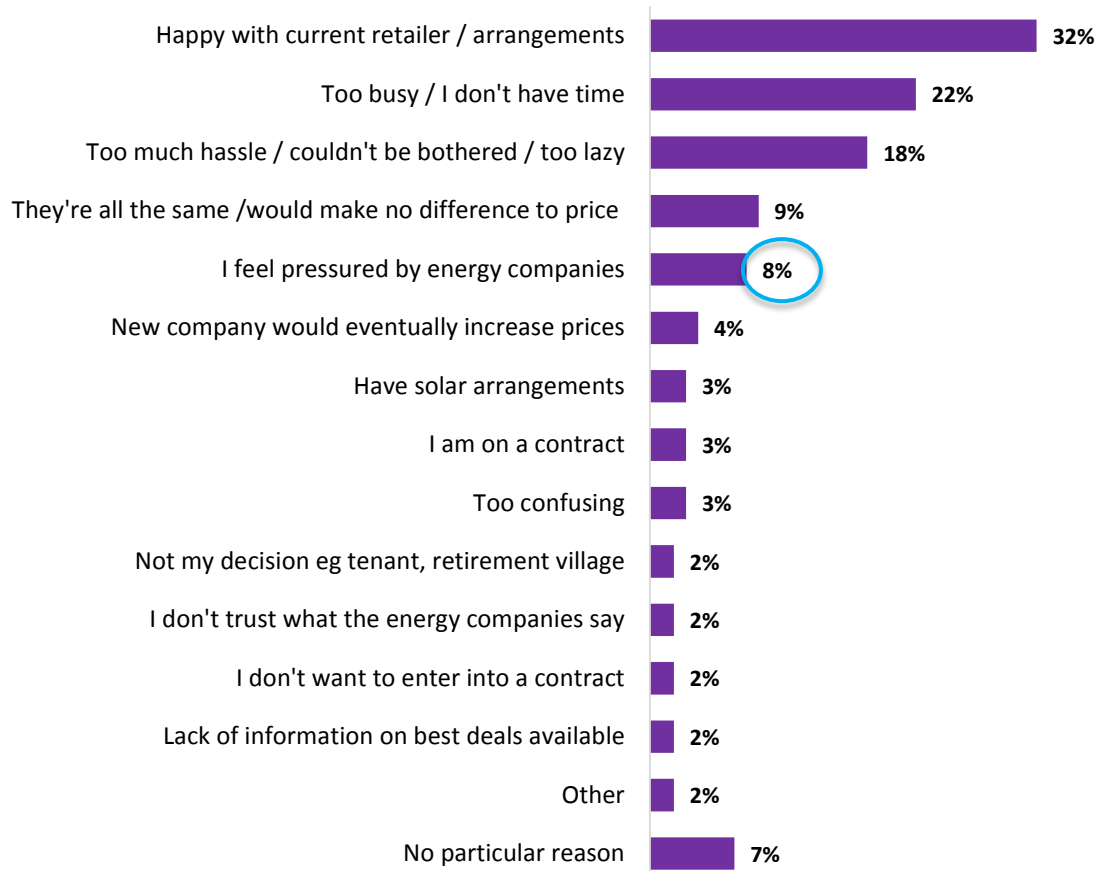
They don't annoy me and I don't annoy them. I had a couple of years where different energy companies were calling me up. My time is worth more not talking to them than it is being interrupted. (Melbourne, Looked but Didn't Switch)

I'm very dissatisfied – my payments get made but their computer doesn't register them. I keep getting text messages saying I'm late and I keep having to call them. The customer service person says it hasn't been paid, but it has. This has been going on for eight weeks and it happens for both bills, so I get separate texts for gas and electricity. (Ballarat, Non-Switcher)

The table below summarises the main barriers identified in both the qualitative and quantitative research to investigating and/or switching to different energy companies and plans. They are listed in broad descending order of frequency of mentions. Note that there is some overlap between these barriers, and many participants mentioned several of them. These barrier themes are addressed in more detail below this table.

Barrier Themes	What people say
Barrier A: No compelling value proposition	<ul style="list-style-type: none">• I'm happy with current retailer/arrangements, there is no reason to change• I don't think I'll save much money, they are all the same• My bill is too low to bother• I've done a lot of research and found little difference between what companies offer
Barrier B: Disengagement	<ul style="list-style-type: none">• Too much hassle, couldn't be bothered, too lazy• Too busy, I don't have the time
Barrier C: Complexity & Energy Literacy	<ul style="list-style-type: none">• It's too complicated, there are too many options• Options are difficult to compare• It's going to take me a long time
Barrier D: Mistrust of Energy Companies	<ul style="list-style-type: none">• I feel pressured by energy companies• I had a bad experience switching in the past• I've heard so many complaints from other people
Barrier E: Nature of competition	<ul style="list-style-type: none">• I feel pressured by energy companies• I looked at the comparator sites then rang my own company, and they were happy to match the best price I found.

Main Reason for Not Investigating or for Not Changing Energy Company or Plan (Total Victoria)



Base: Respondents who hadn't investigated options and hadn't changed their energy company (Residents: n=49) NB: Business results not shown due to small sample size (n=9).

Q33. Are there any reasons why you haven't investigated different options or why you haven't changed your energy company or plan in the last few years? MULTIPLE RESPONSE

NB: the blue circle indicates that the result is significantly higher than the NEM average

The next section of the report provides more detail on each of the barrier categories identified earlier, with analysis based on both qualitative and quantitative results.

Barrier A: No compelling value proposition

The main barrier identified in the qualitative research was a strong sense that it was not worth the time involved in investigating or switching their energy company or plan. This was because most of those who hadn't switched were quite satisfied with their current company and were pleased with either the service and/or the price. Many also thought they probably wouldn't get a much better deal elsewhere.

In the quantitative survey, 32% of residents who hadn't investigated offers or changed company or plan were happy with their current retailer or arrangements and a further 9% thought switching wouldn't make a difference to the price they paid.

I'm happy with the service and their response when any questions or clarifications are asked, either by letter or phone. (Ballarat, Looked but Didn't Switch)

They answer my questions. I did change away from them once but that wasn't pleasant. The company I returned to has reasonable rates so I won't be trying that again. (Ballarat, Non-Switcher)

With my company I'm on the Easypay system where I pay fortnightly and that suits me. (Melbourne, Looked but Didn't Switch)

You end up paying the same no matter which provider you're with. It doesn't make any difference in the long run. The difference is \$10. I've done all the research, but I'm not confident once it's done. (Melbourne, Non-Switcher)

They offer discounts, but the prices are going up astronomically. They get you in with great discounts but at the end of the day it's all irrelevant. (Melbourne)

There were also some forum participants who weren't necessarily happy with their energy company, but they weren't having any real issues and indicated their company wasn't causing them sufficient grief to switch.

My company doesn't annoy me. (Melbourne, Looked but Didn't Switch)

Better the devil you know. (Melbourne, Non Switcher)

I don't have enough dissatisfaction – it hasn't reached the tipping point. (Ballarat, Non-Switcher)

Many forum participants spoke about not expecting that they could make worthwhile savings. Some people were so disengaged that they had just *assumed* the difference wouldn't be enough for them to switch, while others had looked into it and found this to be the case. Some had also found that their own company either had the best price, or in a small number of instances, it had a good reputation so they decided to stay with it.

Discussions around how much it would be possible to save revealed that most non-switchers thought they could only save a few dollars or a small percentage (e.g. 3-5%). When thinking about what would be enough of an incentive to switch, there was some sense that a saving of around \$50 per quarter or 15% might be enough. One of the higher income participants said they would need to save around \$200 per quarter to switch.

There isn't enough price difference to switch – if it's 3% don't bother, but if it was 15% I might. (Ballarat, Non-Switcher)

My daughter works for a multi-level marketing company that finds you the best power deal. She looked into it to see if we could get a better deal but there was only about a \$7 difference so we didn't bother changing. (Melbourne, Looked but Didn't Switch)

I've done extensive research into this in the past, but found there was no real difference between the energy companies. (Melbourne, Non-Switcher)

Importantly, people also found it much easier to think in dollar terms than percentages, while the discounts are typically marketed in percentage terms.

One of the other themes within this barrier was around people wanting stability, both in terms of having a stable, well-known company, and generally not liking change.

Stability is important to me – from a business perspective. If there's no problem, why change? (Ballarat, small business)

I don't like too much change and I don't trust the fact they're going to save me anything. A few bucks for all that trouble? I was pretty happy to stick with what I had. (Melbourne, Looked but Didn't Switch)

I looked online for comments on retailers and I consulted others by word of mouth. All of these comments were relevant factors in my decision to stay with [company]. (Ballarat, Non-Switcher)

Barrier B: Disengagement

There was a strong sense of disengagement with energy markets in Victoria, with many people indicating they just didn't want to bother looking into it, especially when they didn't think it would be worth their while. In the quantitative survey, 22% of residents who hadn't investigated offers or changed company or plan were too busy or didn't have time and 18% thought it was too much of a hassle or couldn't be bothered.

I'm just lazy, complacent about it. (Ballarat, Non-Switcher)

I don't engage with telemarketers or doorknockers, so I don't even hear their spiel. (Melbourne)

Some of these participants were just too busy with other things in their lives and/or weren't interested. Quite a few had also put up a Do Not Knock sticker or registered themselves on the Do Not Call register because they were sick of being bothered by salespeople and wanted control over when (and if) they engaged with energy companies. However, a few added that these things didn't always work and some companies still got through.

I'm time poor. (Ballarat, Non-Switcher)

It's like calling VicRoads or Centrelink, you need a hands free phone because it's going to take so long. (Melbourne, Non-Switcher)

I am on the Do Not Call register. If I want something, I will call them. (Melbourne, Looked but Didn't Switch)

A few had even looked into various offers in the past but weren't motivated or forgot to follow through.

I heard [company] is really good with solar through a friend, so I looked at them but then I never did anything about it. (Melbourne, Looked but Didn't Switch)

The disengagement barrier is also linked with the next two barriers – complexity and an underlying mistrust of energy companies.

Barrier C: Complexity and Energy Literacy

The complexity of the different energy offers available was a major barrier to looking into alternative offers for quite a few participants. The offers were thought to be too numerous and too hard to compare because they were all presented differently and in ways that were hard to understand because they used terminology and concepts that people were unfamiliar with. In the quantitative survey, just 3% of residents who hadn't investigated offers or changed company or plan specifically mentioned this as a barrier although, as noted, a lot said it was too much hassle or they were too busy.

This barrier reflects a mix of other barriers, including people's limited energy literacy, their lack of interest in engaging with the energy industry, negative past experiences and a lack of trust that energy companies have their best interests at heart.

Many companies offer different things. Their terms and conditions are different, and they make different offers. There's lots of options and it's too confusing. (Ballarat, Non-Switcher)

Sometimes when the discount or saving is in percentages, converting that to dollars, sometimes it can be hard to understand what that means on the actual bill. It's difficult because I need to see all of the pricing information. (Ballarat, Non-Switcher)

Many participants had started looking and found the process too time consuming and too confusing or difficult, so they gave up and dropped out of the process. It appears that complexity is one of the key factors driving disengagement.

It's too confusing. There's different rates, different discounts, discounts for peak, for off-peak, for paying on time, it's all over the place. To compare one with the other it's nearly impossible. (Melbourne, Looked but Didn't Switch)

You're not able to compare apples with apples. (Melbourne, Looked but Didn't Switch)

Barrier D: Mistrust of Energy Companies

The in-depth discussions that took place as part of the qualitative research highlighted some concerns about the trustworthiness of energy companies in Victoria, based largely on personal experience, and to a lesser extent word of mouth. In the quantitative survey, 4% of those who hadn't investigated offers or changed company or plan thought the new company would just increase the prices anyway, 2% didn't trust what energy companies said and 8% said they felt pressured by energy companies.

Concerns were most commonly associated with door-to-door salespeople who many said were annoying, pushy and hard to understand due to strong accents. Some said they were making false claims or signing people to something other than what they thought they were signing up to (e.g. discounts only on the usage and not the whole bill), or even signing someone up in the household other than the person named on the bill.

A doorknocker promised they'd pay out my current company, not just the exit fees but the whole bill. I rang the supervisor there to verify it the next day and was told that was rubbish. (Melbourne, Non-Switcher)

I was frustrated with having someone else in the household sign up to switch, even though their name was not on the bill. (Melbourne, Non-Switcher)

My partner chased a doorknocker down the street because it was 8:30 on a Sunday morning. Also the guy wasn't even that polite. (Ballarat, Non-Switcher)

Customer service – if you can't understand me the first time, you've lost me. The way they handle calls, some of them are very inexperienced. When the call centres are in Australia you can understand them better, and they can understand you. (Ballarat, Higher Income)

Some of the marketing activities were also seen as quite suspicious, with one example of a door-to-door approach in Ballarat where the salesperson claimed to know that the other houses in the street were getting a better rate.

There's a new thing they're doing. They come to the door with a map of your street on an iPad, and your house is red, while some houses are white, some are green. They say "all your neighbours are getting a cheaper rate". Is that even legal for them to do that? (Ballarat, Non-Switcher)

Some participants spoke of having switched on the appeal of the discount and then finding that the price still went up anyway, so they had lost faith that the offers were meaningful.

I've switched in the past but it's only a short-term thing. They offer you a good deal and then 3-6 months later they put the price up. They're not fixing the price. I don't really have faith that what they're offering will last. (Melbourne, Non-Switcher)

Some participants expressed a degree of hesitation about signing up with the smaller energy companies in the market that they had not previously heard of because they felt they were unknown entities. This was driven by a sense that smaller companies were not necessarily financially stable or in a position to provide the same level of customer service or reliability as the larger, more experienced companies if something went wrong – especially if their call centre was overseas, if they were better known for selling something other than energy, or if they didn't like the company's image.

How can you trust a company you've never heard of – how can you trust they'll be there in a year's time? (Ballarat, Lower Income)

I would stay with the bigger ones because they make me more confident. I feel safer - safety in numbers. If it collapses what do you do? (Melbourne, Lower Income)

Dodo cops it because its Internet service was very slow when it first started. (Ballarat, Higher Income)

I couldn't use Dodo; their ads are obnoxious. (Melbourne, Higher Income)

Some participants said they would be more likely to try a smaller company they had not previously heard of if they knew a family member or friend had used them and were happy with them.

I just wouldn't want to be the first to try them. (Melbourne, Higher Income)

There is also a degree of bias against foreign-owned companies.

I wouldn't go with them if I haven't heard of them. If they ring, I'm not going to pay money if I haven't heard of them. Where's the money going? It's already bad enough our distributors are foreign owned. (Melbourne, small business)

Note that many of the negative experiences mentioned appeared to have occurred some years ago, when there was more door-to-door and telephone marketing. There was a sense that some people were moving on and that their emotions are not as raw as they were in the past. There was a general sense that the calls and door knocking had receded somewhat over the last year or two, and many people appreciated that.

Barrier E: Nature of Competition

The way in which retailers are competing is in some cases preventing consumers from considering all of the offers in the market. This relates to the type of marketing activities being used by retailers. Further, incumbent retailers were in some cases also able to match another company's offer, which is another barrier to some people switching to other retailers.

I looked at the comparator sites then rang my own company, and they were happy to match the best price I found. I just wanted to know which company it was that offered the better price. (Ballarat, Higher Income)

Other barriers

Other barriers that were mentioned by just a few participants included:

- Limited options for solar. One person had looked into the best solar deals and found that their own company had the best offer so they stayed with them. This was mentioned by 3% of residents in the quantitative survey.

Someone from the solar panel company I'm using recommended the best energy company for solar and I was with them anyway. (Ballarat, Non-Switcher)

- Lack of independent comparator website. A few commented that it would be good to be able to see options through a service like iSelect or an independent site that gives people a few choices and a recommendation but then doesn't force you to switch.
- Consistent hardship schemes. A few from lower income households were concerned that other companies wouldn't have the same hardship payment schemes or that it would be too difficult to match up the payment periods.
- Centralised hot water. A few said they had no choice in their gas company as their entire apartment block had done a deal or had a centralised hot water system.

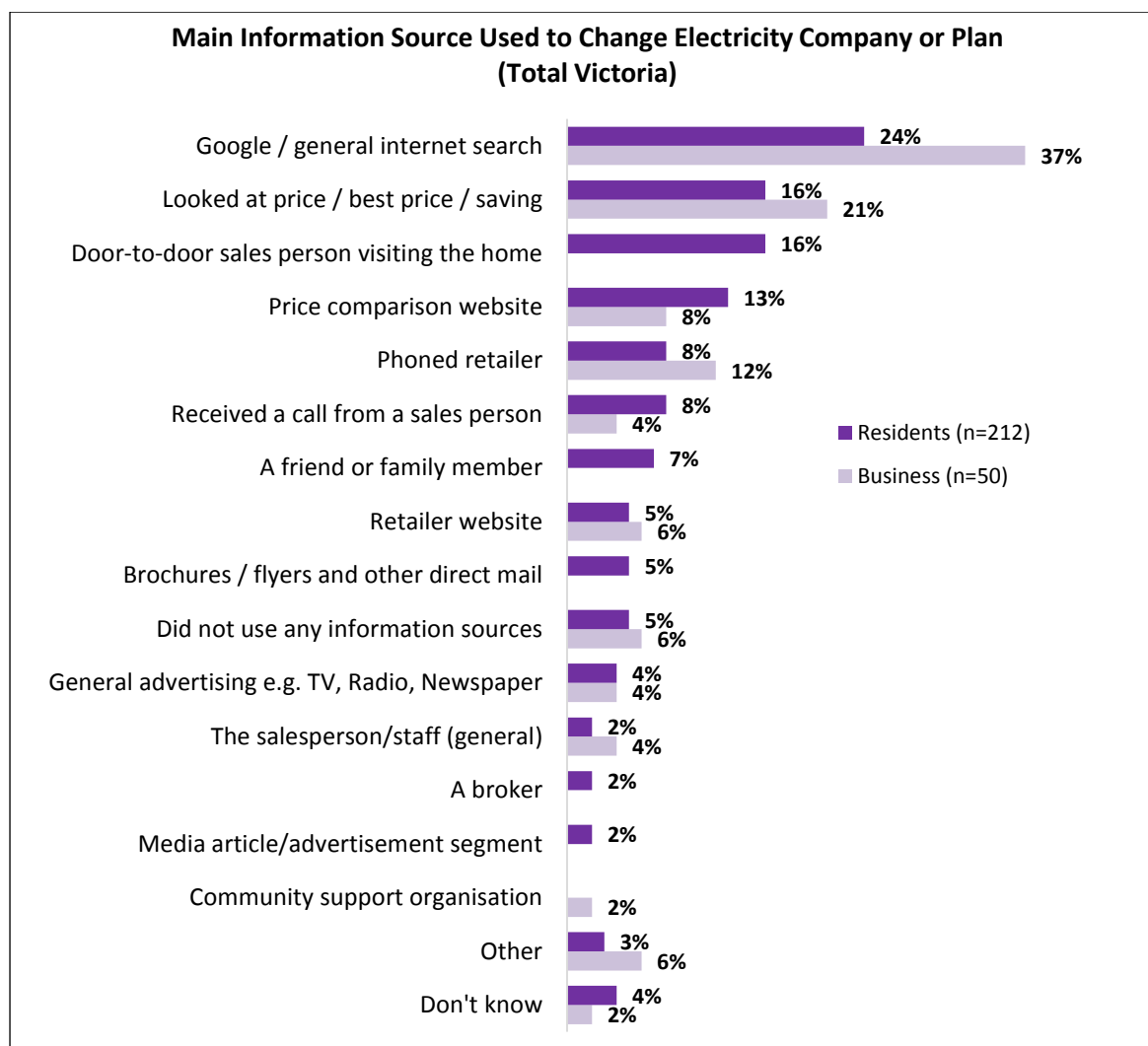
Although not raised by participants, an inherent barrier to switching to a better plan with their own company appears to be general lack of awareness of other plans offered, despite most people saying they knew they could choose a different plan.

Information gathering process and key sources of information

Consumers who had switched energy company or plan, or investigated but didn't switch, were asked about their information gathering process and which information sources they found useful. Most people tended to use more than one source, just to be sure they were make the right decision.

Consistent across the qualitative and quantitative research, the most widely used information source was the internet. Those who had switched electricity company or plan were most likely to have used Google or a general internet search (24% of residents and 37% of businesses). A few also looked at price comparison websites (13%, 8%) or at retailer websites (5%, 6%).

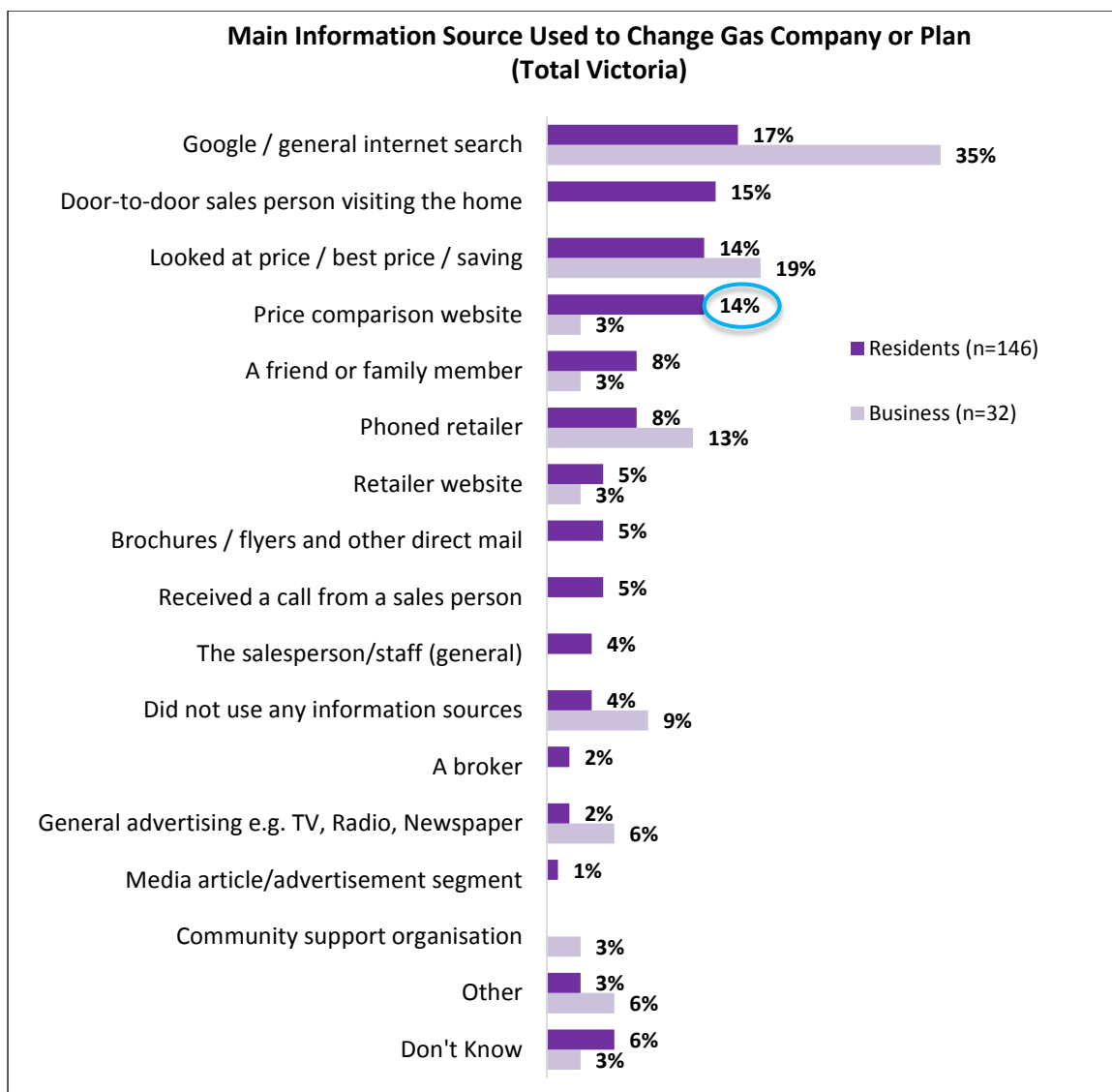
The information on the comparator website was easy to understand. No problem in understanding it. (Ballarat, Higher Income)



Base: Respondents who switched their electricity company or plan

Q23. The last time you changed your electricity company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE

Similarly, those who switched gas company or plan were most likely to have used Google or a general internet search (17% of residents and 35% of businesses) or price comparison websites (14%, 3%) and to a lesser extent, retailer websites (5%, 3%).



Base: Respondents who switched their gas company or plan

Q28. The last time you changed your gas company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE

NB: the blue circle indicates that the result is significantly higher than the NEM average

In the quantitative survey, just over two thirds of residents (68%) and six in ten businesses (59%) could not name any comparison websites. Of note, Victorians were more likely to recall the names of comparisons sites compared to other NEM jurisdictions. As seen with other jurisdictions and consistent with the qualitative research, the most commonly mentioned comparison sites were iSelect (17% of residents, 16% of businesses), Energy Watch (9%, 5%), Compare the Market (3%, 7%), GoSwitch (2%, 10%) and Choosi (2%, 3%).

In the forums a couple of participants had used a government comparison website but couldn't recall its name. However, most people didn't know there was a government site, and notably, quite a few people could not remember which comparison site they had used.

Just 1% of survey residents and none of the business respondents initially mentioned the YourChoice site, but when prompted, 29% of residents and 32% of small business consumers said they had heard of the site. Similarly, while only 1% of residents and none of the businesses mentioned the Switch On website

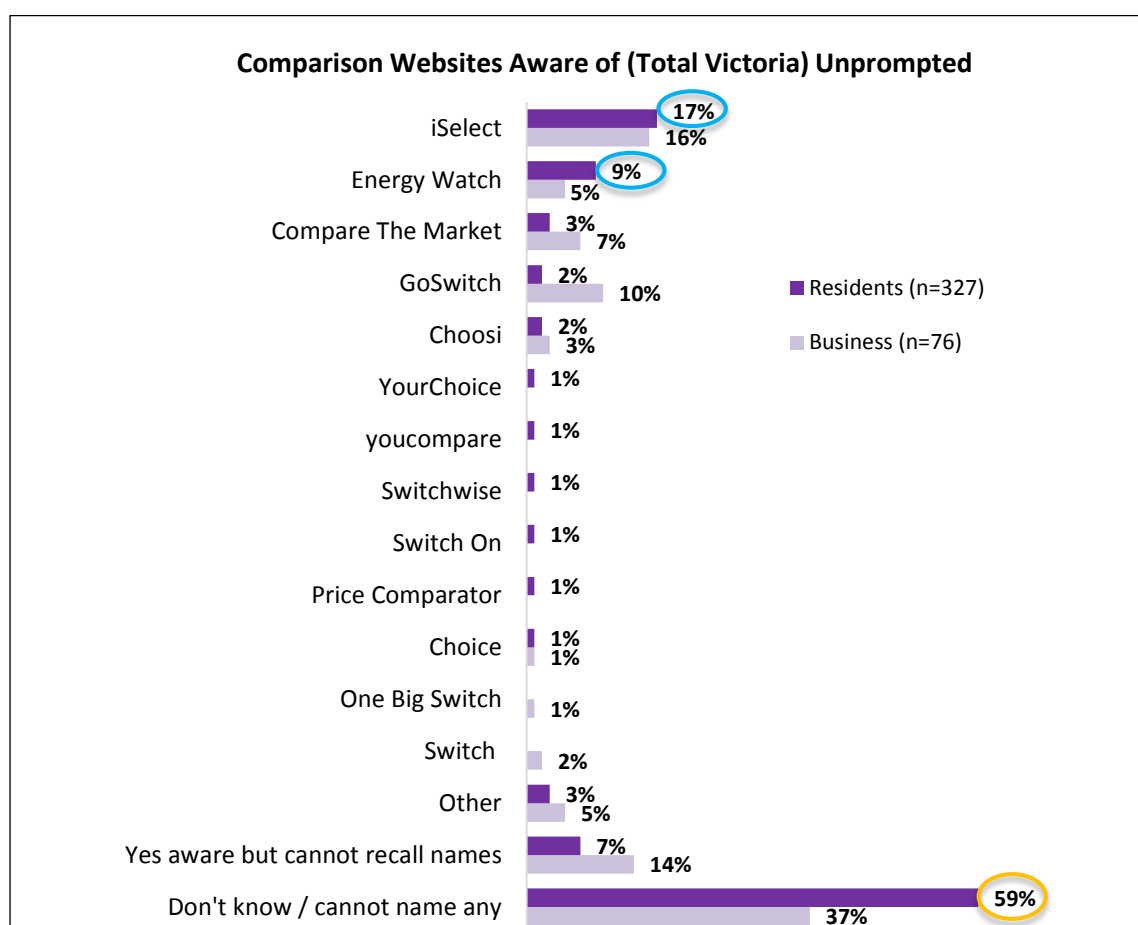
without prompting, when asked if they had heard of My Power Planner on the Switch On website, 8% of residents and 23% of businesses indicated they had.

When looking into plans I looked at comparison websites, which showed what options are available, which retailers and plans are cheaper. There's a government website that compares all of them, I think it's maybe called Energy Watch. I heard about it through advertising. Then I went to Google – lots of comparator websites come up. I also asked my solar panel company; they provided tables with different companies' rates. That information gave me an idea of where to go, which company to look at. (Ballarat, Non-Switcher)

Some consumers, however, had gone directly to individual energy company websites, while one participant went to a comparison website first and then directly to the website of the company with the best deal to avoid having to potentially pay a commission to the comparison website. A few just went to their own company's site to see if they could switch to a better plan.

I am dubious if they're getting commissions, so I just went there to find the cheapest one and then once I had a recommendation I actually went to the company's website. It was a few hours of comparing and checking. (Melbourne, Switcher)

I wasn't getting any benefits so I went onto my company's website and picked a better plan. I switched over online and found the process fairly easy to do. (Ballarat, Switcher)



Base: All Respondents

Q38. Are you aware of any comparison websites that can help customers choose a good energy deal for their home?
MULTIPLE RESPONSE

NB: the blue circle indicates that the result is significantly higher than the NEM average. The yellow circle indicates that it is significantly lower than the NEM average.

The qualitative research suggests that in the early days of deregulation in Victoria, the impetus to look into switching came more from direct marketing - specifically approaches over the telephone or door knocking (where some initial information tended to be gleaned). More recently, this appears to have moved towards word of mouth and mainstream advertising.

While door-knocking by energy companies was seen as a barrier to switching it did form an effective trigger for some consumers to look into switching, rather than being something that tends to make them switch immediately. In the quantitative survey, 16% of residents who switched electricity company or plan and 15% of those who switched gas company or plan found the information provided by door-to-door sales people useful.

While many forum participants had found the comparator sites easy to use or at least somewhat helpful, some felt they were unclear or incomplete in terms of providing all of the offers and that it could still be difficult to compare offers. As a result, internet research was often followed by telephone calls to the retailers identified by the comparator sites to do a final check of details and make the actual switch.

The comparison websites are really helpful. (Melbourne)

A few people commented that they would like to be able to use an independent comparison site because they thought the commercial ones only showed the offers that the companies had paid to advertise on their site, therefore they were not getting a complete sense of what was available.

There's so many comparison websites that have a hidden agenda. (Melbourne)

While most forum participants had used the internet to gather information, some people simply telephoned the energy companies they had heard of to see if they could offer a better price. A few had sourced a better offer online and contacted their own company to see if they could match the deal, or to say (or threaten) that they were switching. They often said their retailer matched or even bettered the deal, typically once the customer was able to provide proof of the alternative offer. Some participants also commented that the companies don't put their best offer online, so that is why they telephone them. In the quantitative survey, 8% of residents and 12-13% of businesses who switched electricity or gas company or plan relied on the information used when they phoned the retailer.

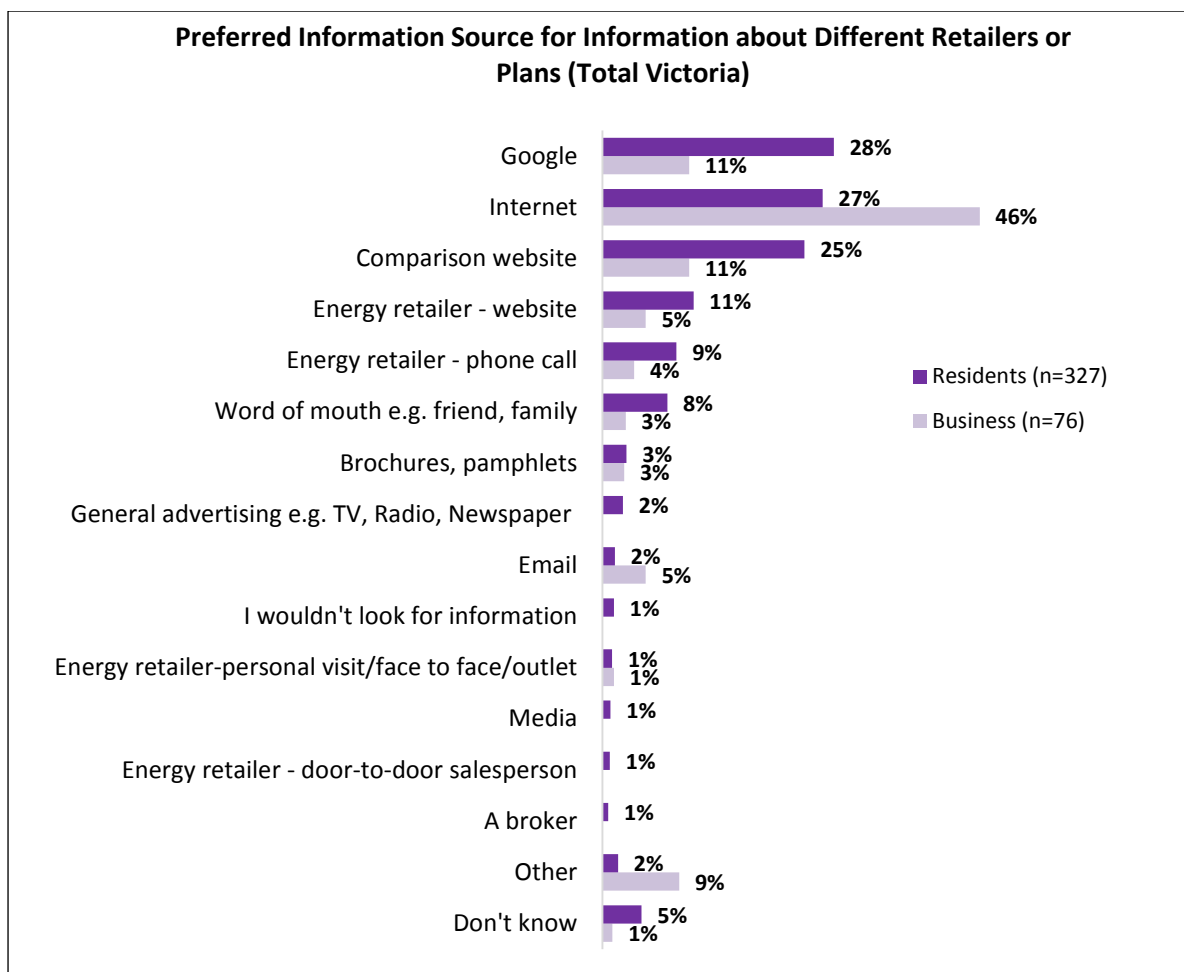
A small number of participants also used the terms and conditions offered by the door-to-door salesperson to better understand the finer points of the offer within the cooling off period, sometimes going on to look online to see if they had made the right choice.

Participants' consideration set when investigating alternative energy companies and plans was typically limited to just a few companies, usually the larger to mid-sized ones they had heard of before. The charts below show the main information sources used for switching electricity or gas company or plan. Please note, due to small sample sizes (n=12 residents and n=3 businesses), the information sources used by those who investigated options but didn't switch are not shown in this report.

When it came to preferred sources for information about different energy retailers or plans, the most preferred were largely internet based:

- Google (28% residents, 11% businesses)
- The internet (no further information provided: 27% residents, 46% businesses)
- Comparison websites (25% residents, 11% businesses)
- Energy retailer websites (11% residents, 5% businesses).

Some respondents preferred to use more traditional sources such as phoning the energy retailer (9% residents, 4% businesses) and word of mouth (8% residents, 3% businesses).

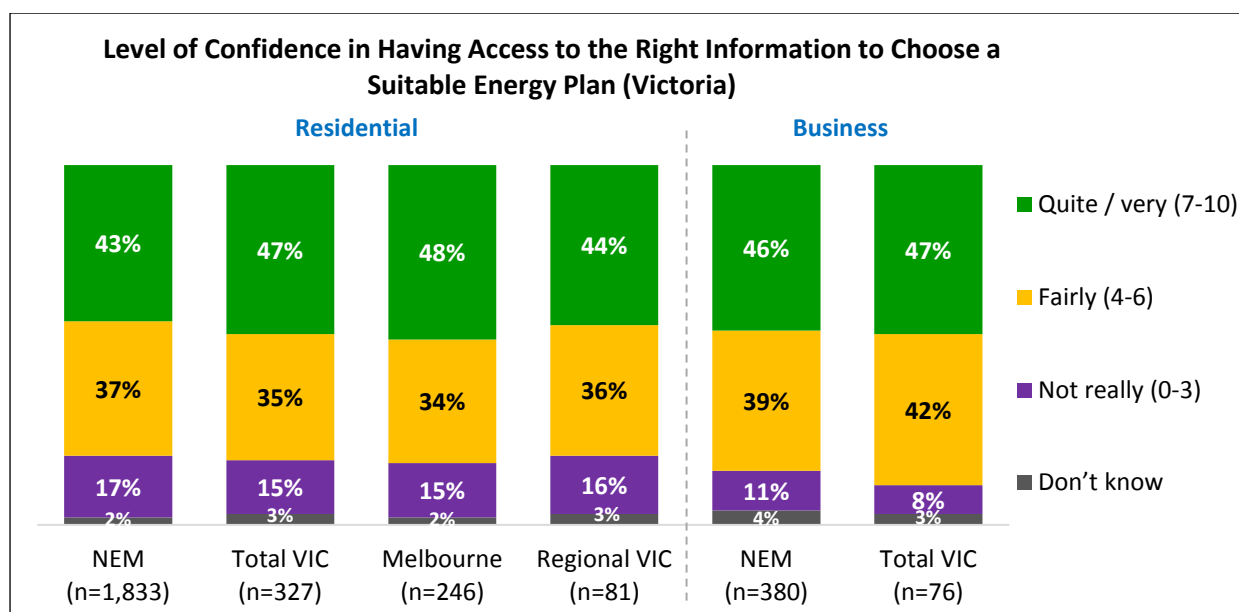


Base: All Respondents

Q37. If you wanted to look for information about different energy retailers or plans, what would be your most preferred method? MULTIPLE RESPONSE

When asked how confident they were that they had access to the right information to choose a suitable energy plan, the majority of survey respondents were fairly or quite confident (35% of residents and 42% of businesses rated between 4 and 6 out of 10, and 47% of both residents and businesses rated 7 or more). Just 15% of residents and 8% of small business consumers were not really confident they had access to the right information (rating of 3 or less). Confidence levels in Victoria were consistent between residents and small business consumers and results were also comparable between those based in Melbourne and those based in regional Victoria.

In the forums, participants clarified that although they knew they could get access to information, actually choosing to do so or ability to understand it was the issue.

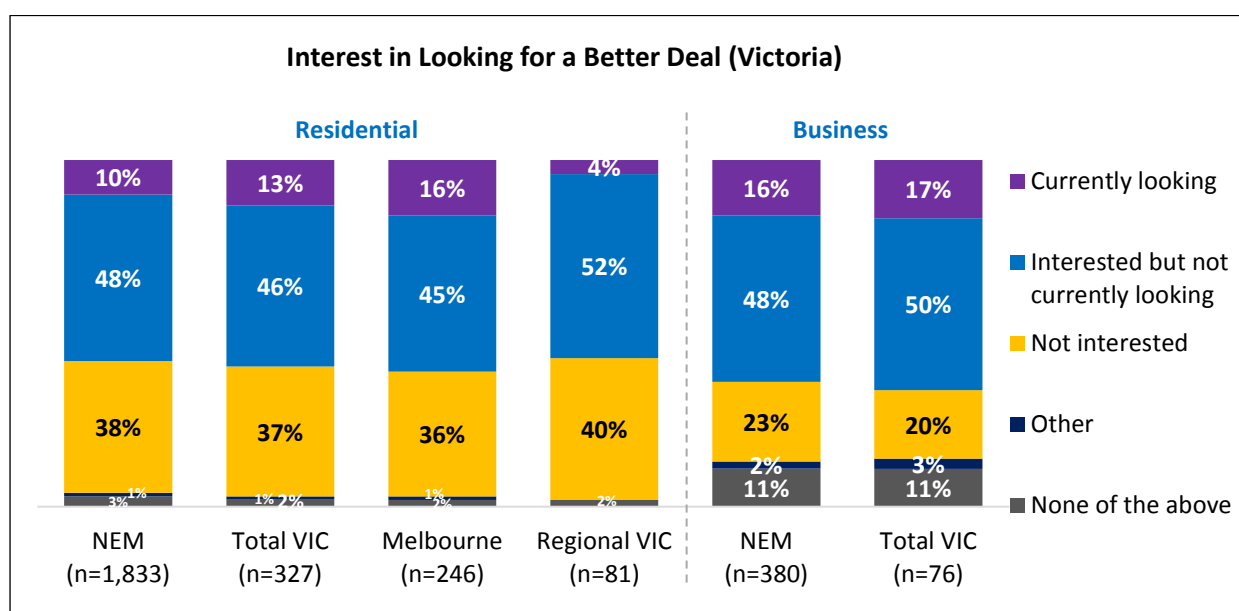


Base: All Respondents

Q36. How confident are you that you have access to the right information to choose an energy plan that suits your needs? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

Future switching intentions

When it came to looking for a better deal, 13% of residents and 17% of businesses were currently looking. Around half (46% residents, 50% business) were interested in looking for a better deal but were not currently looking and over a third of residents (37%) and one in five businesses (20%) were simply not interested in looking for a better deal. Switching intentions in Victoria were fairly consistent with those observed in other NEM jurisdictions.



Base: All Respondents

Q34. When it comes to your household's energy company, which of the following statements is most applicable to your household?

When it came to future switching intentions, consumers generally felt it was not really likely or only fairly likely they would switch in the next 12 months. Just a quarter of residents (24%) and a third of businesses

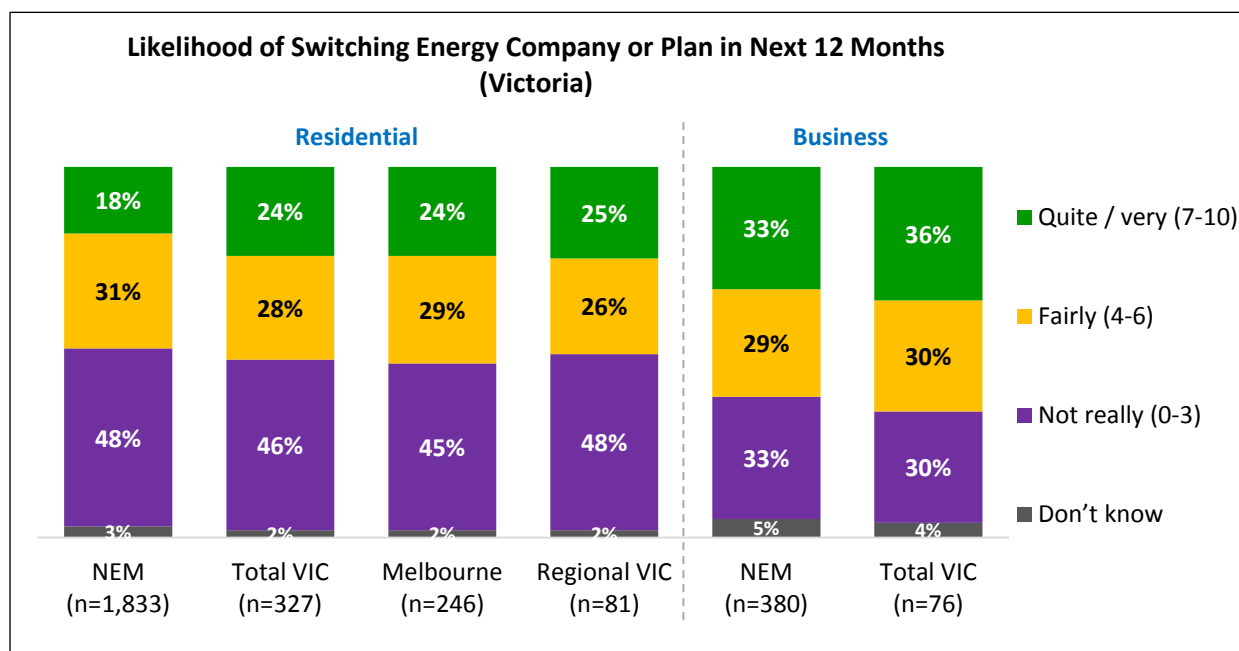
(36%) indicated they were quite or very likely to switch (rating of 7 or more out of 10 where 10 meant extremely likely). Around three in ten respondents (28% residential and 30% business) were fairly likely to switch (rating between 4 and 6) and 46% of residents and 30% of businesses thought it was not really likely they would switch (rating of 3 or less). Of note, 23% of residents and 15% businesses said they were not at all likely to switch – giving a rating of zero.

Residents in Victoria were significantly more likely to consider switching compared to those living in South Australia (12% were quite or very likely). Business consumers were significantly more likely to switch compared to those based in ACT (11%), South Australia (21%) and southeast Queensland (19%).

The following consumers were significantly more likely to switch energy company or plan:

- Residents under 55 years old
- Those who were dissatisfied with their electricity or gas company
- Those with higher electricity bills
- Those who have switched provider in the past and more so, those who have switched more often in the past five years
- Those who were more interested in energy issues
- Those who were more concerned about future energy prices
- Those who have actively looked at options or offers they could potentially switch to
- Those who were more confident they had access to the right information to find a suitable energy deal

These results confirm that price and dissatisfaction with retailers are triggers for switching. To some extent, confidence in understanding the options available and prior experience with switching also increase the likelihood of switching.



Base: All Respondents

Q35. How likely are you to switch your energy company or plan in the next 12 months? Please use a scale where 0 is not at all likely, 5 is fairly and 10 is extremely likely?

The qualitative research suggests the likelihood to switch or consider switching in the future is directly related to the perceived value of making a change and consumer confidence in being able to access easy to understand and credible, independent information about the different offers available.

Among those who had switched, there were mixed views on whether they would do so again in the near future. Some said they were likely to stay with their current provider at least until their contract ends. Some said they would look into it if they moved, if they got a really big bill or if they heard of a company offering something substantially better than they were getting – either directly from the company through marketing or through word of mouth.

If I have the time, and there are good incentives, I might look into switching again. (Ballarat, Switcher)

Some people on lower incomes said it would be difficult to switch as they would have to match up their payment plans.

It depends where the balance is at with prepayment. (Melbourne, Lower Income)

Some said they would be more likely to look into their options after attending the forum as they felt better informed, particularly after becoming aware of the independent government comparison website, hearing from others that it was a relatively easy process, and learning that there were genuine savings to be made.

I like that it's government run. It gives it an equal playing field. (Melbourne, Lower Income)

I'm not as dumb as I thought I was. I mean, I'm glad I'm not the only one who doesn't understand all this. There are lots of others who don't understand. I'll definitely look at the sites, I wrote them all down. (Melbourne, Lower Income)

Initiatives likely to increase confidence in investigating alternative plans

While not intended to be a direct focus of this study, forum participants were clear that greater awareness of the Victorian Government's comparison website would make them more confident and therefore more likely to investigate alternative energy companies or plans that could offer them a better deal. This was consistent across all segments and amongst those who had switched and not switched.

An independent government body – not an iSelect or those tied in with certain groups and you don't really trust them. You want to have someone that's backed by the government that you can trust with all the information in one place. That would be a good thing. (Melbourne, Looked but Didn't Switch)

I don't know about the government. It depends which party is – I don't have a lot of faith in any of them. (Melbourne, Looked but Didn't Switch)

There was again some talk of a desire for information to be provided in dollar terms and total bill amounts rather than percentages.

What about an algorithm on the Internet that calculates your end bill for you, with all the different rates? And why don't they offer you the cheapest rate in the first place? (Melbourne, Looked but Didn't Switch)

Sometimes when the discount or saving is in percentages, converting that to dollars, sometimes it can be hard to understand what that means on the actual bill. It's difficult because you need to see all of the pricing information. (Ballarat, Non-Switcher)

As clear from analysis of the triggers and drivers to switching, knowledge that they can potentially save a considerable amount of money by changing their energy company or plan is also an important message to

communicate, along with an understanding that people who have switched tend to find it a quick and easy process.

Other initiatives suggested included:

- All of the telemarketers should be able to speak clear English;
- Really good incentives like a month free and loyalty rewards with cumulative benefits;
- The ability to get their electricity and gas bill together – on the one bill – with synchronised meter reading and payment; and
- Better education for consumers about electricity, particularly the supply chain costs, to improve energy literacy and acceptance of the recent price increases.

Participant feedback also suggested that salespeople should also be better trained in the art of promoting a good image for their industry, regardless of whether they make a sale or not.

1.3.3 Consumer Satisfaction with the Market

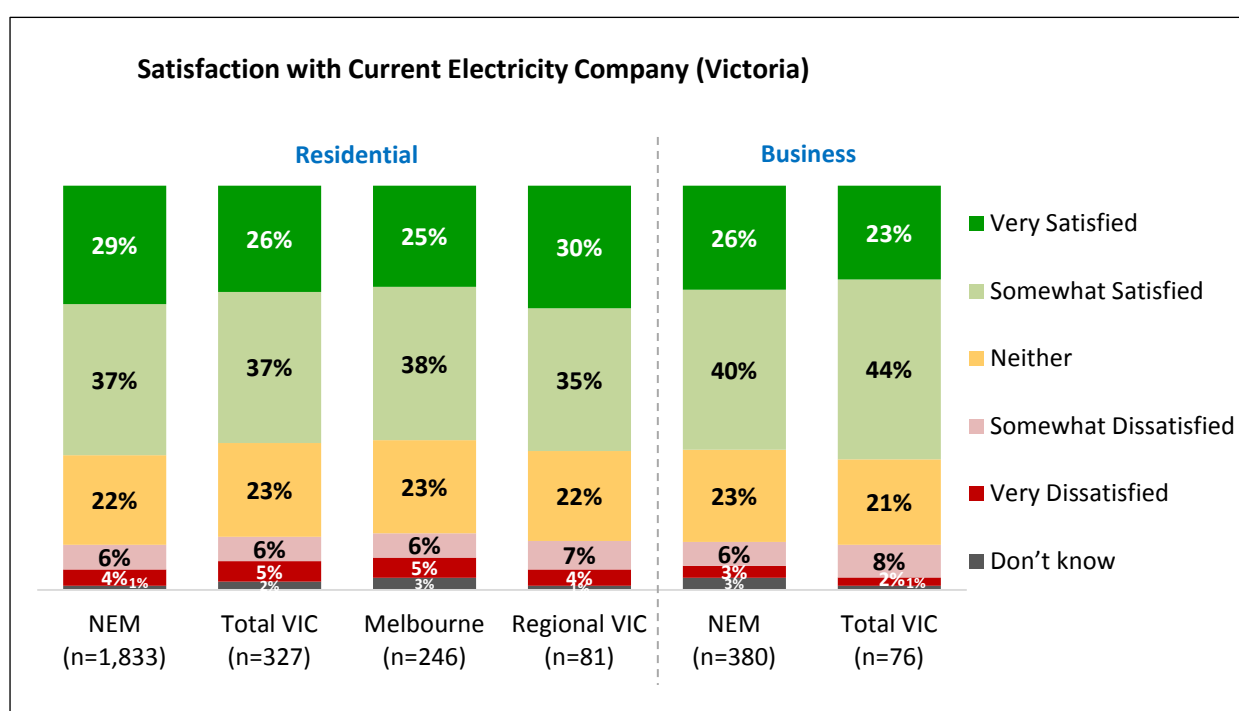
This section of the report examines:

- Satisfaction with people's current electricity and gas company;
- Perceptions of energy companies in general;
- Interactions with energy companies;
- Satisfaction with the switching process and outcomes; and
- Satisfaction with the level of market choice.

Consumer satisfaction with their current energy companies

Around half of the research participants in the Victorian forums were satisfied with their energy retailer, while around two in five were dissatisfied and most of the remainder felt neutral. A few were unsure either way because they had only very recently signed up with a new retailer. Dissatisfaction was somewhat higher in Melbourne than in Ballarat, with more people citing issues.

These results were fairly consistent with the quantitative survey where two thirds of residents (64%) and business consumers (67%) were somewhat or very satisfied with their electricity company. Around a quarter of residents (23%) and one in five businesses (21%) were neither satisfied nor dissatisfied.



Base: All Respondents

Q2. How satisfied are you with your current electricity company?

In the qualitative research, satisfaction was attributed to a range of factors including good customer service, good incentives and discounts, having a range of payment options, reliability of supply, the provision of useful information (e.g. weekly usage) and simply not having had any particular issues. Those with solar panels were also more likely to be satisfied because they felt they were receiving good feed-in-tariffs or were in credit.

I ring them and I get through. (Melbourne, Higher Income)

I'm somewhat satisfied with electricity. I'm satisfied with the gas supply but I have no choice because the whole building is with them. I would have changed over this dispute I've had with them, but because I can't change I have to be satisfied with what comes. (Melbourne, Lower Income)

With electricity I'm pretty satisfied. There's a few issues I need to resolve but otherwise it's ok. Gas I don't take much notice of. (Melbourne, Lower Income)

I'm somewhat satisfied for both electricity and gas. The extra discounts to stay with the company are slow to be applied, but they get there. (Ballarat, Higher Income)

I am happy with the rates I am getting for my solar panels. (Ballarat, Lower Income)

Relative to what happened three to five years ago, I am getting less grief. I'm not getting rung up about changing plans. They're not annoying me, not slowing down my business. Previously I got a lot of calls both from my own company and other companies. This has dropped off and I'm fine with that. (Melbourne, small business)

You turn the light on and it works. (Melbourne, small business)

Other specific reasons for being satisfied included:

- One participant from Ballarat commented that they appreciated that Red Energy had a call centre in Australia because they found it easier to understand the operators, they were more likely to come out and check service faults, and being Australian owned meant that more money would stay in Australia.
- One (Australian Power & Gas) got a weekly email saying how much power they have used.
- A small business in Melbourne appreciated that energy companies in general appeared to be contacting them less, as they saw the previous level as an incursion on their productivity.

Those who were neither satisfied nor dissatisfied tended to fall into two groups: one who felt that while there wasn't anything to be dissatisfied with, there wasn't anything particularly impressive either; and another group who had mixed views in that they were satisfied with reliability and customer service but were dissatisfied with the prices going up. A few were concerned that they had tried to save energy to reduce their bills but had not succeeded.

I pay for what I get. I'm not happy or dissatisfied. They provide a service; it's a necessary evil. I don't have anything to complain about. It's not exceptional service - they don't do anything out of the ordinary but they haven't stuffed me around. (Melbourne, Middle Income)

I'm somewhat satisfied with both (gas and electricity). No faults to ring up about either. Haven't had to call. Bills come in, I just pay them. They don't rise too much out of the blue. (Ballarat, Higher Income)

I've only received one bill for each so far, so it's hard to have an opinion. In the first bill the promised 25% discount was applied, so I was better off. (Ballarat, Higher Income)

You try and make cost savings by spending money, like changing the lights to LEDs. I changed in the house and it did seem to make a difference to the bills... but good bulbs cost about \$50 to install. You've got to spend a lot of money to save money. Meanwhile, we cut our usage in the business to try and save, but it hasn't reflected in that bill. You don't see any benefit. (Melbourne, small business)

One participant in Melbourne from a lower income household was neither satisfied nor dissatisfied but had experienced a billing issue that was never resolved despite the customer service officer promising to look into it. This also reflected poorly on the company's customer service yet the customer took no further action.

I got a bill for \$300 and I'd only been there for six weeks. I rang them up and the guy said he'd do everything he could and then I never heard anything. I made another call and never heard anything. I gave up in the end and paid. (Melbourne, Lower Income)

Dissatisfaction with energy companies tended to be based on billing issues and disputes (mainly skipped bills followed by large cumulative bills, claims of customers not having paid when they have, and not understanding the reasons for high bills) or poor customer service experiences, poor communication, as well as general concerns about rising prices, disillusionment over the apparent lack of real differences between energy companies, and feeling disappointed with the energy industry in general.

I am not happy with the energy industry, including the prices and the price brackets for usage. It wouldn't matter who my company was, I would still not be happy. (Ballarat, Lower Income) Specific customer service issues mentioned included:

- Errors - Incorrect bills and account details, missing or late bills, constant claims that the customer had not paid when they had (including sending annoying text messages about it)

I'm somewhat dissatisfied. I do prepaid by BPAY every fortnight, but there's been a few times when it's gone three to six months between statements and they admit they've stuffed up and my payments don't show up in their records but I know I have paid, I have records. Six months later they resolve it, but then you never know if you're paying the right balance. If I do want to change providers, I have to clear that amount up first. (Melbourne, Lower Income)

- A dispute over charges – the retailer changed the rate without telling the customer and claimed it was because of their smart meter

I had a dispute with Origin about time of use. I was using time of use to save as much money as possible and they changed it without telling me. It was suddenly all peak and no off-peak. They said the meter won't be able to cope but I had it previously and the meter coped. It wasn't linked with when my smart meter was installed, but they tried to tell me that's why they did it. (Melbourne, Lower Income)

- Not understanding the reasons for particularly high bills

My electricity I'm not really satisfied with; my neighbours with five people in the household have the same bill as me with just one person. I don't understand it, so I'm somewhat dissatisfied. (Melbourne, Lower Income)

- Perceived communications issues – not giving customers enough notice of maintenance work (although they generally did not realise this was the responsibility of distributors rather than retailers), such that some customers had food perish as a result of the outage (although the customer was pleased with a subsequent voucher as compensation), and difficulties with understanding the bill or which is the best plan to choose – exacerbated by the company not automatically offering their best deal
- One person was asked by the energy company to increase their monthly payment but there was no real justification for it

- One participant receives a concession because of a disability pension, and has to prove every year that he is still entitled to it
- One participant wanted to see better incentives (e.g. bundled gas and electricity bills), and was discontent with not knowing how to read their (smart) meter, when they knew how to read their old meter

I'm somewhat dissatisfied, but I don't expect to ever be satisfied. I'd be happy if it was bundled together monthly or two monthly or quarterly, and if they had gas and electricity on one bill. I used to know how to read the meter before but now I don't understand it. (Melbourne, Lower Income)

- Call centres not being open late for customers to report power outages.

You can't get through to anyone unless the place is burning down; if it's not an emergency there is no service after 8pm. (Melbourne, small business)

- Being charged what they considered too much for having their rental property connected for just one month while they did some renovations

They charged me \$98 for one month. I thought that was a bit rich. (Melbourne, Higher Income)

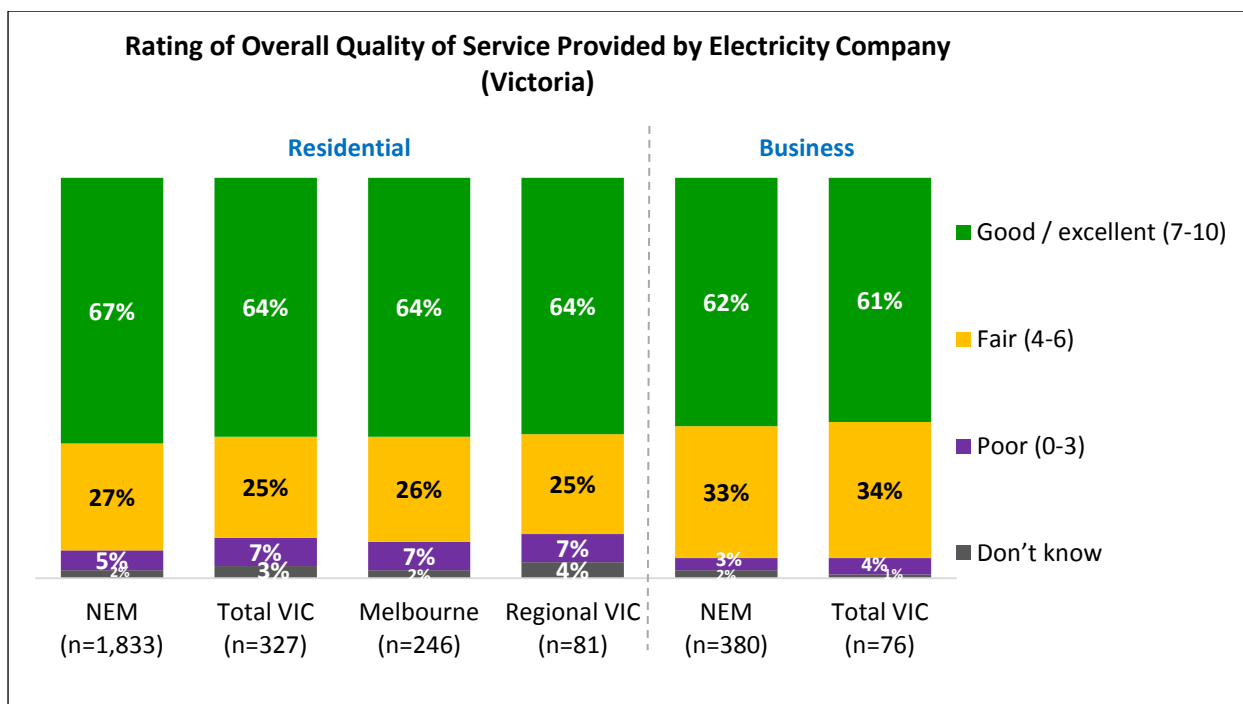
- One of the small business participants was a real estate agent who had experienced lots of instances of the energy companies cutting off their clients' power. They were also concerned that since the introduction of smart meters their clients were getting much higher bills, and that issues were very difficult for them to resolve.

They are as bad to deal with as Telstra. The customer service is appalling. They can switch you off at the drop of a hat. (Melbourne, small business)

The overall quality of service provided by electricity companies was largely perceived as good or excellent (64% of residents and 61% of businesses giving a rating of 7 or more out of 10 where 10 meant excellent). Just 7% of residents and 4% of businesses thought it was poor (rating of 3 or less).

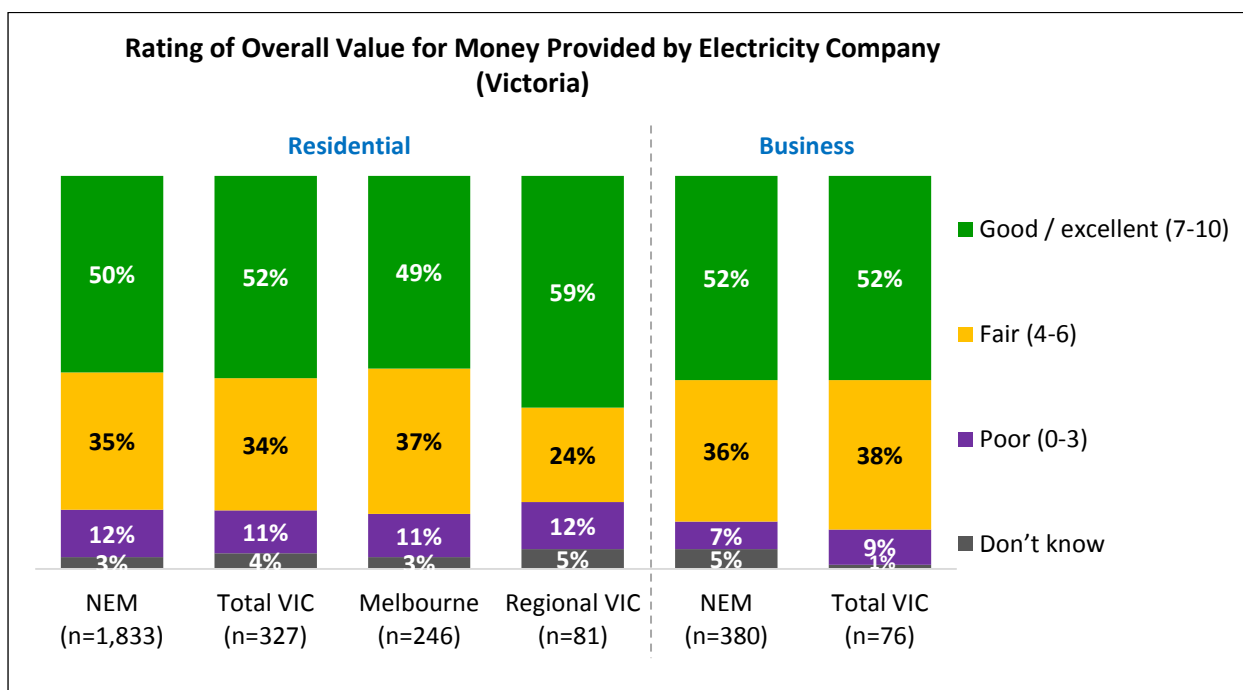
Despite overall value for money being rated lower than quality of service, it was still seen as at least fair overall. Around half thought it was good or excellent (52% of residents and businesses gave a rating of 7 or more out of 10) and just over a third thought it was fair (34% of residents and 38% of businesses gave a rating between 4 and 6).

Results were very consistent between those living in metropolitan and regional areas and between residents and businesses and were also fairly similar to those in other NEM jurisdictions.



Base: All Respondents

Q3. How would you rate the overall quality of service provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.



Base: All Respondents

Q4. How would you rate the overall value for money of the products and services provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Satisfaction with gas companies largely consistent with electricity

When prompted, satisfaction levels were generally consistent between electricity and gas companies. One participant in Ballarat noted that gas companies don't provide usage comparisons on the bills so that

people can compare their usage with similar households – but this wasn't a major concern, more an observation.

I'm somewhat satisfied with both. I have no faults to bring up about either. I haven't had to call them, the bills come in, and I just pay. They don't rise too much out of the blue, and I haven't looked at switching. (Ballarat, Higher Income)

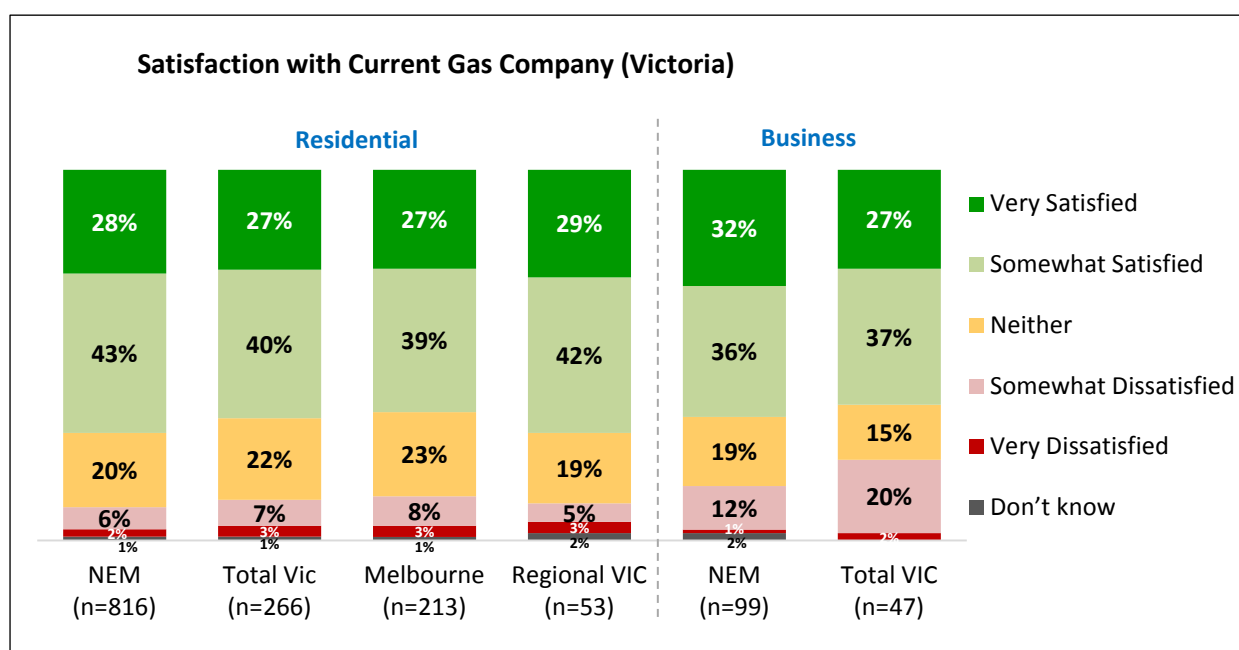
One participant had an issue with their gas leaking and a large bill they had accrued as a result, which they were disputing.

My electricity I'm not really satisfied with... I'm somewhat dissatisfied. Gas is the same. I haven't found a great company yet. I had a big drama with AGL – I had leaking gas for months and never realised until a girlfriend smelt it. AGL came out and put foam on the meter and it started bubbling. There was a big dispute. I stopped paying it, lots of backwards and forwards and they're trying to say I owe them \$700 dollars. I don't know where that lump sum came from. (Melbourne, Lower Income)

A few participants would have liked to shop around for gas providers like they could for electricity providers but they lived in apartment complexes with a centralised hot water system run by AGL or Origin, and had no choice. They weren't dissatisfied with their provider per se, but felt they may be able to get a better deal if they went elsewhere.

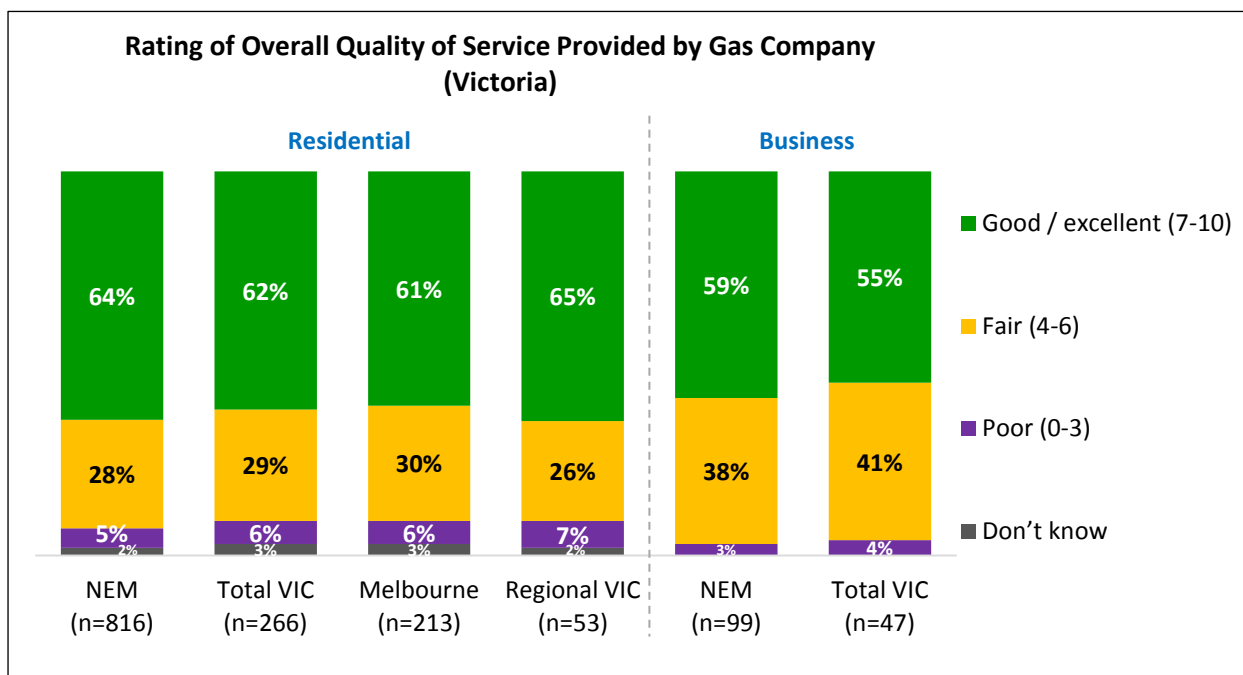
Consistent with the qualitative research, survey respondents tended to give similar ratings for their gas company. Around two thirds were satisfied with their current gas company (67% of residents and 63% of businesses were very or somewhat satisfied).

Around six in ten rated the overall quality of service as good or excellent (62% of residents and 55% of businesses rating 7 or more out of 10) and just over half (53% of residents and 51% of businesses) rated the overall value for money provided as good or excellent (7 or more out of 10).



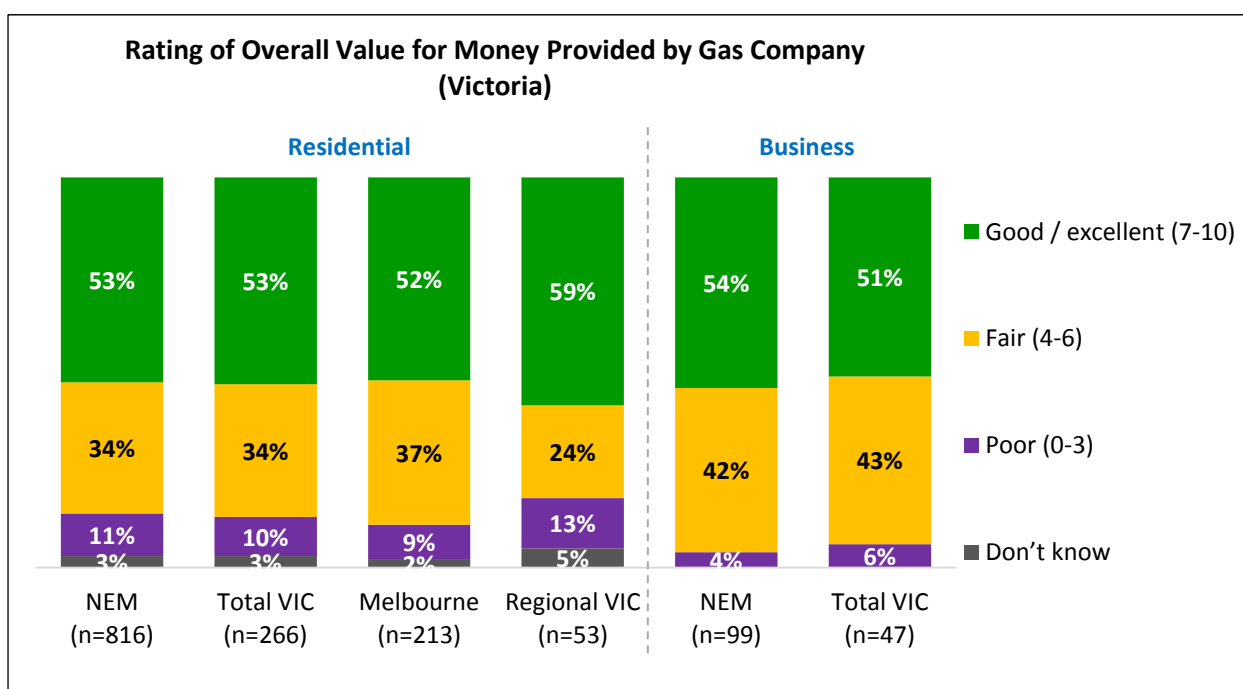
Base: Respondents who have mains connected gas

Q7. How satisfied are you with your current gas company?



Base: Respondents who have mains connected gas

Q8. How would you rate the overall quality of service provided by your gas company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.



Base: Respondents who have mains connected gas

Q9. How would you rate the overall value for money of the products and services provided by your gas company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Perceptions of energy companies overall

Participants tended to have more positive opinions of their own electricity and gas companies than they did about energy companies in general – especially any they had used in the past. Those on lower incomes tended to have more negative impressions of energy companies than those on mid to high incomes and small businesses; possibly a reflection of the impact of rising electricity prices being felt more by those on lower incomes.

AGL are the best of a bad bunch. (Melbourne, small business)

We used to be with AGL and they are the most expensive. And Dodo is a phone company that pretends to be cheap – don't like the name, it sounds dumb – they are extinct, dodos. (Melbourne, Middle Income)

When asked what energy companies in general do well, many people's initial response was cynical – i.e. 'make money', 'advertise', 'send bills on time'. More genuine positives included better discounts and good customer service with no major issues, providing reliability of service, providing transparent, informative and accurate bills, and for quite a lot of people, offering attractive incentives.

They make an effort to show how your usage compares against other households on the bill. (Ballarat, Low Income)

I ring them and I get through. (Melbourne, High Income)

They do incentives well. When shopping around, the best rates were comparable amongst all. It came down to what was offered on the side. (Ballarat, High Income)

We don't have any blackouts. (Melbourne, High Income)

Quite a large number of participants commented that the telephone calls and door-to-door marketing activity had receded over the last couple of years, which they thought was a good thing and, to some degree, a reflection that energy companies have listened to people's concerns and made changes to try and improve their experiences.

Negative feelings toward electricity companies, on the other hand, stemmed from a range of factors – most commonly from personal experience - annoying sales people and sales tactics, a lack of transparency about charges, false promises (e.g. about charges) or not following through, mistakes being made and often poorly handled when the customer raises it with the company, failing to send bills and then sending large bills including the amount from the skipped bills, claiming payments have not been made, overcharging on estimated bills, insufficient / no prior warning on planned maintenance works or outages (although they generally did not realise this was the responsibility of distributors rather than retailers), slow response times in dealing with outages or billing issues, and poor customer service that leaves customers waiting on the phone or dealing with rude or poorly trained operators or offshore customer service operators that are hard to understand.

It's really hard to understand what they're talking about ... let alone understand them. (Melbourne)

The way they handle calls - some are very inexperienced. (Ballarat, Higher Income)

It's hard to understand which is the best plan – there are a lot of loopholes in them. (Melbourne, Higher Income)

Many participants complained that energy companies don't offer their existing customers their best deal, or any benefit for loyalty, and effectively they have to force them to by either threatening to leave or actually leaving to get the same deals offered to new customers.

Why don't energy companies offer good deals to reward loyalty? It only happens when you leave. They punish you if you stay. (Melbourne, Higher Income)

Practical incentives would be good. Everyone needs food. (Melbourne, Lower Income)

You're not being rewarded for your loyalty. (Melbourne, Lower Income)

To some participants, incentives were less desirable than simply providing value for money and good customer service. Many participants intimated they would prefer consistent and transparent prices over random incentives and for their company to offer their best deal upfront rather than the customer having to look around and threaten to leave.

It's bad that incentives are needed to attract customers. We're all paying for that. It's unnecessary costs. (Melbourne, Lower Income)

A few participants noted that they would be more loyal towards their retailer if they were more proactive in offering loyalty based discounts and highlighting other plans or benefits that might better suit the customer.

I'd like more rewards – for example, once or twice a year if you paid on time you get a bonus voucher, and it could be a cumulative thing; maybe Coles or Woollies vouchers. (Melbourne, Lower Income)

They don't publicise the benefits, like what happens when you pay on time, the discounts. They expect the customers to be proactive all the time. It's like they want you to pay the highest rate. I guess that if they promoted the opportunities then they wouldn't make as much money, but if they did treat me properly they wouldn't lose me. (Ballarat, Lower Income)

A few customers living in apartment buildings felt it was unfair that monopoly arrangements could be made – especially for gas, leaving some people without a choice of provider.

Some participants who had experienced service issues with a company said they would typically prefer to look into switching to another company, than stay with the same provider, while some would rather stay with 'the devil you know' because they don't have high expectations of any energy companies.

I had a bad experience with Red, where I was charged an excess amount of money – so I went elsewhere. (Melbourne, Middle Income)

A few participants, particularly among those from lower income households, felt that smaller companies could potentially be more efficient and cheaper. They felt that these companies would be trying hard to impress customers, and may provide better service given they would have fewer customers to look after than the larger companies. A few commented that if smaller companies performed well, they may be bought out by the larger companies anyway.

You could be lost in the crowd with a big company. (Melbourne, Lower Income)

I don't mind the small ones because they'll just be bought up by the big ones. (Melbourne, Lower Income)

If they are good small companies, they'll be bought out by the bigger ones. (Ballarat, Lower Income)

Small businesses try to do everything to keep the customers coming back. They want your business. (Ballarat, Lower Income)

However, like in other markets, the majority of participants overall said that they didn't feel comfortable buying energy from a smaller company – especially one they hadn't heard of before. Many felt there was a higher risk of issues occurring with smaller companies, either in terms of reliability or poor customer service. Some were afraid that they were less secure and might go bankrupt.

There was also a balance to be struck, with some of the larger companies being seen as too expensive and some of the smaller companies having an image of being too cheap or 'tacky' or not quite legitimate. Companies that are better known for other things like telecommunications did not appeal much because they were not seen to be energy specialists or because there had been issues with their service in other sectors.

It's just a retailer which has no control over things. (Melbourne, Higher Income)

Dodo comes across as cheap and nasty, based on their ads. They're probably fine if you're a uni student cooking two-minute noodles. (Ballarat, Higher Income)

It's harder to get something resolved with a smaller company than a big one. That's my feeling; but it might not be true. (Ballarat, Lower Income)

Not the smaller ones. Would stay with the bigger ones because they make me more confident. I feel safer... safety in numbers. (Melbourne, Lower Income)

Many participants said they didn't feel comfortable buying energy from a company they hadn't heard of due to lack of trust and to a much lesser extent, even ambiguity over where the energy supply comes from. A few were also concerned that the smaller companies might be less likely or slower to come out and fix outages – highlighting some people's lack of understanding that it is not the retailers' responsibility to do that. A few said that for the sake of a \$5-10 saving they would probably choose a bigger and better known company.

There's lots of them I wouldn't use because I've never heard of them. (Melbourne, Lower Income)

How can you trust a company you've never heard of – how can you trust they'll be there in a year's time? (Ballarat, Lower Income)

I'd rather stay with Origin because they do supply and billing – the others seem a bit small and may not last long – the bigger companies are supplying the smaller companies anyway. (Melbourne, Middle Income)

When asked about which companies they felt negatively or positively towards, people had experienced and heard both negative and positive things to do with the larger companies, as well as some of the smaller ones.

Interactions with own energy companies

Forum participants reported that they have very little contact with their *own energy company* – electricity or gas – aside from receiving and paying the bill. For most consumers, this contact is enough. Some people

said they have no interaction with their energy company because the bills are paid online by direct debit, and that if required, they can choose to look up what they pay online at their discretion.

Very rarely. When there is a problem; and that's not often. Only if there is an issue – otherwise, why would I? Other than my bill what do I need them for? (Melbourne, Middle Income)

Consumers mentioned that the main reasons why energy companies contacted them, aside from sending the bill, was to notify of price increases or changes to discount offers. Other things mentioned by just a few people each were being notified of power line maintenance (probably not their retailer), being given 'Do Not Knock' stickers (seen as useful but they were somewhat cynical about the company's motivations), a booklet inserted with the bill on ways to save energy, and notification of the solar feed-in tariff being reduced.

I get brochures about new products and price increases. (Ballarat, Higher Income)

Quite a few consumers spoke of being contacted via SMS for interactions to do with the bill, such as due date reminders or for maintenance.

One bill didn't arrive for gas, and then I got a text saying I hadn't paid my bill. I contacted them, and they were quite good. Having the SMS a day after the bill is due is good. (Ballarat, Higher Income)

Conversely, quite a few consumers had themselves actively contacted their energy company. Their reasons included:

- Asking for a bill payment extension
- A billing dispute or issue
- To enquire about concessions
- To report a power outage or service fault
- Notify of moving house
- To discuss alternative payment arrangements.
- To resolve a mistake (e.g. wrong person in the household signed up, or put onto the wrong tariff)
- One person had called to complain about a reduction of the solar feed-in tariff when their contract said they had the right to it.

I make the occasional phone call to them, for example to change discount plans - maybe once a year. (Ballarat, Higher Income)

I needed an extension; they were very accommodating. They massively blew out the payment date, and of course I missed it because I forgot. Then they added more time. They didn't have to do that, they could have come down hard and fined me. (Melbourne, small business)

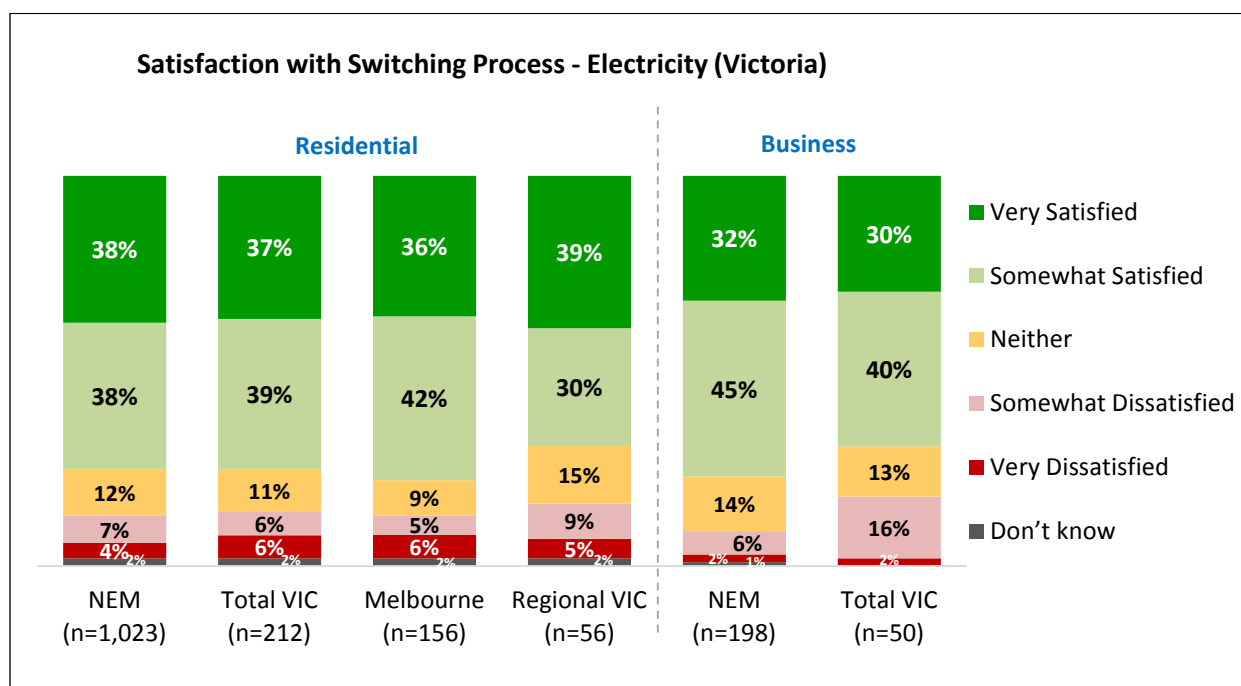
*I had a bad experience with Lumo. A guy came door knocking when I wasn't home and spoke to my girlfriend. Without our knowledge they switched us over and when I rang up they wouldn't talk to me because my name was not on the account – even though I was on the bill previously. It was a nightmare to follow up and given there was only a short cooling off period we were locked in to the contract. A horrible s**t fight. (Melbourne, Middle Income)*

Consumers were generally skeptical of doorknockers and many who had switched as a result of speaking with a doorknocker later regretted their decision. Victorian participants viewed telemarketing calls from energy companies as unwanted, although in the few instances that their own company contacted them to offer a more suitable plan for their needs, this was appreciated.

Satisfaction with switching process and outcomes

Those who had switched electricity or gas company or plan were generally satisfied with the switching process. Three quarters of residents (75%) and seven in ten businesses (70%) were very or somewhat satisfied with the process of switching their electricity company or plan. Similarly, three quarters of residents (76%) and three in five businesses (59%) were satisfied with the process of switching their gas company or plan.

Of the 12% of residents who were dissatisfied with the process of switching electricity company or plan, the main reasons were that there were delays or the process took longer than they thought it should (31%), they did not see any real savings or there were misleading discounts (26%) or that there was a lack of clarity and it was difficult to compare providers (22%).



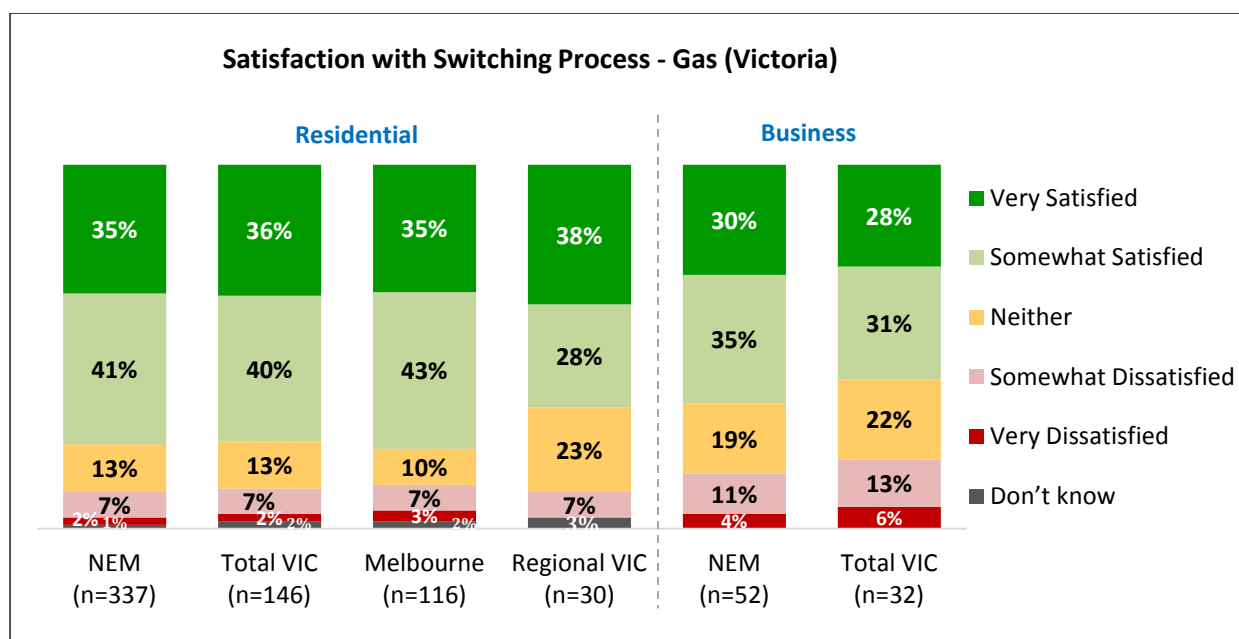
Base: Respondents who switched their electricity company or plan

Q24. The last time you switched your electricity company or plan, how satisfied were you with the overall switching process?

Consistent with the quantitative research, most switchers in the qualitative research were happy with their most recent decisions to switch and had found it a reasonably easy process, regardless of whether they did it online, by telephone or through a door-to-door salesperson.

I found the switching process fairly straight forward once I had decided on the best offer but I found the research process annoying and time consuming. (Melbourne, Switcher)

I wasn't getting any benefits so I went onto my energy company's website and picked a better plan. I switched online and found the process fairly easy to do. (Ballarat, Switcher)



Base: Respondents who switched their gas company or plan

Q29. The last time you switched your gas company or plan, how satisfied were you with the overall switching process?

Not all forum participants were happy with the outcome after they switched. Some said it took a while for their discount to come through, and some had switched more than once before they had signed with their current company – some of these went back to their original company, others went on to a new company altogether.

Several participants spoke of negative experiences with door-to-door salespeople signing them up and then reading the fine print later to find it wasn't as attractive a deal as they had first thought (e.g. the discount was only on usage, not the whole bill), or that the promised rate was not delivered. Another wasn't happy after being switched without their consent following a door-to-door visit, suggesting it may actually be a little too easy to switch, and a couple had people switch the bill to someone else in the household without their permission.

A few participants had experienced poor customer service with their new company and a few also said they later felt as though the products, services and the price were really all the same.

The bills come at the same time and it's the same amount of joy. (Melbourne, Switcher)

Some people had noticed that the rate had changed since changing company. Some didn't do anything about it and just accepted that prices would increase even though they felt disappointed, while a few were prompted to look for a better price – especially after experiencing the ease of switching. While those in Ballarat tended to think they wouldn't look into switching again until their contract was due to expire, a few in Melbourne thought they might look into changing sooner than they previously would have, after experiencing or hearing how simple it could be.

Previously I would have just stayed with the ones I was with and thought it was too difficult to change. (Melbourne, Switcher)

If you have the time and the inclination I would do it again, just to check I am getting a reasonable deal. You have to keep them honest. (Melbourne, Switcher)

One participant in Melbourne had switched several times, most recently after mistakenly signing with a company that they thought was their own company offering them a better plan. Prior to that, they had accepted an offer from a competitor with a 13% discount but found that prices were increasing and negating the discount.

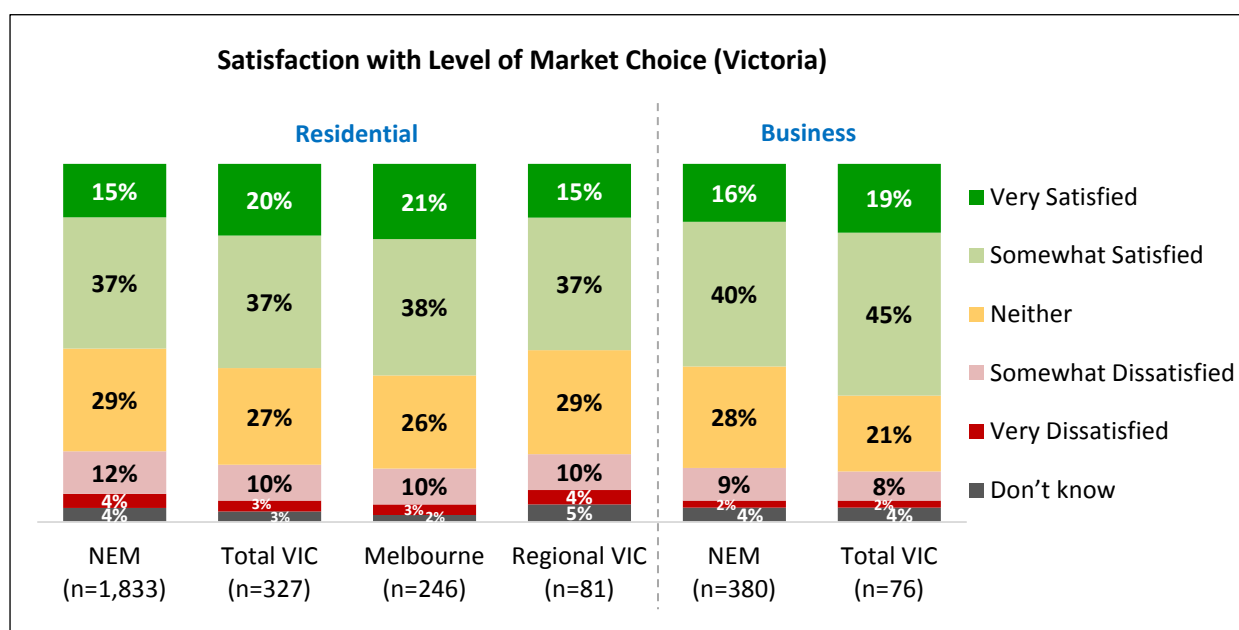
*I got a letter to say the price is increasing and I was disappointed because I had just changed. I felt misled even though I was not under contract – it was under the fine print, so I am looking again.
(Melbourne, Switcher)*

These negative experiences served to reinforce negative perceptions of energy companies for these consumers, and increase the barriers to their future demand side participation.

Satisfaction with the level of market choice

Respondents in the quantitative survey were asked how satisfied they were with the level of choice available to consumers in their state. Around one in five respondents (20% of residents and 19% of businesses) were very satisfied with the level of choice and a further 37% of residents and 45% of businesses were somewhat satisfied. Just over a quarter of residents (27%) and one in five businesses (21%) were neither satisfied nor dissatisfied. However, around one in ten residents (13%) and businesses (10%) were dissatisfied with the level of choice.

Consumers in Victoria were more satisfied with the level of choice compared to those in other jurisdictions. In particular, they were more likely to be very or somewhat satisfied (57% residents, 64% businesses) than those in the ACT (32% residents, 38% businesses).



Base: All respondents

Q16. When it comes to energy companies and energy plans, how satisfied are you with the level of choice available to consumers in your state [territory]?

Forum participants had mixed views about the effectiveness of competition in the Victorian energy market and the benefits it delivers. At the end of forums once people were more informed about the nature of choice available in their market, around half were satisfied with the level of choice that is available to consumers in Victoria.

In discussion it was clear that most consumers did not think that having additional companies to choose from actually helped them. They equated competition to improved prices and service, and yet had seen little evidence of this.

Participants were frustrated in that while there was a lot of choice in terms of the number of retailers in Victoria, there was not a lot of difference between their offerings, and that so much of the cost was out of the retailers' control. Frustration was perpetuated by the difficulty of comparing what little perceived difference there was between retailers. There was general agreement that competition would be enhanced if there was better communication and it was easier to compare plans.

I don't see much difference between them. It is not going to ultimately benefit the end customers. For example, they offer you flybuys points but at the end of the day as long as you have networks, the prices will be high because of the distributors. (Melbourne, Middle Income)

We're comparing apples with pears. (Melbourne, Lower Income)

I didn't know there was an independent website. An independent body to provide information is a good thing. (Melbourne, Higher Income)

Makes sense to keep shopping around. Even if it drops, it will still pay to shop around if you have the time. (Ballarat, Higher Income)

It depends what position you're in. If you can't be bothered shopping around then not so competitive but if you can shop around it is very competitive. I wouldn't have any idea how competitive it was if I hadn't done research. (Ballarat, Higher Income)

Further, for many participants market choice is seen as a negative rather than positive development due to added confusion. This sentiment was most strongly expressed among lower to middle income groups. Towards the end of the forum, quite a few participants in Melbourne also expressed some annoyance over having to pay to be marketed to. A few also felt there was *too much* choice, which meant consumers had to spend more time looking into all of the various options than they would like to.

There is reasonable competition at the retail level but at that same time you are moaning about ten marketing attempts as they compete, and you pay for it and the administrative overhead, which factors in to the sale process as opposed to a central service, which is a rate that doesn't involve the marketing – it could be more straightforward if it was centrally controlled like it used to be. (Melbourne, Middle Income)

Things have to be simplified. In the days of the SEC it was easier. It's just gotten too complex. (Melbourne, Lower Income)

It's easy for the industry to know what to do, but consumers are kept in the dark. We are making decisions based on bad information. (Ballarat, Lower Income)

They could just sell all the businesses and make Coles and Woolworths sell the electricity. (Melbourne, Lower Income)

There was also a certain level of resignation and inevitability amongst consumers towards increasing prices, whether or not a contract had been signed, contributing to the sense of disappointment among many participants that competition was not effective in achieving what they hoped it would.

To me the contracts aren't worth the paper they're written on. (Melbourne, Lower Income)

How can they increase prices at will? That sounds a bit scary. (Melbourne, Lower Income)

You ring up for a contract and then they put the price up. What is the point of a contract? You have all the risk. (Melbourne, Middle Income)

These perceptions suggest that retailers have not adequately explained the reasons for the price rises or that prices would potentially be much higher if there wasn't the level of competition that there is in Victoria.

There was also some discussion about whether the Victorian situation was better or worse than in other states. Some people questioned the benefits of a deregulated market and whether it really was cheaper, while others had no idea of the features of energy markets outside of Victoria.

Small business participants in particular felt that there was more competition in Victoria than elsewhere. However they commented that this competition didn't necessarily result in the cheapest prices. It was felt that it didn't matter how many players there were in the market, if all the retailers were offering similar prices to each other (which some participants believed), which led to more of a price maintenance situation rather than a strong sense that there is effective competition.

This is an extraordinarily complex issue. Consumers are not equipped to do this themselves. Where you've got a market where people try to differentiate themselves through movie tickets and lycra, it's a weird market. Having 19 different retailers is really odd because we're all buying the same product. In the supermarket I can buy different products and make a judgment about the quality. With electricity and gas, it's exactly the same product. (Melbourne, small business)

There's more options in Victoria than elsewhere. With that many retailers, there should be effective competition. (Melbourne, small business)

Competition is fierce. (Melbourne, small business)

The reason there are so many [retailers] here is because there's so much profit. (Melbourne, small business)



SOUTH AUSTRALIA



NEWGATE
RESEARCH

2. South Australia

2.1 Executive Summary

Introduction

This chapter outlines Newgate Research's findings from qualitative and quantitative research conducted among small energy consumers in South Australia. The research was designed to assist the AEMC in developing a complete understanding of the retail energy market experience for residential and small business electricity and gas consumers as part of its nationwide review of competition in retail energy markets.

The qualitative research comprised two forums held in Adelaide on 17 February 2014 with 26 residential and seven small business consumers, and Murray Bridge on 18 February 2014 with 13 residential and four small business consumers.

The quantitative research involved a mix of telephone and online surveys with 327 residential consumers and 80 small business consumers. Residential consumers were defined as the person in the household who is the main or joint decision maker when it comes to choosing an energy company. Small business consumers were those whose quarterly electricity bill was less than \$13,000 and whose gas bill was less than \$3,750 per quarter (\$3,500 in regional areas). Please see the Methodology section starting on page 6 for more details.

This research is part of a broader project that includes southeast Queensland, Victoria and the ACT, and quantitative research in NSW.

Key Findings

- **South Australian consumers were generally satisfied with their own retailer but felt fairly negative about energy companies in general.** Participants' satisfaction with their own company, including quality of service and value for money, was higher in regional areas than in Adelaide. Broader dissatisfaction with the industry was based on concern about rising prices and the way energy companies price their services, their marketing practices, and their communications.
- **Most consumers were aware that they can choose their own energy company and plan.** Awareness of the option to choose different energy companies was almost universal knowledge among residential and business consumers (9 in 10 aware), and most were aware that they can choose from a range of different types of energy plans, price structures, contract lengths and terms (8 in 10 residential consumers and 9 in 10 business consumers aware). There were mixed levels of confidence in understanding the various options and offers available to them.
- **At least three in ten consumers had actively searched for an energy offer.** Three in ten residential consumers (30%) and 37% of small business consumers had actively investigated different offers or options that they could potentially switch to in the last 12 months.
- **Around six in ten consumers had been approached by retailers.** The proportion of consumers being approached by retailers in South Australia in the past 12 months (58% residential, 66% small business) is second only to Victoria (66% residential, 62% small business).

Reported switching rates are reasonably strong and on par with southeast Queensland. In the past five years, just over half of residential South Australian consumers (56%) and just under half of the small

business consumers (47%) had changed their electricity company or plan at least once, while just 39% of residents had switched their gas company or plan.

- **Many consumers are interested in looking for a better deal but a large proportion appear disengaged, particularly small business consumers.** Fewer residential consumers in South Australia indicated that they were likely to switch in the next year compared with other NEM jurisdictions. Only 9% of residential customers said they were currently looking for a better deal, with 42% interested but not currently looking and 41% not interested. When asked about their likelihood of switching energy company or plan in the next 12 months, 55% of residents said they were not really likely (a rating of 0 to 3 out of 10), with a third (33%) giving a likelihood rating of zero out of 10. Significantly more business consumers in South Australia were not interested in looking for a better deal compared with other NEM jurisdictions, and significantly fewer were currently looking.
- **Most consumers are at least somewhat confident in sourcing the information they need.** The majority of respondents were fairly or quite confident that they have access to the information they need to be able to choose a suitable energy plan. Despite this, the qualitative research suggested that people find the information that is available quite confusing, and that energy literacy and awareness of the extent of retailers and options in the market was mixed. Only 1% of quantitative research respondents were aware of the *energymadeeasy* website on an unprompted basis, with similarly low awareness of commercial comparator sites.
- **There is a fair degree of satisfaction with market choice in South Australia, but some doubts about its value.** The quantitative survey showed that 56% of residents and 52% of small businesses were satisfied with the level of choice available to them. However, in the qualitative discussions views on the competitiveness of the South Australian market were mixed, with participants less certain that competition was effective due to very little perceived difference between the prices offered by different retailers.

2.2 Summary of Market Context

South Australian electricity prices were deregulated on 1 February 2013, some ten years after retail competition commenced in the market. The gas market is also deregulated.

South Australian energy consumers have a choice of market offers from 13 electricity retailers and five gas retailers. All retailers are required to provide a basic “standing offer” default tariff (or regulated tariff in other jurisdictions) if customers do not choose a market contract.

In 2012/13, 19% of both electricity and gas customers were on “standing offers”. The remainder were on market contracts.

South Australia has implemented the National Energy Customer Framework (NECF), giving SA customers access to the AER’s Energy Made Easy price comparator site.

2.3 Key Findings

2.3.1 Energy Markets: Interest, Awareness and Knowledge

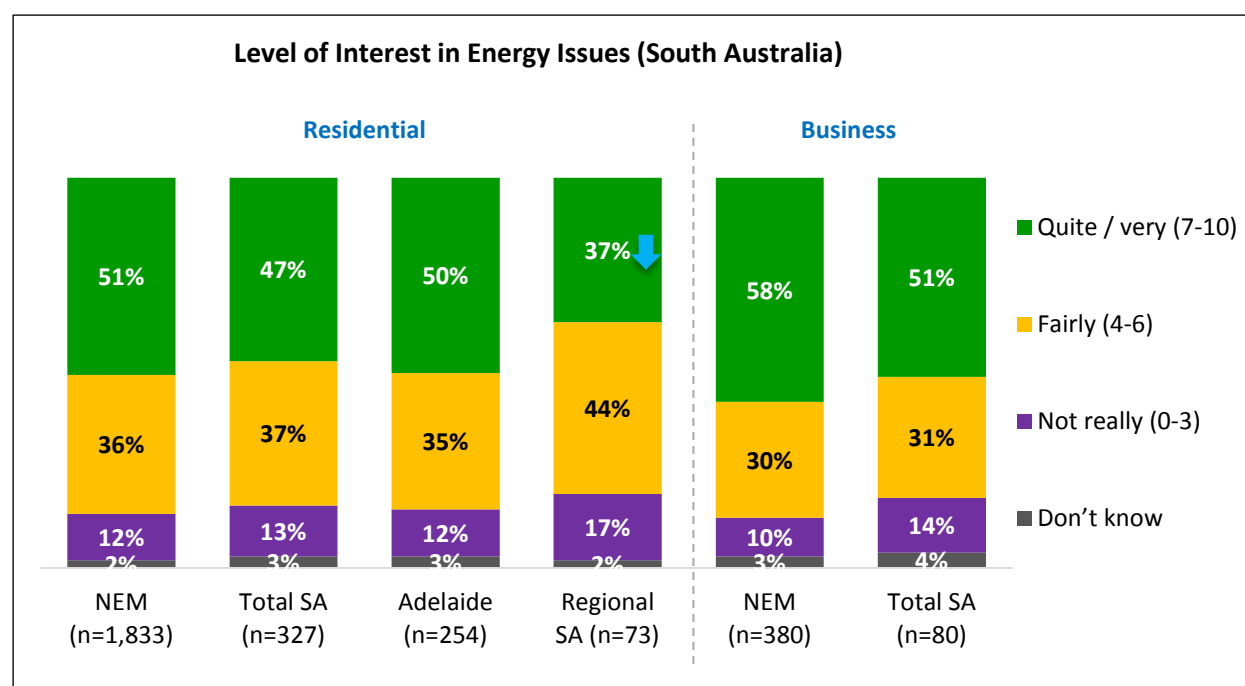
This section of the report examines:

- Consumers' perceptions of key energy issues;
- Energy market literacy; and
- Knowledge of options available to consumers when it comes to choosing an energy company and energy plan.

Energy issues and levels of interest

There were fairly high levels of interest in issues associated with energy in South Australia.

In the quantitative survey around half the respondents were quite or very interested (47% of residential and 51% of small business consumers rating 7 or more out of 10, where 0 meant not at all and 10 meant extremely interested). Around four in ten residential consumers (37%) and three in ten small business consumers (31%) were fairly interested (rating between 4 and 6) and just over one in ten were not really interested (13% of residential and 14% of small business consumers rating 3 or less). Residential consumers living in regional areas of South Australia were significantly less interested (37% were quite / very interested) than those living in Adelaide (50%).



Base: All Respondents

Q10: How interested would you say you are in issues associated with energy i.e. electricity and gas? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely interested.

NB: Arrows on the state total indicate that the result is significantly higher or lower than the NEM average. An arrow on a capital city or regional area result means that it is significantly higher or lower than the other region.

As in other jurisdictions, price was the most significant issue raised in relation to energy in the two South Australian forums. Specific concerns mentioned included:

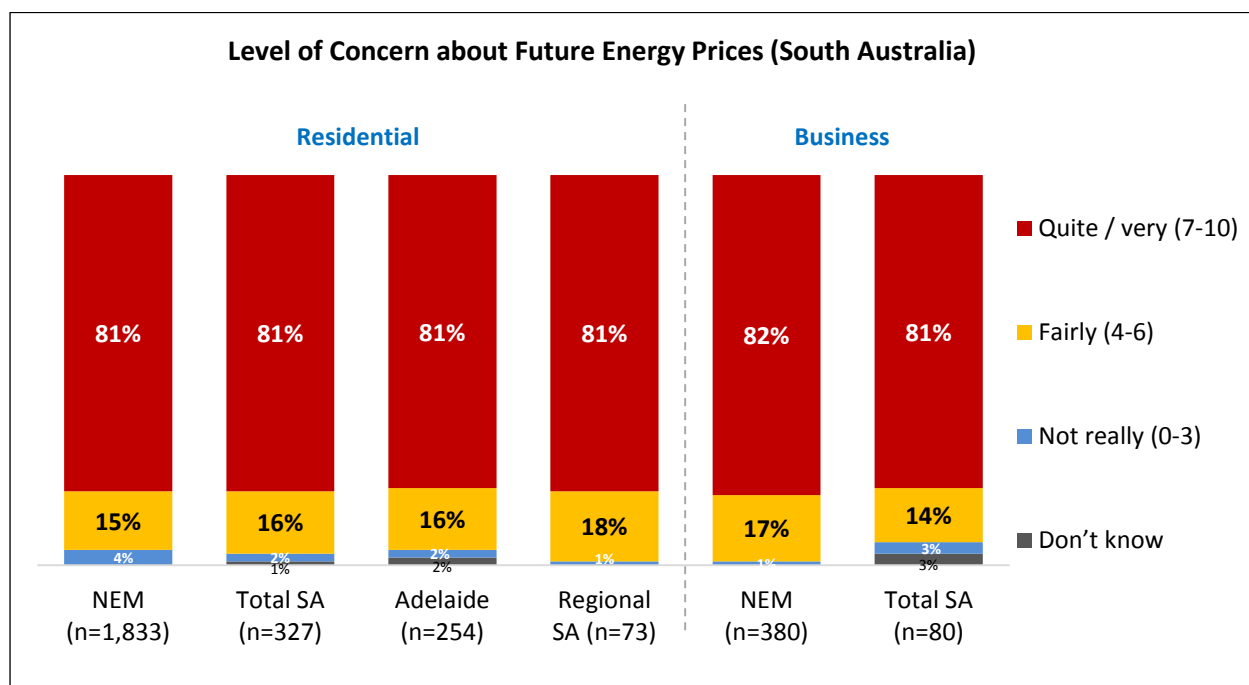
- Potentially higher bills caused by air conditioning use in recent hot weather;
- Discussion of prices rising even though infrastructure is not improving; and

- The impact of electricity bills on the viability of business going forward (mentioned by small businesses).

My last bill was really huge. You'd probably fall off your seat if I told you what it was (later admits it was about \$1,700). But we like to come home to an air-conditioned house so we have it on all day. It is what it is. (Adelaide, Higher Income)

Australia's (energy bills) are the highest in the world and South Australia's are the highest in Australia. (Adelaide, Lower Income)

Concern about price was also reflected in the quantitative research with eight in ten respondents (81% for both residential and business) indicating they were quite or very concerned about future energy prices (rating of 7 or more out of 10). Four in ten residential consumers (39%) and three in ten small business consumers (30%) were extremely concerned about the future cost of energy, giving a rating of 10 out of 10. Those living in Adelaide and those based in regional areas showed similar levels of concern. Unlike other states, concern levels were consistent among those with lower and higher electricity quarterly bills.



Base: All Respondents

Q12. How concerned are you about future energy prices? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely concerned.

Price concerns had led a number of forum participants to invest in solar panels in an effort to bring down their bills. Most were happy with their decision and felt they were receiving a good feed-in-tariff, with many in credit for their bills.

Among participants without solar, a few were unhappy that they pay a surcharge on their bill to subsidise other people's solar panels. There was also mention of solar scams.

Anyone with solar panels is just milking it. (Adelaide, small business)

The carbon tax was also raised in the context of high prices and a few mentioned this had also been a driver for them to invest in solar.

In response to rising prices, most participants had changed their behavior at home or in their businesses in some way in an attempt to control or decrease their bills. In addition to installing solar panels and/or using solar hot water, the types of behaviour changes mentioned included:

- Using standby lights, power boards and appliances;
- Changing light bulbs to be more energy efficient;
- Turning appliances off at the power point;
- Buying more energy-efficient appliances such as refrigerators;
- Reducing heater or air conditioner use regardless of weather;
- Closing blinds to keep the house cool or warm;
- Borrowing an energy meter from the library to better understand usage;
- Using power or running appliances at night during the off-peak period; and
- Reducing the amount of stock carried in order to use less power (small business).

We've minimised the stock we carry to reduce the cooling and save money on the bill, but because the price is rising you don't notice any savings. (Adelaide, small business)

Generally, reducing the cost of gas bills was not seen to be as great a priority. Most felt it was reasonably priced compared to electricity and felt they were less likely to receive unexpected big bills. A few were worried about gas price increases in the future.

I think the price of gas is fair. (Adelaide, Lower Income)

I think the price of gas is high considering I only use it for hot water. It all seems to be for the supply charge. (Adelaide, Gas User)

Other issues

Other issues mentioned by just a few forum participants included:

- Being locked into contracts;
- Inconsistency between retailers concerning exit fees;
- Noise and aesthetic issues associated with wind farms. Concerns were also raised about their inability to generate any power in hot windless conditions, their impact on the landscape and their cost to run;
- Power station inefficiency (based on recent media stories);
- Sale of the state's electricity assets;
- Gas supply shortages;
- Competition between energy companies;
- Gold-plating infrastructure (although most did not understand what this meant); and
- Power outages caused by recent hot weather, which had particularly affected public transport in Adelaide.

Contracts...nobody likes lock-in contracts. (Murray Bridge, Lower Income)

Knowledge of Energy Markets

Knowledge of bill components

During discussions about the components of their energy bills, most participants were aware that their bill comprises a fixed supply charge (sometimes called a service or access fee) in addition to a usage charge for their energy consumption. Beyond that, most participants were unsure about the various tariffs or tiers of usage charges.

The majority knew there were peak and off-peak periods although no one was sure what exact hours were peak versus off-peak. There was very little awareness that some people might be on a flat rate rather than charged based on the time of day.

Other bill components mentioned included GST, winter and summer rates, solar credits, and connection and disconnection fees. There was little mention of smart meters in the context of bills and price setting.

There's pricing uncertainty and the ability to read bills, like the power usage and how it's charged. It's confusing. (Adelaide, small business)

There's off and on peak rates, there's different meters in your box that run at different times of day. (Murray Bridge, Lower Income)

I know the first kilowatts are usually cheaper. (Murray Bridge, Lower Income)

(The service fee) is just cream for the power companies. (Murray Bridge, Higher Income)

This has shown me that I should pay more attention to my electricity bill, and the different components of the bill. (Murray Bridge, Higher Income)

Most participants were aware that the unit of measurement used for electricity bills was a kilowatt-hour (kWh). However there was far less awareness that the unit of measurement for a gas bill is a megajoule (MJ).

Consistent with other jurisdictions, the majority of participants could not say how much energy they were using. Rather, they said they just glance at the historic usage to see if it was more or less consistent or in line with their relative expectations against previous quarters.

A small number in each forum were quite savvy about their energy usage, particularly if they had solar panels. Consistent with the qualitative findings in Queensland, these participants tended to check their own meters, make their own estimates of what their bill might be (or indeed whether they might be in credit), and compare this with their bills when they arrive.

I look at the graphs, just look at the usage to see if there's a big up or down or think that's what I expect. (Murray Bridge, Lower Income)

I take my last reading, put in my rate cost and account for the solar, and work out the cost. (Murray Bridge, Higher Income)

Must be 3,000- 4,000 I guess if I'm paying 66 cents and paying \$2,500 - must be around that if you do the math. (Adelaide, small business)

Some participants discussed receiving estimated bills if their power company had been unable to access their meter and there was some concern that estimated bills could be up to 20 per cent higher than meter read bills to cover unforeseen usage.

Some companies, if they can't get in [to your property], they reserve the right to estimate your reading. (Murray Bridge)

Small business participants at both forums tended to be more knowledgeable about the components of their bills than residential participants.

It's my job to know where the money is going. (Murray Bridge, small business)

Knowledge of how prices are set

There was very limited understanding of how energy prices are set. Opinions were very mixed as to the amount of control that energy companies have over the cost of providing energy and the prices they charge consumers. Some felt retailers would have a high degree of control, while others thought that the different price components were volatile and that, as the retailers were at the end of the supply chain, they only had a moderate or low degree of control over the prices they offered.

Some thought the government or a regulator might stipulate the price or at least determine price floors and ceilings. Others felt that energy companies had to apply to the government if they wanted to raise prices. Despite this there was a general sense that retailers may not abide by what was stipulated or at least would not pass on savings if prices were to drop.

It's not compulsory to pass on savings. When the price is down they won't give discounts, but increases they pass on. (Murray Bridge, Lower Income)

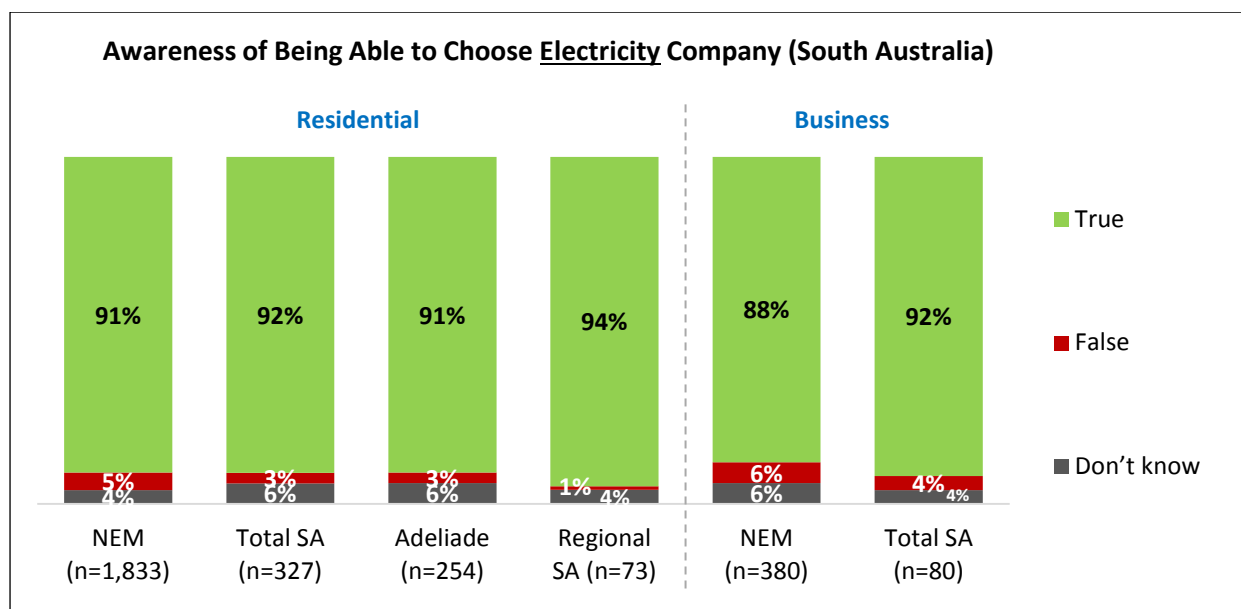
I think they make a submission to the government saying 'we need more money'. (Adelaide, small business)

A few participants thought that prices were determined by supply and demand, for example on hot days when air conditioners are in use the price tends to go up. There was little understanding of the specific impact of the carbon tax on energy bills beyond a general belief that it was one of the reasons for the high price of electricity.

Awareness of Choice

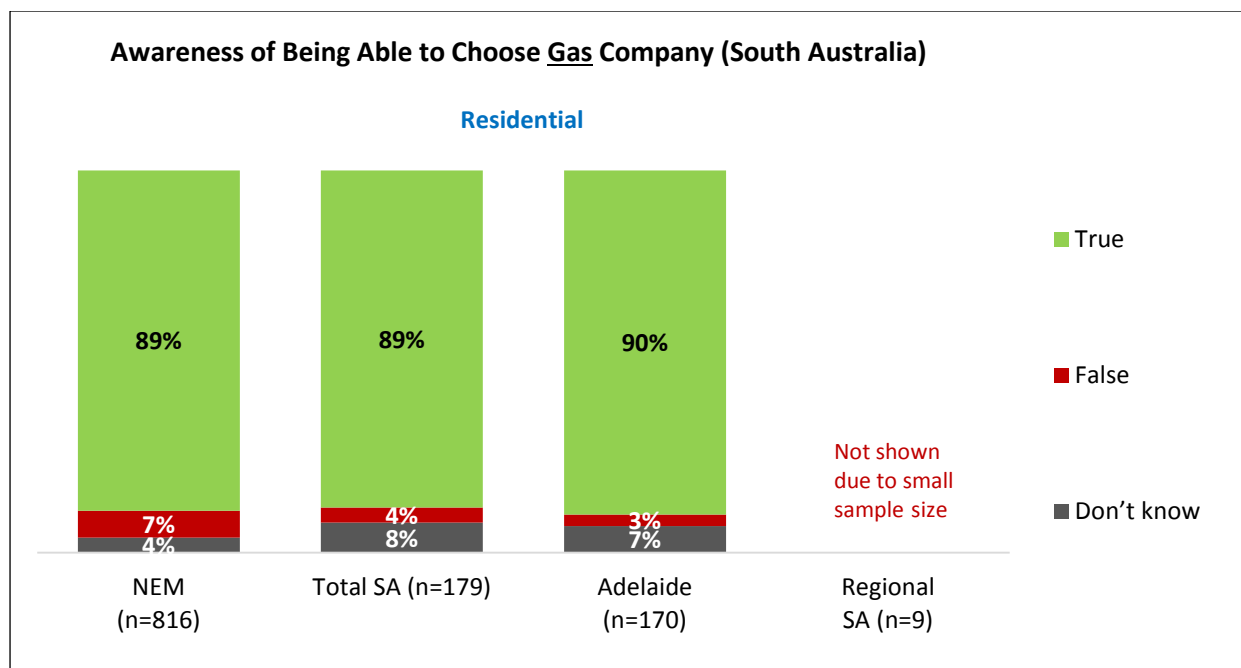
Energy company

Virtually all forum participants knew they could choose their own energy company. This was consistent with the quantitative survey where nine in ten consumers were aware that they could choose their electricity (91% of residents, 92% of small business consumers) or gas company (89% of residents).



Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False. a) Consumers in your state [territory] can choose their electricity company



Base: Respondents who have mains connected gas (NB: Business not shown due to small sample size -n=19) / Q13.

Please tell me whether you think the following statements are True or False.

b) Consumers in your state [territory] can choose their gas company

Forum participants had become aware of their ability to choose an energy company or plan through a wide range of information sources including telemarketers, advertising or word of mouth from family and friends. Some had come into contact with a broker (who they described as an 'energy watchdog') who had asked about their bill and said they could check if a better deal was available.

Who wouldn't be aware of discounts being on offer, with every man and his dog coming around to make you offers? (Adelaide, small business)

There's a sort of energy watchdog – they call and ask do you have a bill and they check if you're on the best option. (Murray Bridge, Lower Income)

Despite most knowing they could choose their electricity company, the results of both the forums and the quantitative survey suggest that participants' knowledge of the extent of choice available was limited.

In the forums the energy companies seen to be the main players in South Australia and those with the highest awareness (both prompted and unprompted) were Origin, AGL, Alinta and Lumo. Participants said these companies had been around a long time, had acquired smaller companies and/or were visible in the market, through advertising, sponsorship or other marketing activities.

Origin and AGL do TV advertising. They're the originals; I have used them before. (Adelaide, small business)

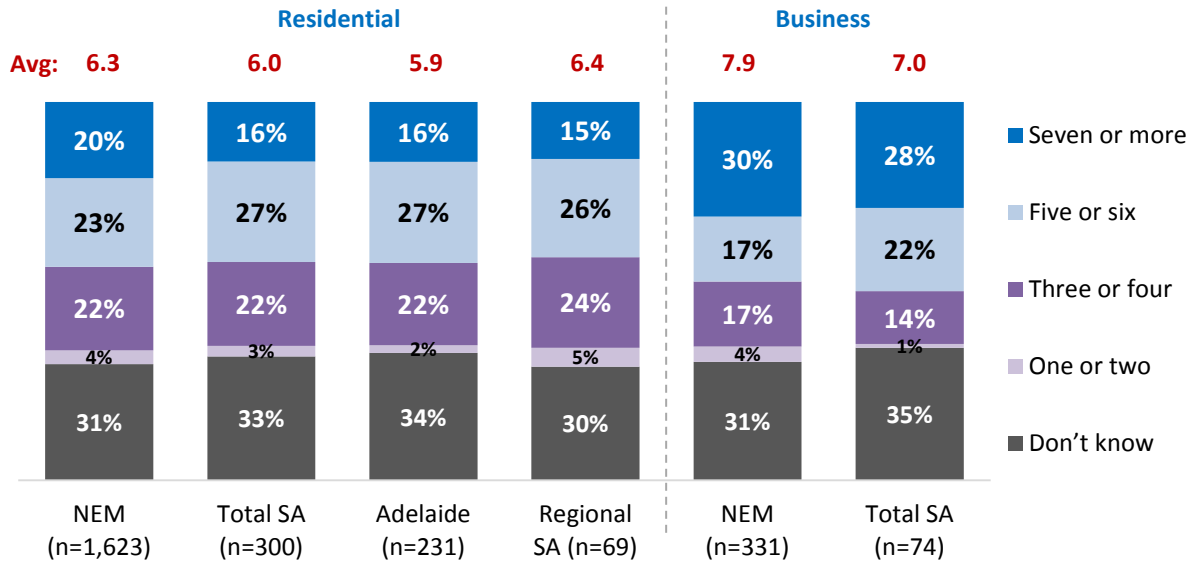
Companies perceived to be minor players in the South Australian market included Sanctuary, Red Energy, Diamond Energy, Simply Energy, Direct Power, TruEnergy, Energy Australia, Qenergy and Momentum (although they were seen to be growing). Many forum participants had never previously heard of some of these companies and were very surprised to see that there were so many companies operating in the area. Some associated these smaller companies with more direct or aggressive marketing techniques such as information stands in shopping centres.

The smaller ones are in the mall. They call out 'Hey what's your energy price?' but I just give them a dirty look. (Murray Bridge, Lower Income)

Quantitative survey results reinforced this lack of awareness about how many electricity and gas companies were available to choose from in South Australia. Among those who gave an answer, responses were quite mixed and on average, residents thought there were about six electricity companies (6.0) and four gas companies (4.3) and business consumers thought there were about seven electricity companies (7.0) to choose from. Around one in three respondents (33% residential, 35% business) could not say how many electricity companies there were to choose from and four in ten residents (39%) could not say how many gas companies there were in South Australia.

Due to the small number of small business and regional consumers with gas in the survey, the results for gas among these segments are not presented here.

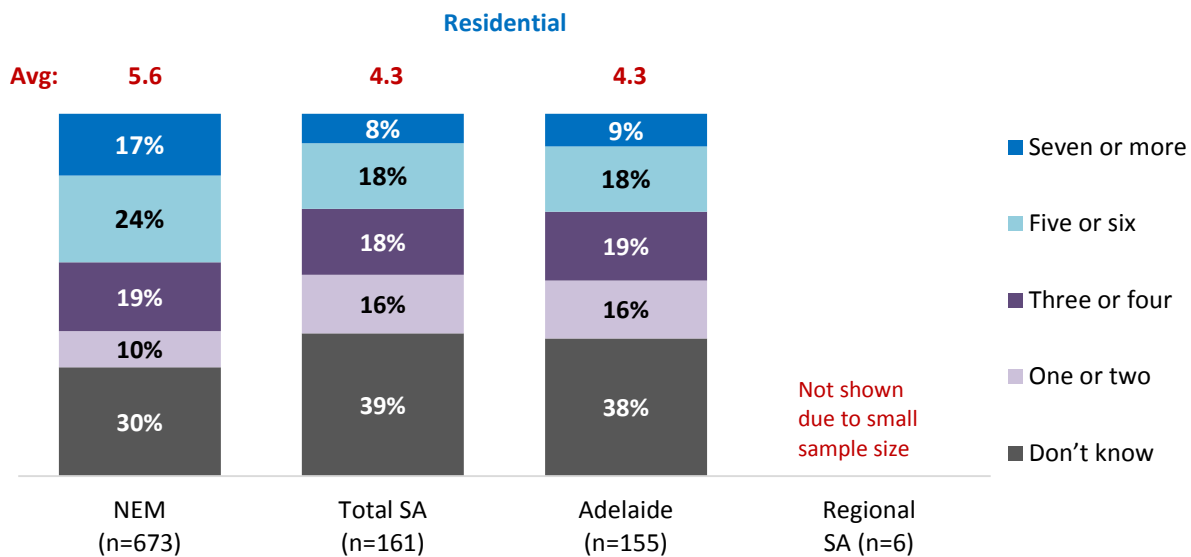
Number of Electricity Companies Available to Choose From (South Australia)



Base: Respondents who say they can choose their electricity company

Q14. As far as you're aware, how many different electricity companies are available for you to choose from in your state [territory]?

Number of Gas Companies Available to Choose From (South Australia)



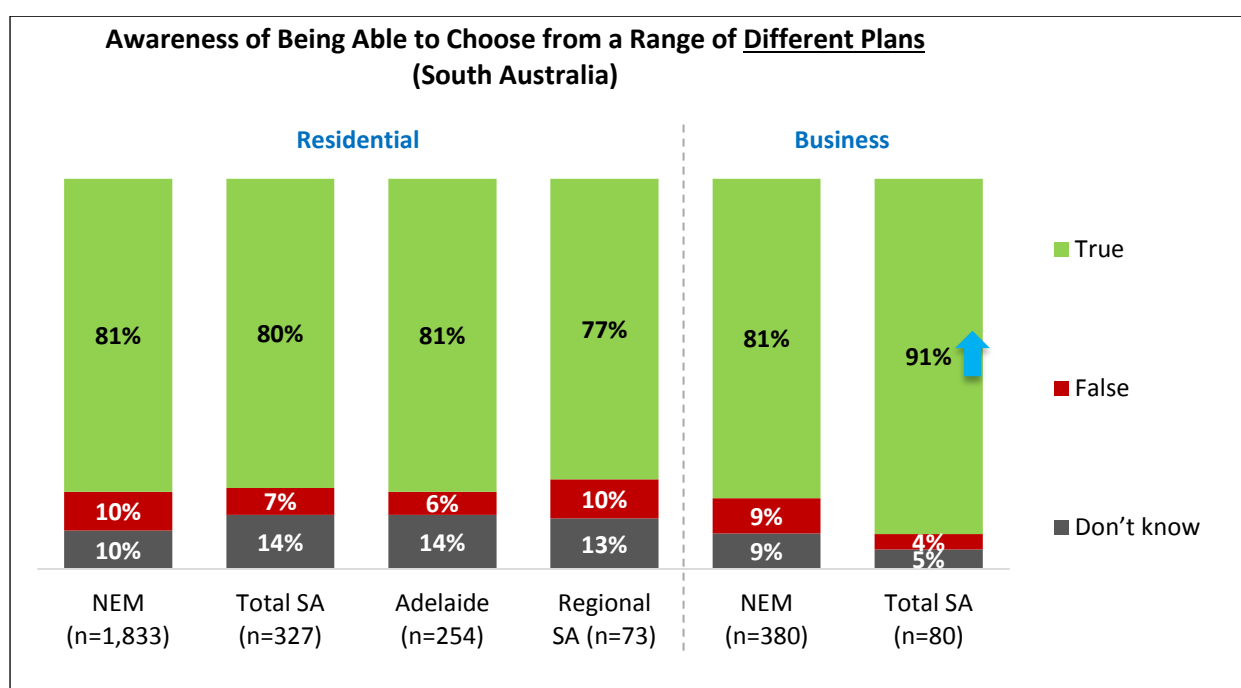
Base: Respondents who say they can choose their gas company (if they have mains connected gas) (NB: Business not shown due to small sample size -n=19) / Q15. As far as you're aware, how many different gas companies are available for you to choose from in your state [territory]?

Energy plan

As with awareness of energy companies, most participants had become aware that they could choose their own plan through various information sources including advertising, direct marketing activities such as telemarketing or door knocking, word of mouth, stories in the media, the One Big Switch campaign and direct contact from their own company explaining that different plans were available to them.

They all started ringing. (Murray Bridge, higher Income)

In the quantitative survey, eight in ten residential consumers (80%) and nine in ten small business consumers (91%) were aware that they could choose from a range of different types of energy plans, price structures, contract lengths and terms. While residents' awareness was consistent with other NEM jurisdictions, business consumers in South Australia were significantly more likely to be aware that they could choose from a range of different plans.



Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False.

c) Consumers in your state [territory] can choose from a range of different types of energy plans, price structures, contract lengths and terms

Qualitative research results suggest that the depth of knowledge about the various plans on offer was similar to that found in Victoria and better than southeast Queensland.

The majority of forum participants were aware that contracts could run for various lengths of time and many could remember the length of their own contract – usually one or two years. There was some discussion that you could be in a contract without signing anything or being aware of the fact. Some said they were on a plan with no specific end date. The term 'evergreen contract' was not familiar to most participants.

A lot of them vary now too, by length of contract you sign up with. (Murray Bridge, Lower Income)

I might actually have one of those [evergreen]; I don't have a contract. (Murray Bridge, Lower Income)

Participants at both forums were also well aware that energy companies offer various discounts and incentives depending on the plan you chose. Some were very savvy about the offers available and said they negotiated with their existing company on a fairly regular basis to get a better deal, usually by threatening to go elsewhere.

Participants specifically mentioned discounts for:

- Royal Automobile Association members (believed to be 18%);
- Pensioner, concession card and healthcare card holders;
- Paying by direct debit;
- Early bird payments, paying on time (and extra fees for paying late);
- Loyalty or long term customers;
- Having a contract for more than one property with the same company (i.e. a holiday house or investment property);
- Renewing contracts;
- Receiving electronic bills rather than paper;
- Solar rebates; and
- Bundling gas and electricity with the same company, referred to as 'dual fuel'.

There are different rates for how long you're going to stay with them so they give you a bit of a discount. (Murray Bridge, Lower Income)

Some believed there might be a discount as a reward for not using much power...others felt this would not be rewarded as retailers want customers to use more power so they make more money.

Lumo's advertised recently a 12% discount. I was with Red Energy once and they gave 7%. I can't remember now what the majority does but I think 7-9%. There's lots of variation on tariffs and time of use. Lumo rates are very low at the start but the next level you pay about 50% more - it jumps a lot. (Murray Bridge, Lower Income)

Most participants found discounts highly appealing and actively sought them or changed behavior to earn them (i.e. changing from paper bills to electronic bills). However a few made the point that a discount is meaningless unless you are aware of the base rate that you are paying.

The discount doesn't tell you if you're saving money over something else without knowing what the rate is. (Murray Bridge, Lower Income)

In addition to various discounts, participants mentioned incentives they had seen offered, including:

- A voucher for \$70 worth of energy saving equipment;
- Free light bulbs;
- 10,000 Fly Buys points;
- Movie tickets;
- A Lumo card (the participant was unsure of the benefits of this);
- Movie tickets;
- Football memberships; and
- Magazine subscriptions.

Some participants also mentioned plan variations related to green energy, hardship programs and fortnightly or monthly payment arrangements.

Price regulation

Despite this high awareness of different energy plans, there was very low awareness in both Adelaide and Murray Bridge about the existence of market and standard contracts and little understanding of the difference between them. Some participants had assumed that all contracts were market contracts, whereas others had thought that the regulator was involved in setting the price, terms and conditions of all energy contracts.

When prompted, opinions were mixed about which type of contract would be the most appealing. Some felt the standard contract would be the best deal because the involvement of the regulator would guarantee a fair price was offered and the regulator would be looking out for the welfare of consumers. Some assumed the price couldn't be increased on a standard contract while others felt they would be able to estimate their costs better with a standard contract as they assumed it would be less subject to rate changes.

The average citizen puts faith in big brother. (Adelaide, Higher Income)

Others felt that a market contract would hold the most appeal because some would have to be more competitive in their rates, be more flexible or offer more discounts or incentives than others and because individuals could negotiate directly with their energy company to get the best rate. Some said they did not trust government involvement in markets and felt a market contract would offer more competitive rates than a standard contract.

You'd like to think the market contract would be cheaper and more flexible. (Murray Bridge, Higher Income)

Confidence

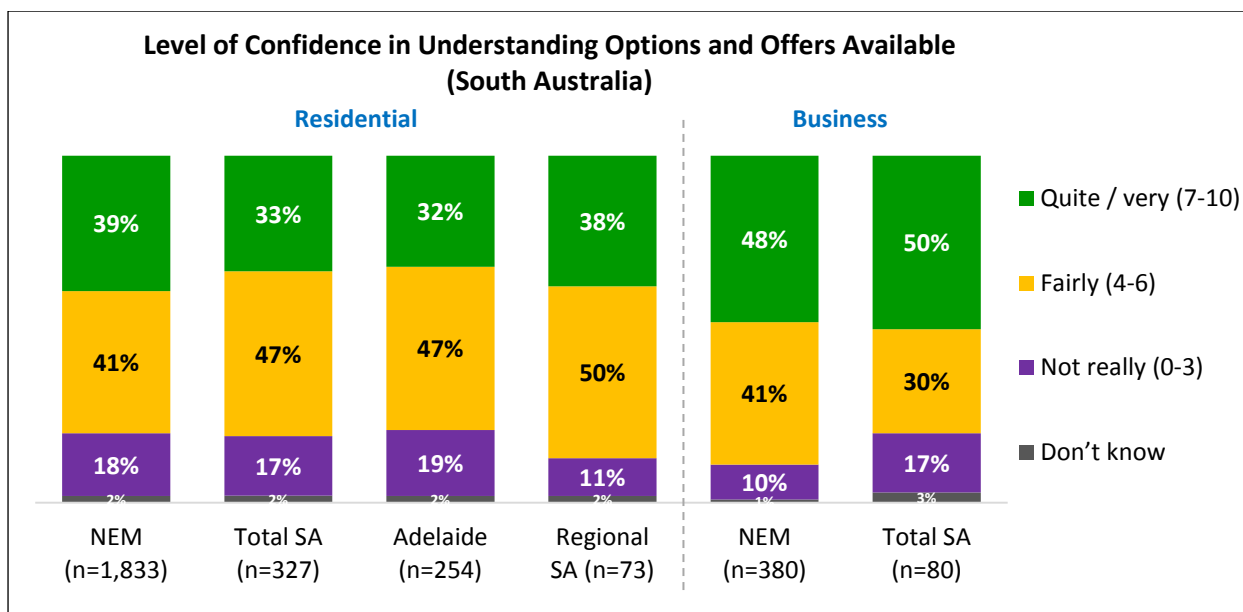
In the quantitative survey, there were very mixed levels of confidence in understanding the various options and offers available to consumers. A third of residents (33%) and half of the businesses (50%) were quite or very confident (rating 7 or more out of 10, where 10 meant extremely confident). Around half the residents (47%) and three in ten businesses (30%) were fairly confident (rating between 4 and 6) and around one in six (17% residents, 17% businesses) were not really confident.

Small business consumers in South Australia were significantly more confident than residential consumers. Significantly more residential consumers who had actively investigated options in the past 12 months felt they were quite or very confident assessing they understood the options and offers available (48% rating 7 or more compared to 28% of those who had not).

In the forums, confidence levels were lower, with only a small number of participants in Adelaide and Murray Bridge (primarily small business owners and managers) feeling totally confident that they understood the different offers and options available to them or at least could readily find it if they looked. This suggests that confidence levels found in the survey are perhaps over-stated, relative to actual levels of understanding.

I feel confident that I can read it and understand what it's telling me. (Adelaide, small business)

Around half had a moderate level of confidence and the rest were not at all confident, primarily because they found the information available confusing and had difficulty comparing offers.



Base: All Respondents

Q11. And how confident are you that you understand the various options and product offers that are available to energy customers in your state [territory]? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

2.3.2 Switching Behaviour

This section of the report examines:

- Past switching behaviour;
- Drivers and triggers to investigating offer energy plans and switching;
- Barriers or reasons for not investigating other energy plans and switching;
- Information gathering processes and key sources of information;
- Likelihood to switch or consider another offer in the future; and
- Initiatives likely to increase confidence in investigating alternative plans.

The qualitative research explored the different motivations and barriers among those who had switched, those who investigated switching but ultimately did not, and those who have neither investigated nor switched.

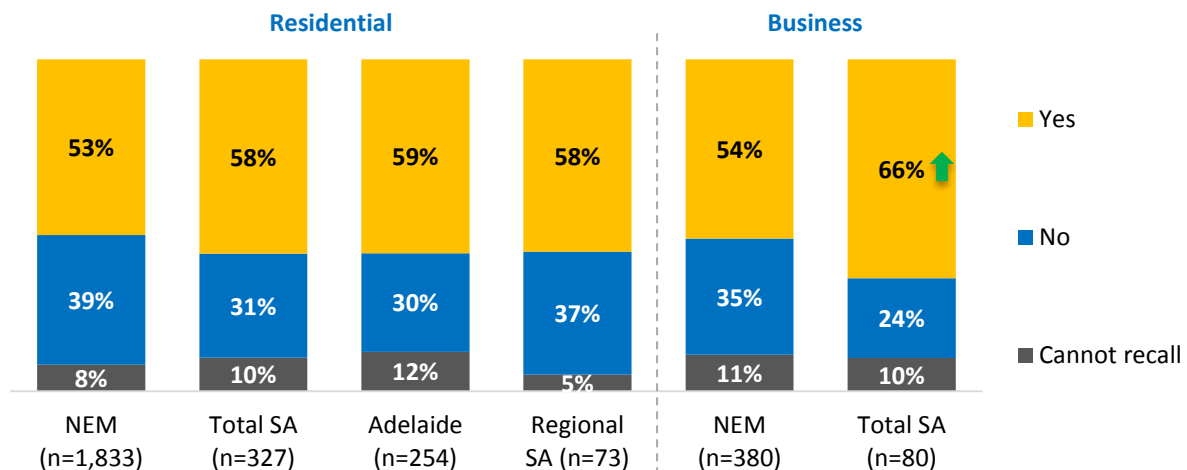
Past switching behaviour

Around six in ten residents (58%) and two thirds of small business consumers (66%) in South Australia have been approached by an energy company offering to sell them energy in the last twelve months. Small business consumers in South Australia were more likely to have been approached by energy companies compared with other NEM jurisdictions and in particular, New South Wales, Australian Capital Territory and south-east Queensland. This is particularly interesting in the context of the results above which showed that small business switching rates are lower than in other NEM jurisdictions.

Consumers who had been approached in the past 12 months were most likely to have had just one or two companies try and sell them energy (56% of residents, 44% of small business consumers). On average, residential consumers had been approached by 2.4 companies, significantly lower than the fully deregulated market of Victoria. Residents living in regional areas of South Australia had been approached by significantly less companies (average of 2.0 companies) compared with those living in Adelaide (average of 2.5). Small business consumers had been approached by 3.3 companies – slightly more than the NEM average (3.0).

Three in ten residential consumers (30%) and just under four in ten small business consumers (37%) had actively investigated different offers or options that they could potentially switch to in the last 12 months. Behaviours were generally consistent with other NEM jurisdictions and results were comparable across metropolitan and regional areas of South Australia.

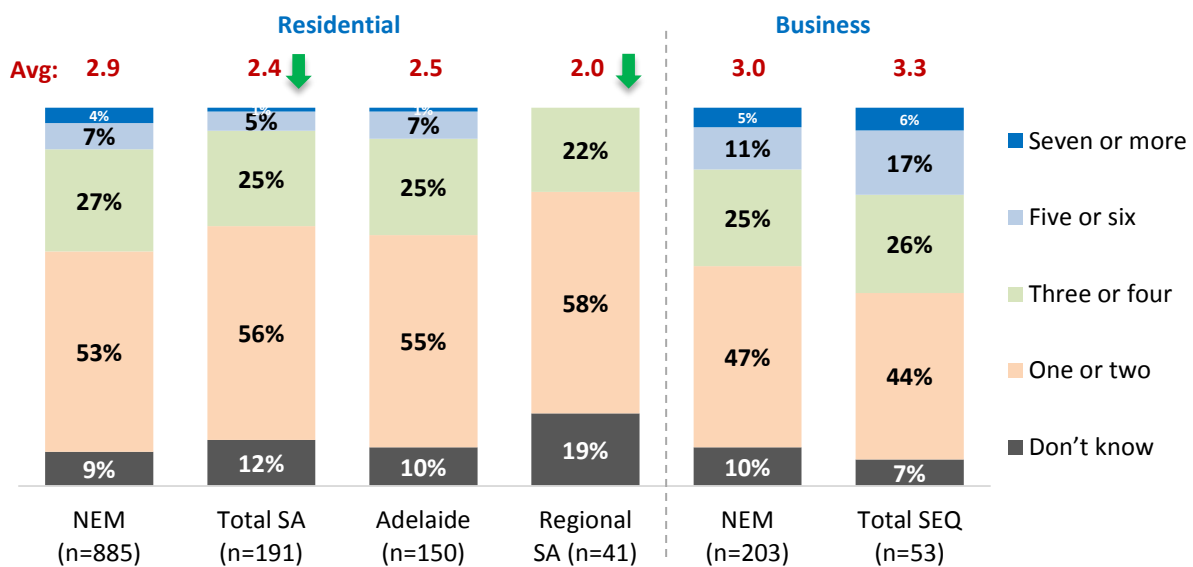
Approached by an Energy Company in Past 12 Months (South Australia)



Base: All Respondents

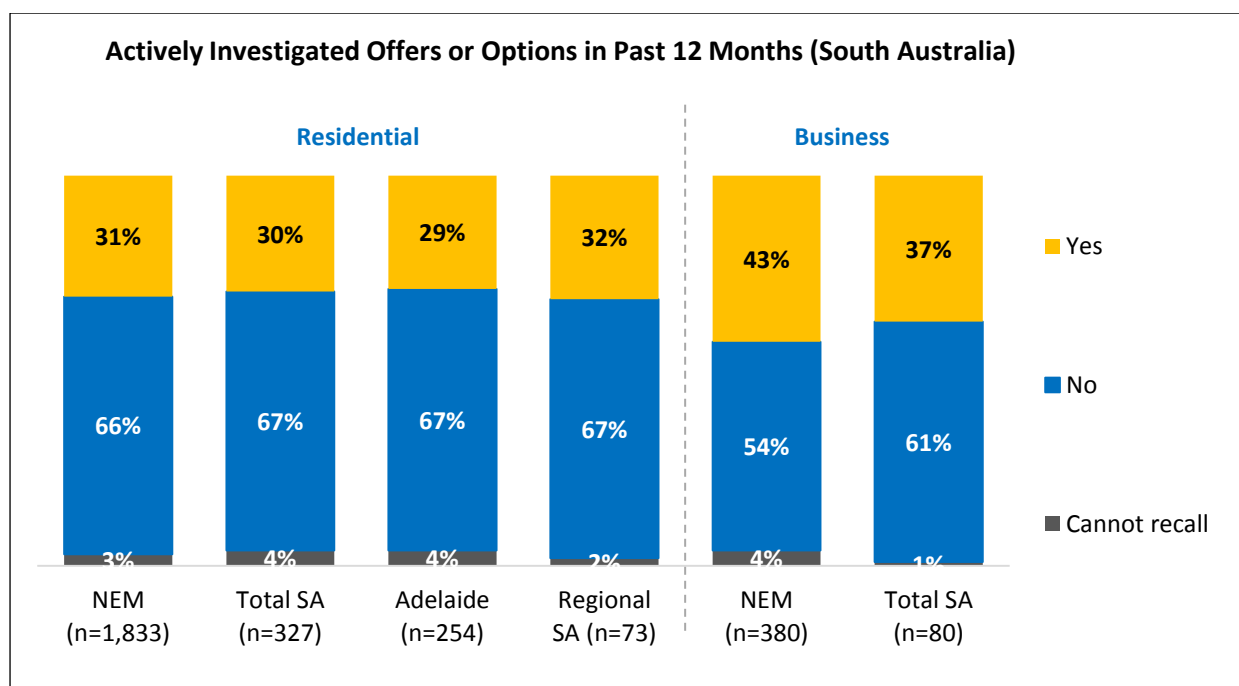
Q18. In the past 12 months have you been approached by an energy company offering to sell you electricity or gas?

Number of Different Companies Approached by (South Australia)



Base: All Respondents

Q19. How many different companies would you say have approached you in the last 12 months offering to sell you electricity or gas?



Base: All Respondents

Q20. In the past 12 months, have you actively investigated different offers or options that you could potentially switch to?

Respondents were asked to indicate how many times they had switched their electricity or gas (if relevant) provider or plan in the past five years. In order to further understand consumers' propensity to switch, they were also asked how many times they had switched other service providers in the past five years. The table below shows the proportion of consumers who changed their service provider at least once in the past five years. The switching rates for gas are shown as a proportion of consumers who have mains connected gas.

Provider (% switched at least once)	Residential				Business	
	NEM (n=1,833)	Total SA (n=327)	Adelaide (n=254)	Regional (n=73)	NEM (n=380)	Total SA (n=80)
Electricity Company	48%	35%	35%	37%	47%	33%
Electricity Plan	39%	39%	40%	38%	39%	33%
TOTAL Electricity	60%	56%	54%	63%	56%	47%
Gas Company	40%	26%	26%	Not shown due to small sample size (n=1)	Not shown due to small sample size (n=19)	
Gas Plan	30%	28%	27%			
TOTAL Gas	49%	39%	39%			
Car Insurance	37%	37%	39%	31%	Not asked of business consumers	
Mobile	32%	32%	30%	41%		
Internet	30%	32%	32%	31%		
Landline	22%	20%	21%	17%		
Home Insurance	22%	22%	21%	23%		
Bank	18%	15%	15%	17%		
Health Insurance	13%	11%	13%	3%		

Base: All Respondents

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company? / D7. In the last five years, how many times have you changed any of the following providers or companies with which you have products and services?

In South Australia, around three in five consumers (56% for both residential and business) had changed their electricity company or plan at least once in the past five years. However, significantly less had changed their gas company or plan (39% of residents). By comparison, four in ten residential consumers (37%) had changed their car insurance provider and a third had changed their mobile phone (32%) or internet (32%) provider in the past five years.

Residents in South Australia were significantly less likely to have changed their electricity or gas company compared with other NEM jurisdictions. Although not statistically significant, business consumers were also less likely to have changed their electricity company compared with businesses in other jurisdictions.

The following types of consumers were significantly more likely to have changed their electricity company or plan in the past five years:

- Those who were more concerned about future energy prices (61% of those who gave a concern rating of 7 or more out of 10 vs. 37% of those who gave a lower concern rating). As discussed later in this report, this further confirms that price is a main trigger for changing energy company or plan.
- Those who had been approached by an energy company offering to sell them energy (62% vs. 47% of those who had not been approached)
- Those who actively investigated options or offers they could potentially switch to (72% vs. 49% of those who hadn't)
- Those who noticed the price per unit of energy they used changed while they were on a contract (86% vs. 63% of those who did not notice a price change)

The following types of consumers were significantly more likely to have changed their gas company or plan in the past five years:



- Those who had been approached by an energy company offering to sell them energy (46% vs. 32% of those who had not been approached)
- Those who actively investigated options or offers they could potentially switch to (56% vs. 32% of those who hadn't)

The table below shows the average number of times consumers changed their energy company or plan in the past five years.

Residential consumers who had switched tended to do so around 1.6 times on average for their electricity company and 1.7 times for their electricity plan. Those in regional South Australia tended to change slightly less often than those in Adelaide. Small business consumers changed their electricity company or plan around 1.4 times on average in the past five years, significantly fewer times compared to other NEM jurisdictions such as Victoria (company 1.7, plan 1.8) and New South Wales (company 1.8, plan 1.8).

When it came to gas, switching rates were fairly similar to electricity, with residents changing company 1.5 times and plan 1.6 times on average.

Unlike some of the other NEM jurisdictions, there did not appear to be a relationship between the number of times they had switched energy provider or plan and the number of companies they were approached by. This result suggests that consumers in South Australia are less responsive to persistent marketing attempts compared to those in other jurisdictions.

Provider (Average number of switches)	Residential				Business	
	NEM (n=773)	Total SA (n=119)	Adelaide (n=90)	Regional (n=29!)	NEM (n=159)	Total SA (n=27!)
Electricity Company	1.7	1.6	1.7	1.4	1.7	1.4 
Electricity Plan	1.7	1.7	1.7	1.5	1.7	1.4 
Gas Company	1.7	1.5	1.5	Not shown due to small sample size (n=1)	Not shown due to small sample size (n=19)	
Gas Plan	1.6	1.6	1.5			

Base: Respondents who had switched company or plan

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company?

Drivers and triggers to investigating offers and switching

In the qualitative research the main driver or trigger to investigate switching among forum participants in South Australia was hearing about better deals or offers from another energy company directly (telemarketing, door-knocking) or via other marketing activity. While most felt there had been a lot of active marketing by energy retailers, a few felt these activities were on the wane.

I'm always moving from one supplier to another to try to save money. (Murray Bridge, Higher Income)

Some participants who were less energy market savvy were compelled to look into their options after hearing their friends and family talk about it. They trusted the recommendations from their peer.

Aside from awareness of the availability of cheaper offers, the other key motivation to switch was dissatisfaction with their current company due to an administrative difficulty, customer service issue or a dispute.

Specific issues mentioned included:

- Having a company unable to provide the service required (i.e. being unable to connect natural gas);
- Rude customer service including disputes and arguments;
- Administrative issues, such as a company that was unable to send a property with four separate meters one single bill; and
- Finding the offshore call centre difficult to communicate with.

Although not as strong as awareness and dissatisfaction, high energy prices were also a driving force with some participants motivated to proactively investigate other companies as a result of 'bill shock'. Others said they were simply curious and felt there was no harm in looking around for a better deal, saying they were open to change if a competing energy company could demonstrate value.

Additional lower-level triggers mentioned included:

1. Moving house;
2. Clear and easy to understand information about deals;
3. Various discounts and incentives;
4. Coming to the end of the contract;
5. Seeking bundling of services;

6. Good consumer reviews on product websites; and
7. Installing solar panels and switching to a deal which offered a feed-in tariff payment for solar.

Once a decision was made to look into switching, obtaining a lower price was overwhelmingly the key driver to actually making the switch. This was followed by factors such as clear communication, and good customer service and administration with the new company.

In order to quantify the drivers and triggers identified in the qualitative research, survey respondents who had changed their energy company or plan in the past five years were asked their main reason for switching.

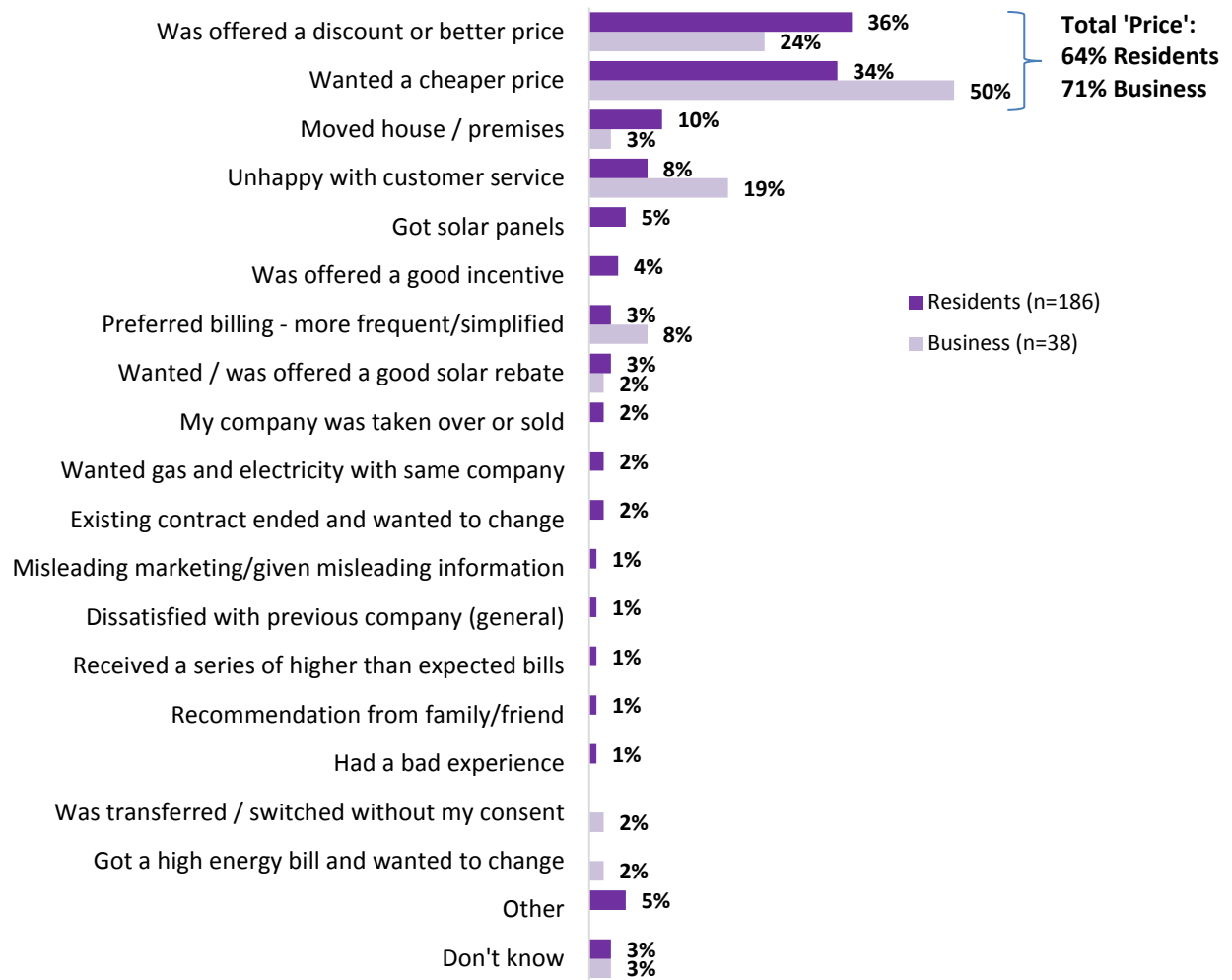
The drivers and triggers identified in the South Australian survey results were fairly similar to those mentioned in the forums. For electricity, the main reasons for switching were that consumers were offered a discount or better price (36% of residents, 24% of businesses) or they wanted a cheaper price (34% of residents, 50% of businesses). In total, two thirds of residents (64%) and 71% of businesses who switched electricity company or plan were motivated by a cheaper price.

Other lower level reasons for switching, also consistent with the qualitative research, included:

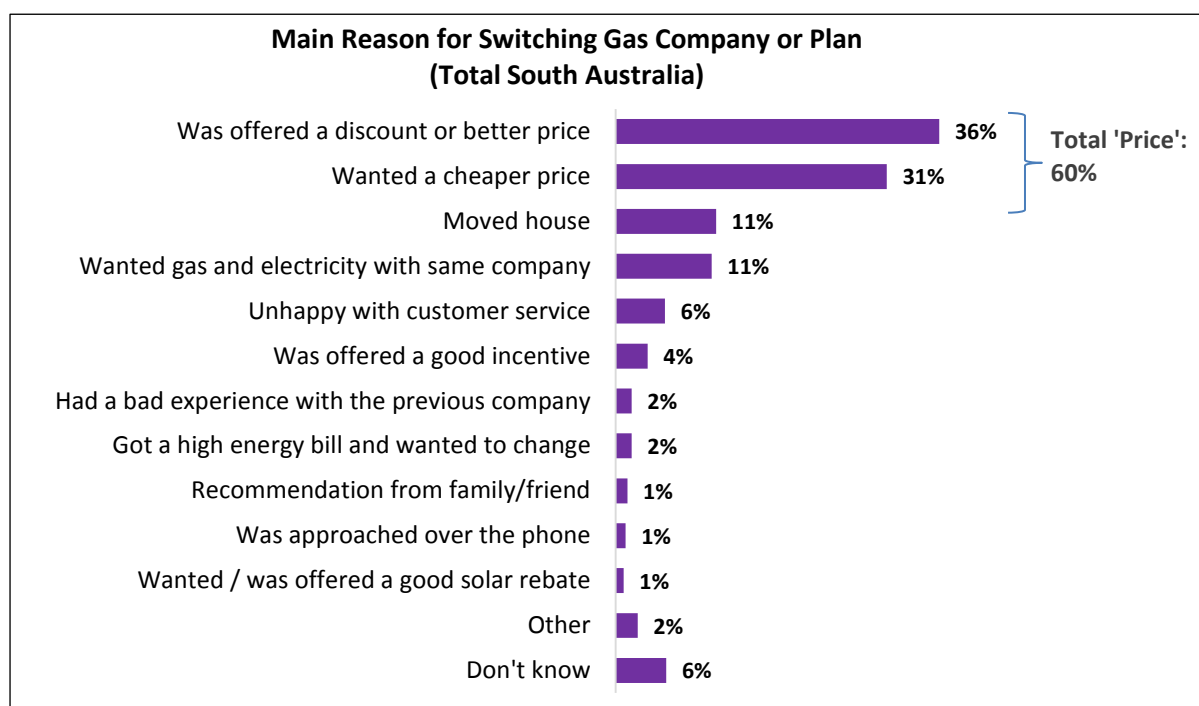
- Being unhappy with the customer service (8% of residents, 19% of businesses)
- Moving house or premises (10% of residents, 3% of businesses)
- Getting solar panels (5% of residents)
- Being offered a good incentive (5% of residents)
- Preferred billing e.g. more simplified or more frequent bills (3% of residents, 8% of businesses).

The drivers for switching gas company or plan were similar to those mentioned for electricity. Residential consumers most commonly switched their gas because they were offered a discount or better price (36%) or because they wanted a cheaper price (31%) – 60% in total. Other lower level reasons were moving house (11%) or wanting to bundle electricity and gas (11%). Please note, the results for business consumers are not shown in this report due to the limited number of small gas users in South Australia who changed gas company or plan (n=9).

Main Reason for Switching Electricity Company or Plan (Total South Australia)



Base: Respondents who switched their electricity company or plan / Q22. The last time you switched, what was the main reason you changed your electricity company or plan? MULTIPLE RESPONSE



Base: Respondents who switched their gas company or plan (Residents: n=74). NB: Business results not shown due to small sample size (n=9) / Q27. The last time you switched, what was the main reason you changed your gas company or plan? MULTIPLE RESPONSE

Reasons for not investigating offers or switching

This section of the report focuses on the barriers to investigating offers and switching. The results of the quantitative research are covered first, followed by a more in-depth analysis from the qualitative research.

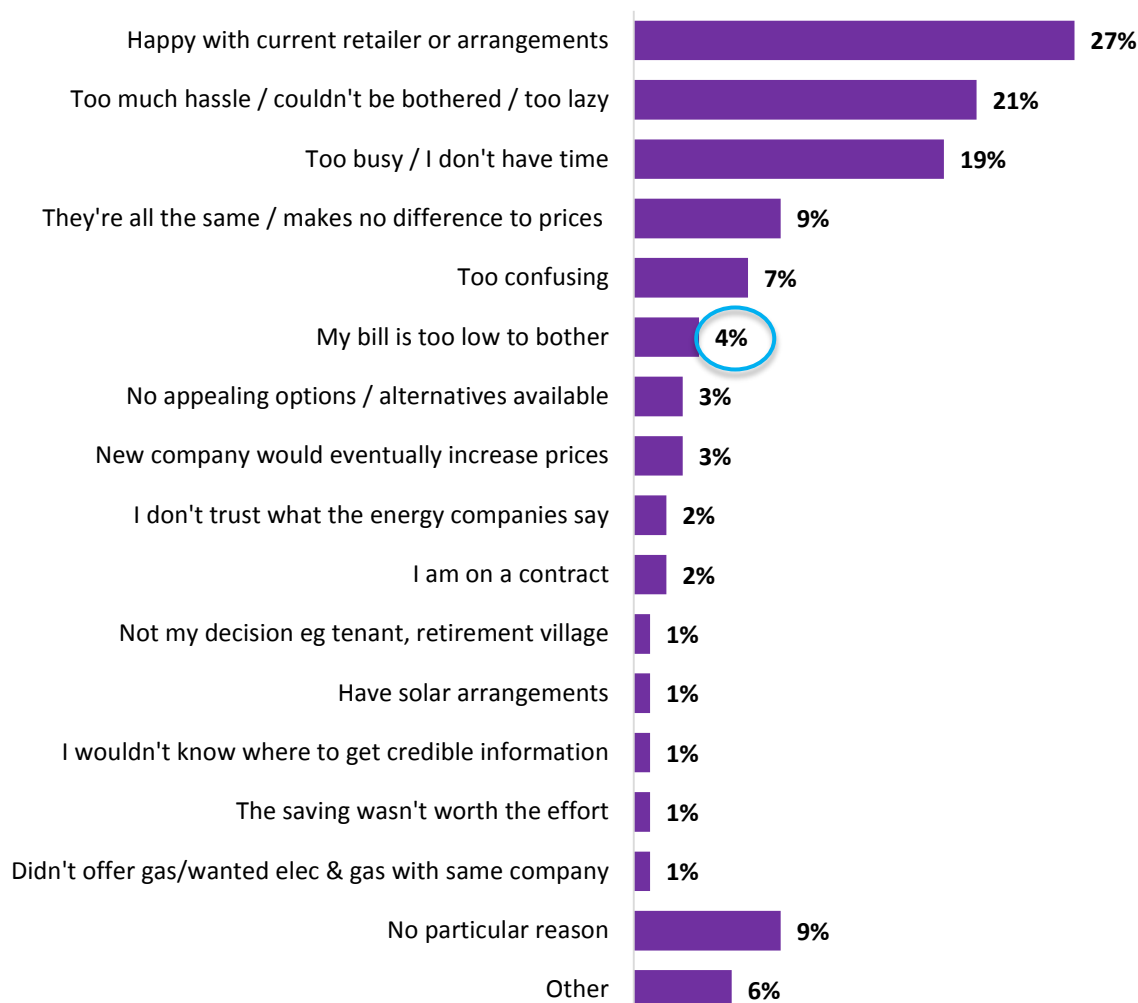
Survey respondents who had actively investigated options and offers they could potentially switch to but who had not switched in the past few years were asked what stopped them from switching. Only 21 residents (6%) and 7 small business consumers (9%) in the survey had investigated options but not switched. Given the small sample size, these results have not been included in the report, however analysis of the verbatim reasons given suggest the main reason they did not switch was because they were happy with their current retailer or arrangements. Lower level barriers to switching included:

- Having solar arrangements
- They were just doing research / keeping an eye on what was available
- Feeling like the saving wasn't worth the effort or that it wouldn't make any difference to the price they paid
- Being on a contract

Those who hadn't investigated options or switched energy company or plan in the past five years (22% of residents and 20% of business consumers) were also asked the reasons for this.

Among residents, the main reasons were they were happy with their current retailer or arrangements (27%), it was too much of a hassle, they couldn't be bothered or were too lazy (21%) or they were too busy or didn't have the time (19%). Other lower level reasons included feeling it would make no difference to the price (9%) and it is too confusing (7%). These barriers were consistent with those mentioned in other jurisdictions.

Main Reason for Not Investigating or for Not Changing Energy Company or Plan (Total South Australia)



Base: Respondents who hadn't investigated options or changed their energy company (n=71). NB: Business results not shown due to small sample size (n=16).

Q33. Are there any reasons why you haven't investigated different options or why you haven't changed your energy company or plan in the last few years? MULTIPLE RESPONSE

NB: the blue circle indicates that the result is significantly higher than the NEM average

The results from both the quantitative survey and qualitative research suggest that the main barriers to consumer participation in the South Australian energy market are lack of a compelling value proposition and disengagement, compounded by market complexity and lack of energy literacy.

The table below summarises the main barriers identified in both the qualitative and quantitative research to investigating different energy companies and plans with a view to switching. Note that many overlap. Each of these barriers is addressed in detail later within this section.

Barriers	What people say
Barrier A: No compelling value proposition	<ul style="list-style-type: none"> • I'm happy with current retailer/arrangements, there is no reason to change • I don't think I'll save much money, they are all the same • My bill is too low to bother
Barrier B: Disengagement	<ul style="list-style-type: none"> • Too much hassle, couldn't be bothered, too lazy • Too busy, I don't have the time
Barrier C: Complexity & Energy Literacy	<ul style="list-style-type: none"> • It's too complicated, there are too many options • Options are too difficult to compare • Dealing with overseas call centres is difficult • I don't understand the information available • I'm not confident that I know what to look for
Barrier D: Mistrust of Energy Companies	<ul style="list-style-type: none"> • I don't trust what the energy companies say • There are too many hidden fees and charges • Energy companies are just out to make money • They say different things on the phone, face-to-face and on websites • Sales people use high-pressure tactics and are often poorly trained • I am skeptical about signing up with smaller energy companies
Barrier E: Need for independent credible information	<ul style="list-style-type: none"> • I don't know where I can find information I can trust • Lack of consistency in the way offers are described, which means you can't compare apples with apples • Energy companies can't provide comparative information. • It's too difficult to compare • Commercial comparative sites don't have all the info

The next section of the report provides more detail on each of the barrier categories identified earlier, with analysis based on both qualitative and quantitative results.

Barrier A: No compelling value proposition

The main barrier to switching identified in the qualitative research in South Australia was a belief that they probably couldn't get a much better deal than the one they were on. They felt it was a case of 'swings and roundabouts', with the likely savings not sufficiently worthwhile to warrant the time required to find them.

Many forum participants said they were happy with their current provider, could afford their bills and weren't experiencing any particular issues that would motivate them to investigate alternatives. In the quantitative survey, 27% of those who hadn't investigated offers or changed company or plan mentioned this as a reason.

Further, in the quantitative survey 9% of residents who hadn't investigated offers or changed company or plan felt that all energy companies would be the same and switching would make no difference to the price they paid, 4% felt their bill was too low to bother, 3% didn't think there were better alternatives out there and 1% thought the saving wasn't worth the effort.

Other priorities in life, not having the time (to research). (Murray Bridge, Higher Income)

I'm just ignorant to it all and happy, I have no problems. (Murray Bridge, Lower Income)

You spend all that time and you find it's only a marginal difference; so you get skeptical, you just grin and bear it. You just look at costs for things you can control and all you can control are wages. (Adelaide, small business)

The price goes up once you sign up anyway, so the time invested isn't worth it. (Adelaide, small business)

We haven't had any issues. The energy used in the business is constant. I've done comparisons when people ring and it's not worth changing to save \$10 a quarter. (Murray Bridge, small business)

Some forum participants discussed what kind of savings would make switching worthwhile for them. Some said a price difference of 10% would be enough, while others said 5% would be sufficient for them.

Barrier B: Disengagement

Flowing from the sense that there was no real value proposition and that they didn't know where they could get reliable information, some forum participants simply didn't care enough about their energy bills to be bothered switching. In the quantitative survey, 21% of residents who hadn't investigated offers or changed company or plan said it was because they couldn't be bothered or were too lazy and 19% said it was because they were too busy or didn't have the time.

The bill comes, it seems fine, I can afford it so I pay it. (Adelaide, Lower Income)

Barrier C: Complexity and Energy Literacy

In the quantitative survey, 7% of residents who hadn't investigated offers or changed company or plan felt it was too confusing.

Its importance was more evident in the qualitative research where participants had more time to think about and discuss the barriers to switching. Many forum participants said they felt the sheer number of different plans available was very confusing and that the volume of information made choosing a plan a complicated process. There was a sense that every company had a different fee structure and there were many hidden fees.

Some commented that they would prefer a simpler plan based on estimated usage, similar to a mobile phone plan, so that they could have more control over their costs.

I'd like to know where I stand. (Adelaide, Lower Income)

If you change and get it wrong it can cost you a lot of money. (Adelaide, Lower Income)

Complexity was mentioned as a particularly strong barrier for those who had previously gone through the process of switching. Others had heard negative stories or rumours about difficulties experienced by people who had switched, including hassles with paperwork and connection fees.

Participants' limited knowledge of energy pricing, although better than in most other markets, is a barrier to switching. While most agreed they can *access* the information, they're not all sure that they can *understand* it and *use* it.

In the forum the most common complaints were that the information available is unclear; hard to read and full of fine print and legal jargon; inconsistent (with different details offered on the website vs over

the phone); incorrect or misrepresented (several participants spoke of signing up to a specific deal through a doorknocker then finding that they did not get what they thought they were entitled to); and that it does not facilitate easy comparison.

I'm not sure about the options, what they all mean. (Adelaide, small business)

(The Big Switch campaign) had a lot of nasty fine print. (Adelaide)

They say this is what they'll give you but down the road it's not like that. With my company they said you could have 1% taken off the bill for direct debit but they haven't done it for months. (Murray Bridge, Higher Income)

I tried to set up a spreadsheet to compare offers but no one offers things in the same way. I believe there is an online service to do this but I haven't used it. (Adelaide, small business)

Another prevalent complaint, particularly in Murray Bridge, was the difficulty of trying to communicate with and gather information from staff in offshore call centres for whom English is a second language, thereby further compounding the issue.

When you have someone on the phone not speaking English I don't have confidence in the person I'm talking to. How can I access the best information? I can't speak to the fellow on the other end of the phone so how can I feel confident? (Murray Bridge, Lower Income)

Barrier D: Mistrust of energy companies

In the quantitative survey just 2% of residents who hadn't investigated offers or changed company or plan said they didn't trust what energy companies had to say. Another 3% thought the new company would eventually put up the prices anyway.

While these were not high-level barriers in the quantitative research, when asked in the forums to talk about their perceptions in detail, there was evidence of strong mistrust of energy companies in South Australia, particularly in Adelaide. While some consumers had formed negative perceptions of energy companies prior to deregulation, this distrust appears primarily driven by the marketing activities and the behaviour of retailers.

Most forum participants, particularly those less confident they could identify the right deal for themselves, tended to be distrustful of energy companies and feared falling prey to hidden tricks and fees.

There's no real policing over it. There's an inherent distrust. I think in the back of my mind they're screwing me, I'm angry whenever the bill turns up. (Murray Bridge, Lower Income)

Many said they were sick of being approached by doorknockers and telemarketers, with several saying they had put up 'do not knock stickers'. They were critical of high-pressure sales tactics requiring consumers to sign contracts on the spot and several felt that deals were not explained properly or the salesperson couldn't credibly demonstrate how savings would be made. In at least one case, when a consumer had requested more information the salesperson never returned. Another found that the rates offered at the door were different from what was quoted in the contract and this meant they were too nervous to go through with the switch.

I think electricity companies are underselling themselves with underhanded tactics to sign up new customers. Door knocking - it's not necessary. (Adelaide, Switcher)

I feel overwhelmed by unsolicited enquiries to see if I want to switch. I prefer a more traditional approach of getting a letter and thinking about it in my own time. (Adelaide, Non-switcher)

I don't want to be confronted in my own home. (Adelaide, Non-switcher)

With Momentum I had a bad experience with my home electricity so there was no way I was going to swap the business over. I found there were higher charges and the person on the phone told me I was easily led. They admitted there were higher charges; I just couldn't believe they said that to me – that I was easily led. (Murray Bridge, small business)

The greatest levels of mistrust were reserved for smaller energy companies that participants had not heard of before. When asked whether they would consider using one of these companies, many were concerned that they might be 'dodgy' or 'fly-by-night' companies that could go out of business and leave them without power. Some said they wouldn't use a company that had a strange name or a name that doesn't sound like it is associated with energy while a few said they preferred a locally-based company.

I'd rather pay a bit more and have a company that I know has a good reputation. (Murray Bridge, Higher Income)

Better the devil you know. (Adelaide, Non-switcher)

Barrier E: Need for independent credible information

Closely related to poor levels of energy literacy and perceptions of complexity, the lack of easily accessible, independent and credible information emerged as a key barrier to switching in South Australia.

Many talked of issues they had found when researching options online. Some who had visited commercial comparator websites said they had either found the information was incorrect or not up-to-date or that their current rate was cheaper than anything else they found. Some also queried how the comparator websites were funded and whether certain companies paid to get to the top of the list

They wanted to be able to compare 'apples with apples' and a few called for an independent online service that would compare offers in a transparent manner.

It's like comparing apples and oranges. (Adelaide, Researched but did not switch)

In the quantitative survey, while only 1% of residents who hadn't investigated their options or switched company or plan mentioned this as a barrier, other responses such as 'too much hassle', 'no other options' and 'too confusing' also point to lack of credible information as a barrier.

Information gathering process and key sources of information

Consumers who had switched energy company or plan, or investigated but didn't switch, were asked about their information gathering process and which information sources they found useful.

In the forums most switchers agreed that there is an immense amount of information available. Some of the information sources they mentioned being aware of included the following:

- Retail company telemarketers and doorknockers;
- Seeing an energy company's stand in a shopping centre and hearing their sales pitch;
- A letter from their current company advising that their contract was finished, prompting them to either take up a renewal offer or look around for other deals;

- Real estate agents (eg when moving house some were encouraged to sign on with a specific company);
- Media stories (eg one saw a story on *Today Tonight* claiming Energy Australia had the best deal);
- General advertising, especially around the time of the carbon tax;
- The One Big Switch campaign and website; and
- Comparator websites (however there was skepticism about the independence of these websites, particularly among Adelaide participants).

Often an initial prompt to switch was followed up with further research to verify information or to gather information from a broader range of companies to inform the final decision. Most chose to research online, although the less tech savvy used the phone. Those doing online research would often follow up with a phone call to their shortlisted companies.

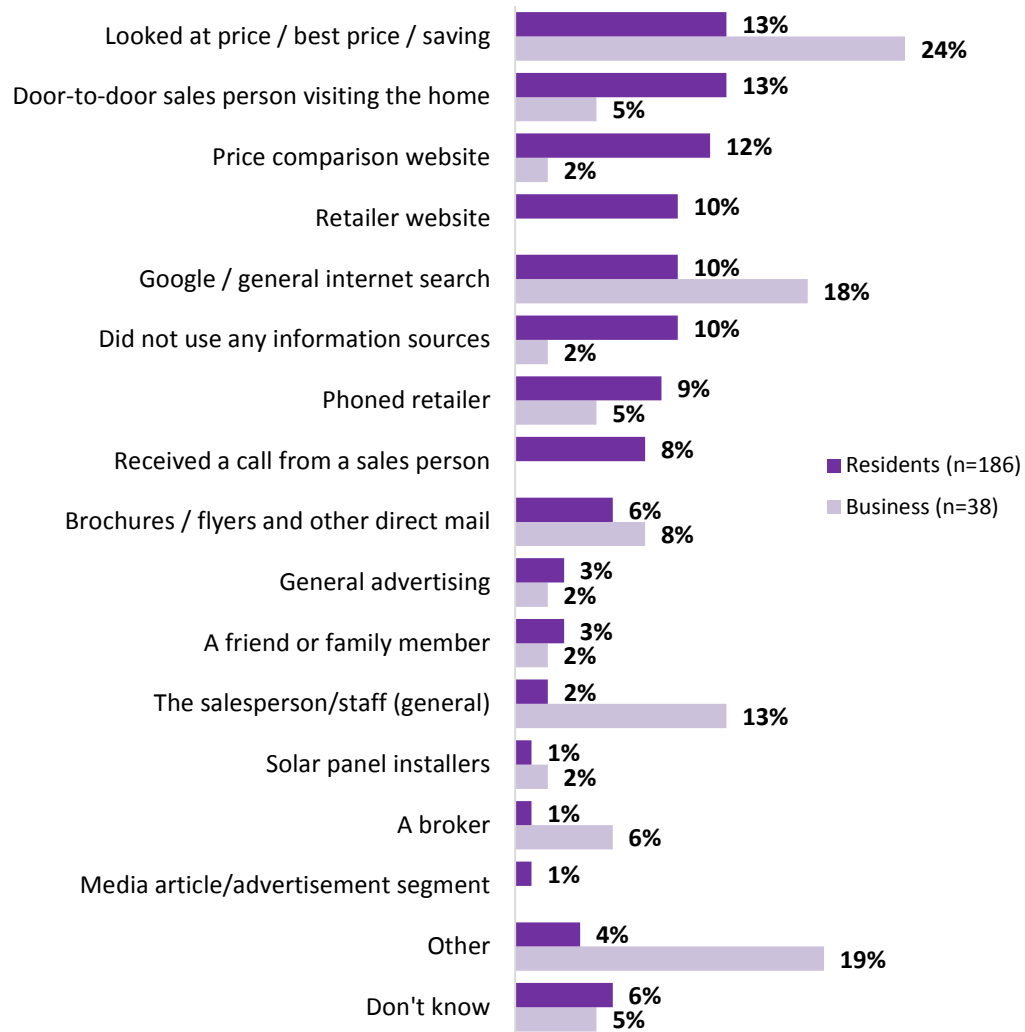
Some who had switched in the past were very active ringing around and getting quotes for rates and negotiating between various companies. These more confident switchers were more likely to feel that switching is easy and they were therefore more willing to try a new company knowing that if it didn't work out they could switch back to their original company or try another new one.

Word of mouth from trusted family and friends was particularly important to cautious switchers and gave them reassurance in moving ahead.

In the quantitative survey, those who had switched energy company or plan were asked what information sources helped with their decision to change. For electricity, residents found that simply looking at the best price or saving (13%) was useful, along with information from door-to-door sales people (13%) and price comparison websites (12%). Business consumers found looking at the price or saving (24%), Google or general internet searches (18%) and information from sales people (13%) the most useful information sources when switching electricity company or plan.

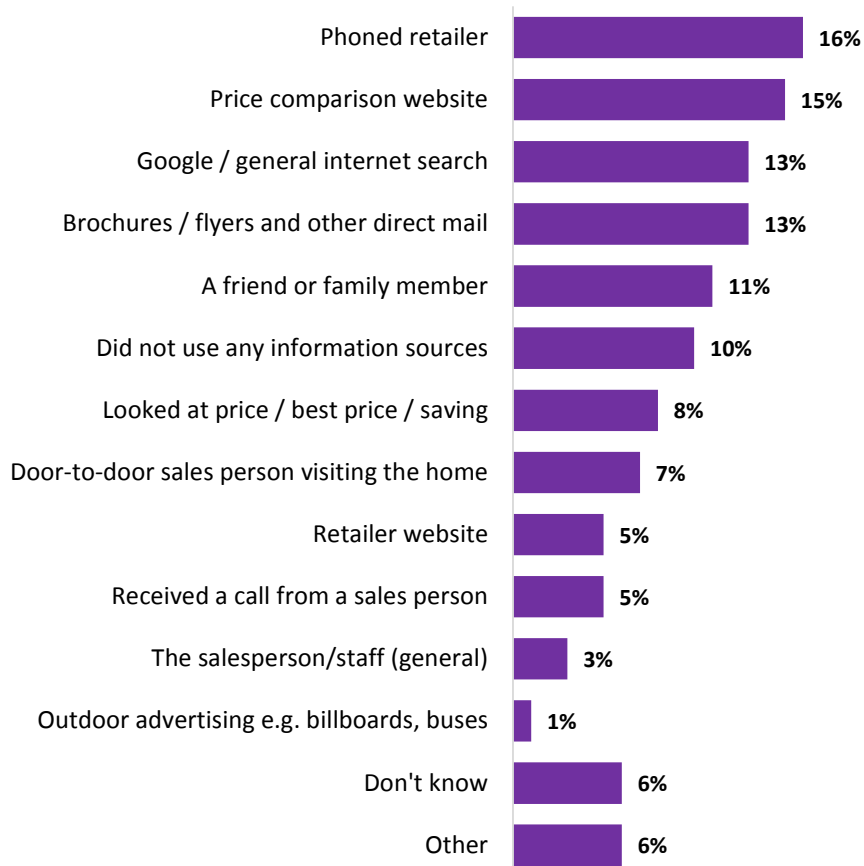
For gas, the most useful information sources when switching company or plan were phone calls to retailers (16%), price comparison websites (15%), Google or general internet searches (13%) and brochures, flyers or other direct mail (13%).

Main Information Source Used to Change Electricity Company or Plan (South Australia)



Base: Respondents who switched their electricity company or plan / Q23. The last time you changed your electricity company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE

Main Information Source Used to Change Gas Company or Plan (Total South Australia)

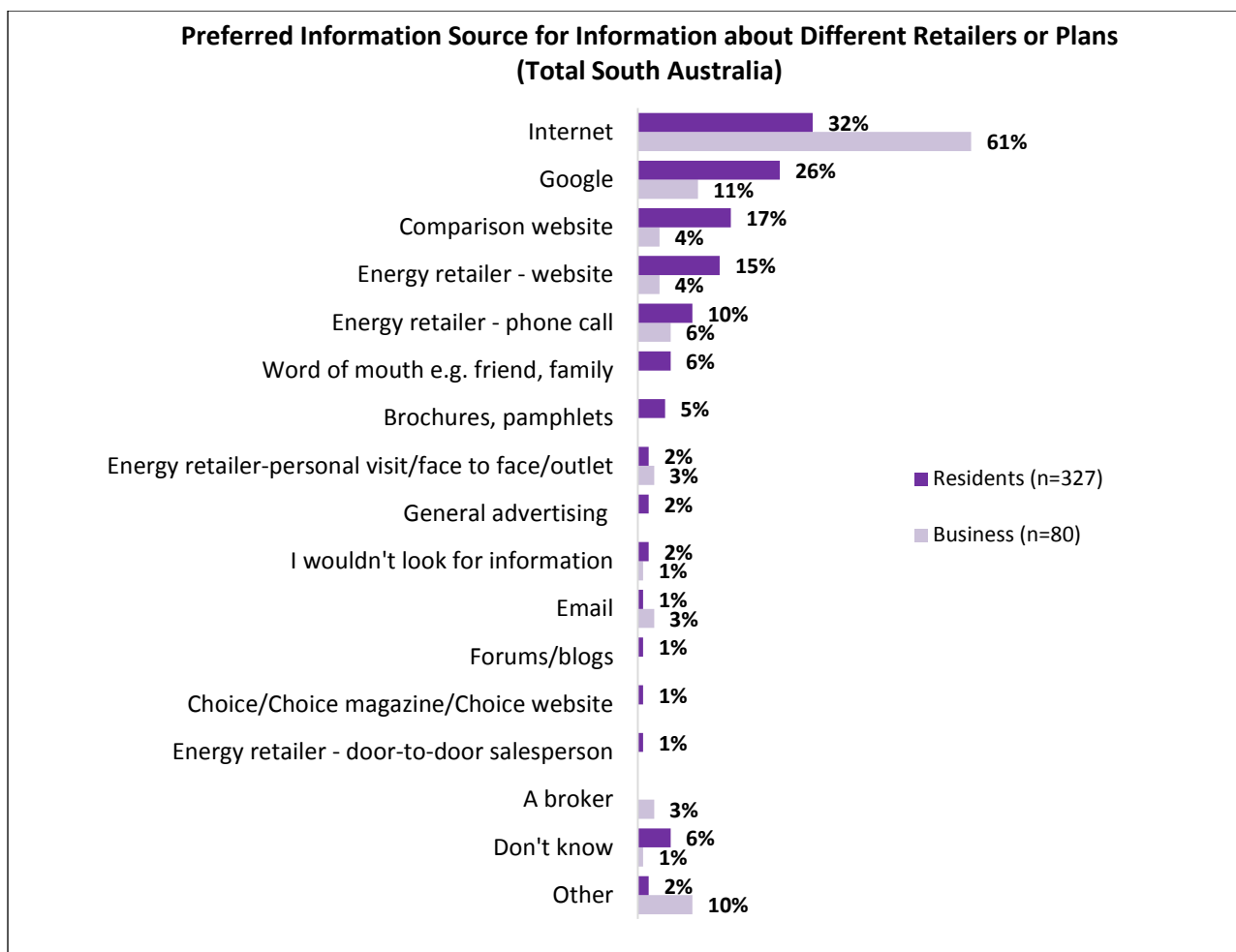


Base: Respondents who switched their gas company or plan (n=74). NB: Business results not shown due to small sample size (n=9). / Q28. The last time you changed your gas company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE

NB: the blue circle indicates that the result is significantly higher than the NEM average

Only 21 residential consumers and 7 small business consumers in the survey had investigated options but not switched. Given the small sample size, these results have not been included in the report, however, the main sources used by these consumers was Google or general internet searches.

When it came to preferred methods of obtaining information about different energy retailers or plans, internet tools were by far the most preferred. Around a third of residents (32%) and six in ten small business consumers (61%) said they preferred to use the internet (no further information provided). Many consumers also mentioned Google (26% of residents, 11% businesses), comparison websites (17% residents, 4% businesses) and energy retailer websites (15% of residents, 4% businesses).

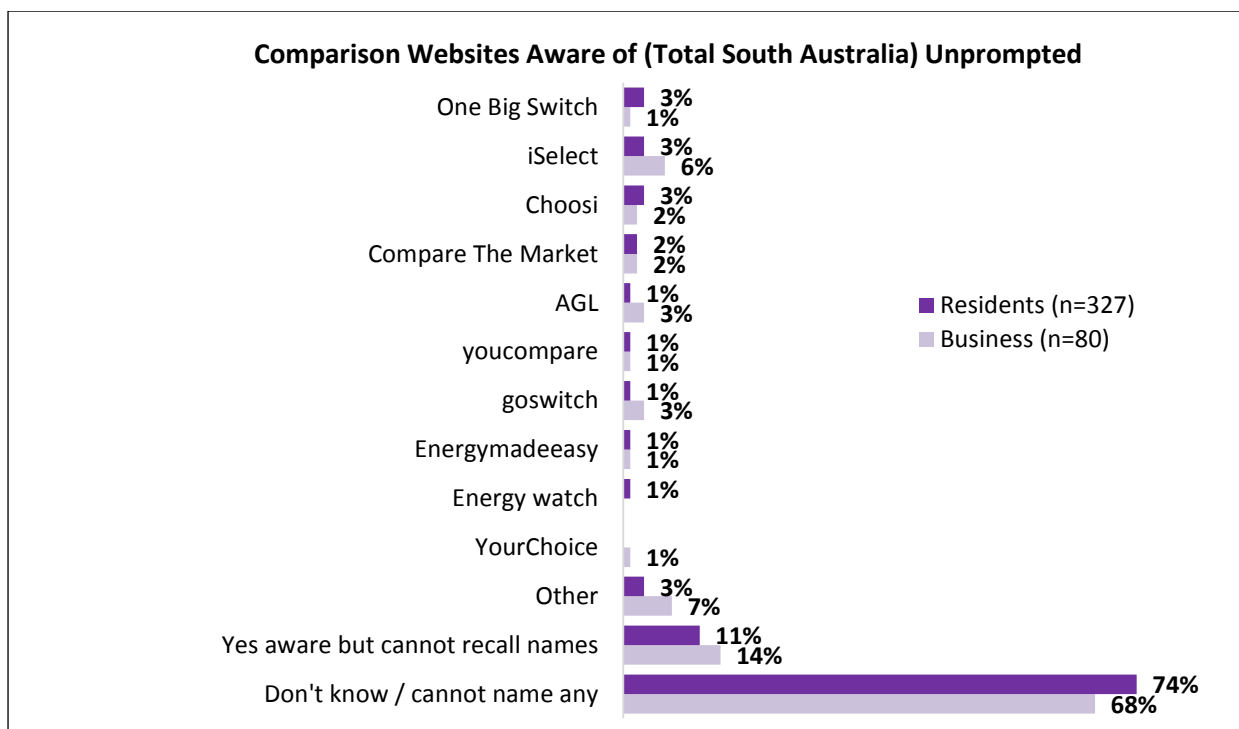


Base: All Respondents

Q37. If you wanted to look for information about different energy retailers or plans, what would be your most preferred method? MULTIPLE RESPONSE

Despite comparison sites being a fairly popular information tool, around eight in ten (85% of residents, 81% of businesses) respondents could not name a comparison site (responding with 'don't know' or 'none of the above' or 'yes but cannot recall the name').

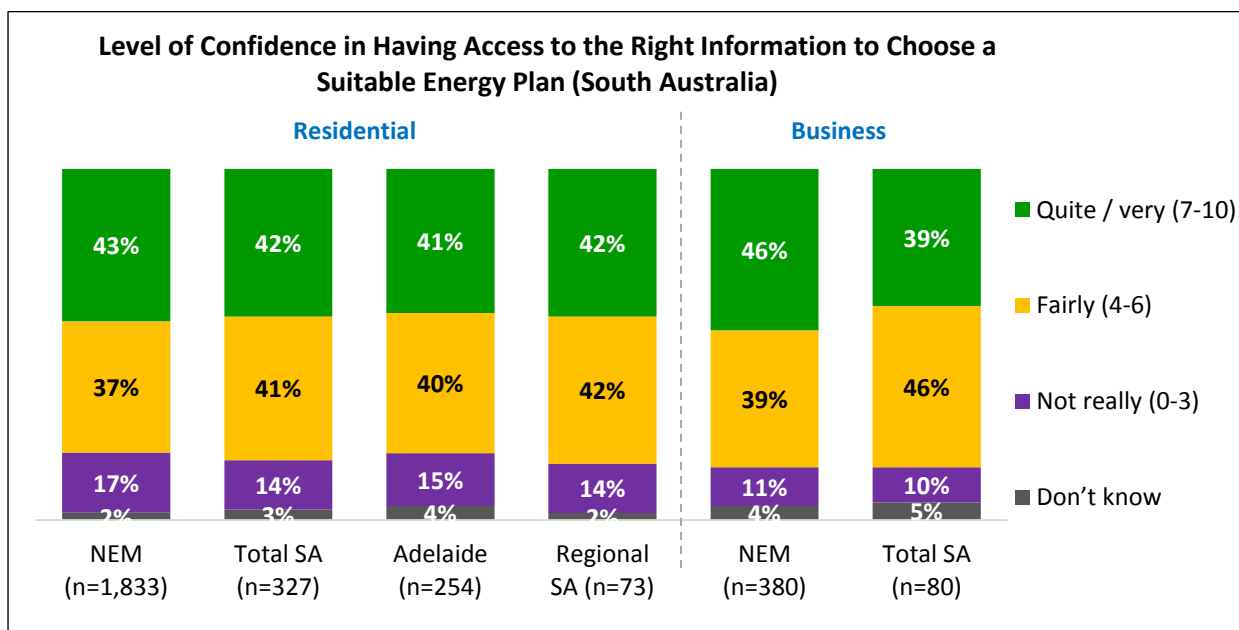
One Big Switch (3% residents, 1% businesses), iSelect (3% residents, 6% businesses), Choosi (3% residents, 2% businesses) and Compare the Market (2% residents, 2% businesses) were the most commonly mentioned comparison sites, although at very low proportions. Just 1% of residents and businesses mentioned *energymadeeasy*. When prompted, 14% of residents and 11% of small business consumers said they had heard of *energymadeeasy*.



Base: All Respondents

Q38. Are you aware of any comparison websites that can help customers choose a good energy deal for their home?
MULTIPLE RESPONSE

When asked how confident they were that they had access to the right information to choose a suitable energy plan, the majority of survey respondents were fairly or quite confident - 41% of residents and 46% of businesses rated between 4 and 6 out of 10, and 42% of residents and 39% of business rated 7 or more of 10 (where 10 meant they were extremely confident). In the forums participants clarified that they knew they could get access to information but that actually understanding it was the issue.

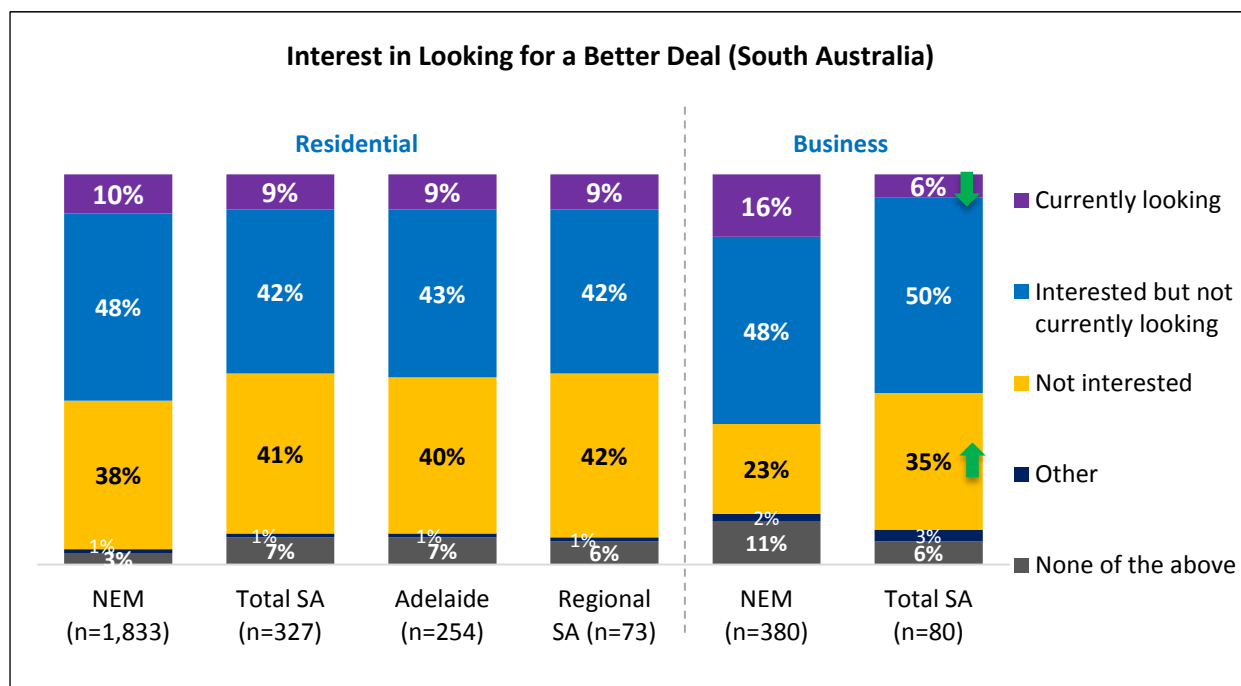


Base: All Respondents

Q36. How confident are you that you have access to the right information to choose an energy plan that suits your needs? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

Future switching intentions

Around one in ten residents (9%) and just 6% of businesses said they were currently looking for a better deal. Around four in ten residents (42%) and half of the small business consumers (50%) were interested in looking for a better deal but were not currently looking and four in ten residents (41%) and one in three businesses (35%) were simply not interested in looking for a better deal. Business consumers in South Australia were significantly more likely to say they were not interested compared with other NEM jurisdictions. They were also significantly less likely to be currently looking.

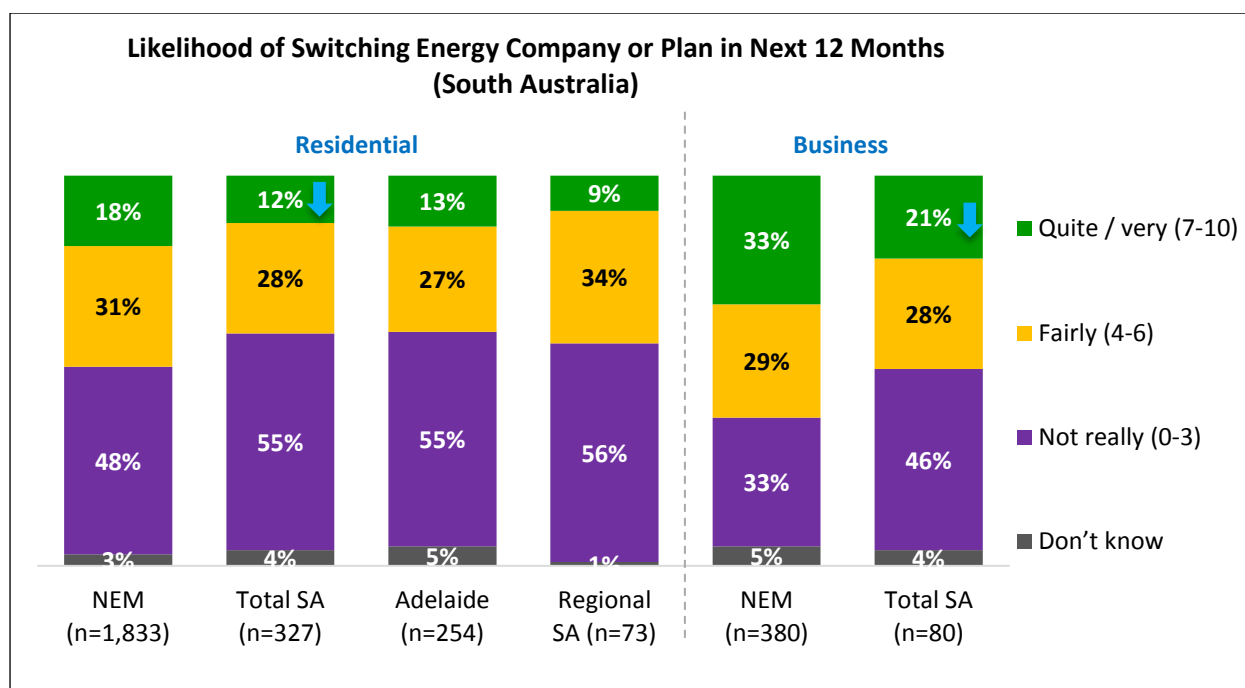


Base: All Respondents

Q34. When it comes to your household's energy company, which of the following statements is most applicable to your household?

When it came to future switching intentions, residential consumers generally felt it was unlikely they would switch in the next 12 months. Well over half the residents in the survey indicated it was not really likely they would switch (55% giving a rating of 3 or less). Of note, a third of them (33%) were not at all likely – giving a rating of zero out of ten. Almost three in ten were only fairly likely to switch (28% rating between 4 and 6) and just 12% were quite or very likely (rating of 7 or more out of 10). While switching intentions were consistent between those based in Adelaide and those in regional areas, residential consumers in South Australia were significantly less likely to switch compared with other NEM jurisdictions.

Businesses in South Australia were slightly more likely to switch compared to residents (21% were quite or very likely vs. 12% of residents). However, when compared to small business consumers in other NEM jurisdictions, those in South Australia were less likely to switch energy company or plan in the next 12 months.



Base: All Respondents

Q35. How likely are you to switch your energy company or plan in the next 12 months? Please use a scale where 0 is not at all likely, 5 is fairly and 10 is extremely likely?

In the forums many who had recently switched expressed some interest in looking at new offers in the future but most said they would wait until their contract expired before thinking about it again. Several participants commented that they probably should review their energy company deal regularly (perhaps every 18 to 24 months) to ensure their deal was competitive but were not necessarily doing this at the moment.

I'm still waiting to get my first bill. If they give me what they said they would I'll be happy. Otherwise I'll switch back. (Adelaide, Switcher)

The majority of those who researched options but did not switch were happy with their decision and had no regrets, however most remain open to reviewing their energy company in the future, typically in the next one to two years.

Some non-switchers also indicated that they would probably look into what is available after having attended the forum – mainly as a result of learning that there are different plans available, that they could get a discount for paying on time or that they can simply call and ask for a discount, or because they had heard that incentives can end after a period of time.

Despite this, many forum participants remained skeptical and felt that the savings to be made were so small that it was not worth the hassle.

It's just swings and roundabouts, there are no real savings. (Adelaide, investigated but did not switch)

Although solar penetration in South Australia is comparable with that in southeast Queensland, lower feed-in-tariffs mean that it does not represent as significant a barrier to switching. Many are yet to see a return on their investment so are still looking for ways to save. As a result, in both the qualitative and quantitative findings there was no discernable difference between the future switching intentions of those with solar panels and those without.

Opinions as to whether switching activity will slow if energy prices decrease were mixed. Some participants did not expect switching activity to slow, as they don't expect price cuts to be passed on anyway and believe there will always be people out there searching for a better deal. However others felt they would be less likely to switch if their bills remained affordable or decreased, and they were satisfied with their current company.

Initiatives likely to increase confidence in investigating alternative plans

During the forums, participants were presented with information regarding the components of their energy bills, the nature of electricity retail competition in South Australia, and trends and forecasts in pricing. They were also introduced to the Australian Energy Regulator's price comparator website at www.energymadeeasy.gov.au.

Many participants spontaneously noted down the website address and found it to be the single most useful initiative to increase their confidence in investigating alternative plans.

I haven't done any research into it for a long time but now I'm going to. I'll look for a fee comparison now. (Adelaide, Lower Income)

This shows me that I should pay more attention to my electricity bill and the different components of the bill. (Murray Bridge, Higher Income)

The '.gov.au' web address was reassuring and gave participants confidence that it was independent and trustworthy rather than a paid advertising site. It was seen as a good solution to some of the issues that had previously been raised about being able to trust the information that retailers gave and being able to compare 'apples with apples'. Several felt that the site's ability to estimate usage based on household size was particularly useful.

It is nice to know there is a government run one (comparator website). (Murray Bridge, Higher Income)

Despite this strongly favourable response to the energymadeeasy website, there were also some concerns expressed, including:

- Whether the information would not be accurate or up-to-date. This was a particular concern in Adelaide where some participants had previously visited comparator websites with inaccurate information; and
- There were too many offers to wade through, it looked confusing and the information needed to be condensed. Many felt there was too much choice and too much detail on the page.

Forum participants also commented that reassurance that consumers can save a considerable amount of money by changing their energy company or plan is also an important message to communicate, consistent with the analysis of the triggers and drivers to switching. Others said they would really like to see clearer and more honest and transparent information from retailers.

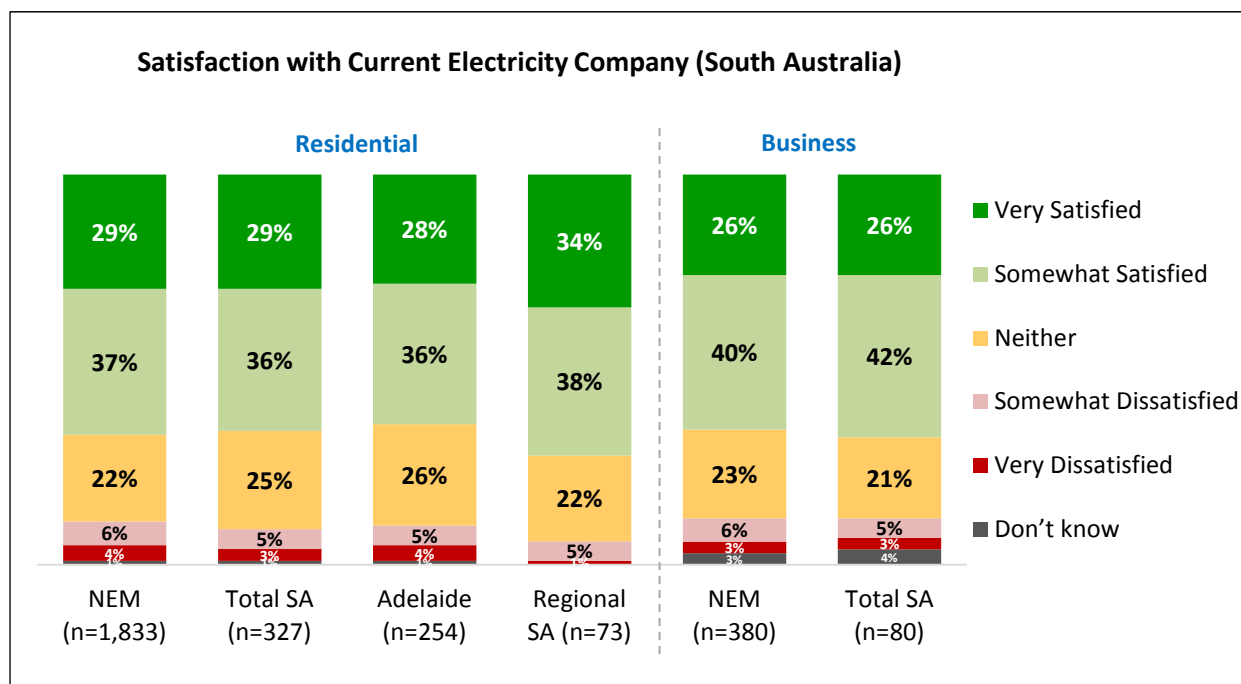
2.3.3 Consumer Satisfaction with the Market

This section of the report examines:

- Satisfaction with current electricity and gas company;
- Perceptions of energy companies in general;
- Interactions with energy companies;
- Satisfaction with switching process and outcomes; and
- Satisfaction with the level of market choice.

Consumer satisfaction with their current energy company

In the quantitative research, consumers were generally quite satisfied with their electricity company (66% of residents and 68% of businesses were somewhat or very satisfied). A quarter of residents (25%) and one in five businesses (21%) were neither satisfied nor dissatisfied. Just 8% of residents and 7% of businesses were somewhat or very dissatisfied. Residents and businesses based in regional areas of South Australia were slightly more satisfied than those living in Adelaide – this was also evident in the qualitative research, discussed further below.



Base: All Respondents

Q2. How satisfied are you with your current electricity company?

Forum participants expressed varying degrees of satisfaction with their current electricity and gas company. In Adelaide the results were fairly evenly split between satisfied, neutral and dissatisfied. There was a higher degree of satisfaction in Murray Bridge where over half were *very satisfied* and only about one fifth were *somewhat* or *very dissatisfied* with their energy company.

Similar to other jurisdictions, most were quite ambivalent towards their energy company and were happy with the status quo. They had typically never experienced any problems with their energy company and had few power outages.

The power is there when you want it. (Adelaide, Lower Income)

I go in and the power comes on. I'm fortunate to have no problems with my bills. I'm fortunate that I can read and understand the bills. It's reasonable for what I get and what I know. (Adelaide, small business)

Reasons mentioned by forum participants for feeling satisfied with their existing energy company included:

- Confidence they were currently getting a good deal or good rate. This was usually related to a particular discount such as a long-term customer loyalty discount, a discount for having several properties with the same company, or a discount for being a member of the Royal Automobile Association;
- The bills were manageable and affordable;
- The participant was receiving a solar rebate or was in credit due to their solar panels;
- Good customer service, particularly with companies who had local call centres with easy to understand staff;
- Being able to issue a single bill for multiple meters on a property, as opposed to a previous company which sent a separate bill for each meter;
- Accurate administration, getting bills right and addressing issues promptly; and
- Their new company had paid their exit fee from their previous contract.

(I'm) getting paid for what I put in the grid. (Murray Bridge, Lower Income)

I started with Red Energy and AGL charged me an exit fee and Red Energy paid it for me. (Murray Bridge, Lower Income)

Reasons mentioned for being neutral or neither satisfied nor dissatisfied primarily relate to either ambivalence or lack of knowledge. These included:

- Participants were just not engaged with their electricity company and so felt neither satisfied nor dissatisfied;
- They hadn't researched other options so weren't sure whether or not they were getting a good deal;
- Their bills were affordable so they just paid them without thinking any further about them;
- They didn't want the hassle of switching, so were happy to stay with their current company; and
- One participant had just switched to get a bill reduction but hadn't received her first bill yet.

I don't have a reason (for being neutral), I get the bill and I pay it. I'm young, it doesn't bother me, I check the biller code and bang, I put it in the bank. (Murray Bridge, Lower Income)

I'm happy with the service but not the price. (Adelaide, small business)

As in other jurisdictions, dissatisfaction with energy companies tends to be based on billing issues, poor customer service experiences or marketing practices as well as general concerns about rising prices.

Billing issues mentioned included:

- Not actioning requests, sending incorrect bills or not sending regular bills and then sending a large bill;
- Receiving bills far higher than usual and being unable to get a satisfactory answer as to why the bill was so high;
- Receiving high bills even when the participant had been away on holiday and using no power; and

- Being charged fees for paying bills late (even when the payment was less than 24 hours late or they had rung ahead of time to explain that they would be late and been told they wouldn't receive a fee).

(I was dissatisfied with) the service with AGL – I pay electronically but I had to pay four bills; they wouldn't put it in one bill. Lumo said they could do it, piece of cake. Also, with Lumo if you pay early you get a discount. We got a reminder notice and they still gave me a discount if I paid within two days. (Murray Bridge, small business)

I wouldn't use Simply Energy. When I disconnected I put \$6 on the gas bill instead of the electricity bill – both were with them, and then I had debt collectors come to my door. For \$6 I couldn't believe it! (Murray Bridge, Lower Income)

Estimated readings are always hard because they stuff it up. (Adelaide, small business)

Customer service concerns mentioned included:

- Poor resolution of issues;
- Rude behavior;
- No access to a local contact in an emergency; and
- Difficult to understand staff in call centres.

Some participants felt their energy retailer did not take their problems seriously or provide them with an adequate answer to their questions, particularly if they were calling to query a high bill. Some also found it took several phone calls or contact attempts to resolve fairly straightforward administrative issues.

Like all power companies if you ring them you never get the problem resolved by one person. Every time you ring up it's a different person and you have to tell them the story again, and you might get a different outcome depending on who you get. (Adelaide, small business)

The attitude of person on the phone. There were arrogant customer service staff; they weren't helping me so I went to someone else. The people at Momentum were great. (Murray Bridge, Lower Income)

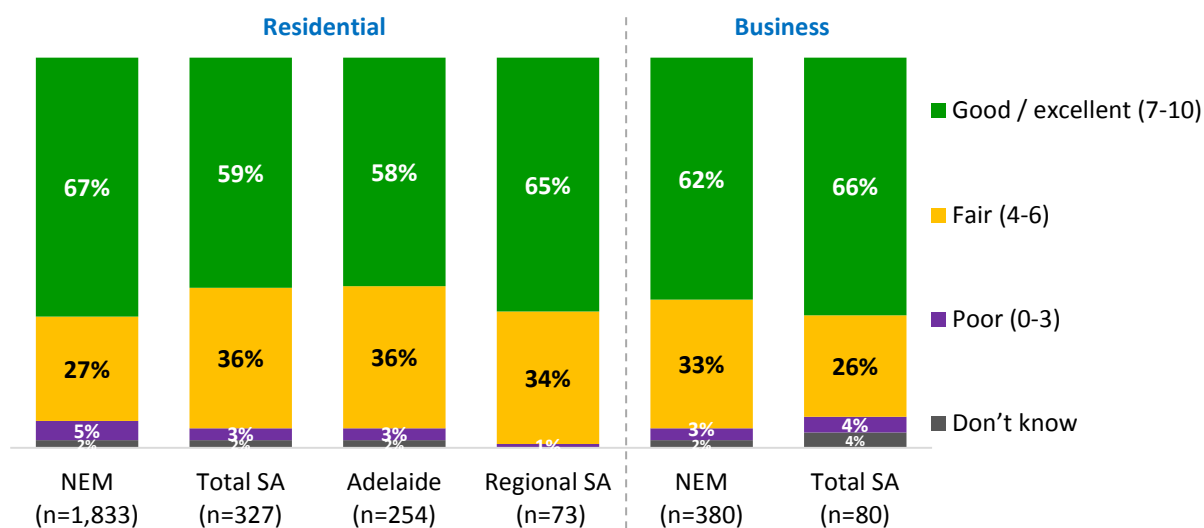
Concerns about marketing practices also drove dissatisfaction. Of particular concern was the way energy companies offer special deals to attract new customers rather than rewarding the loyalty of existing customers.

In the quantitative survey, the overall quality of service provided by respondents' electricity company was largely perceived as good or excellent (59% of residents and 68% of businesses giving a rating of 7 or more out of 10 where 10 meant excellent). Just 3% of residents and 4% of businesses thought it was poor (rating 3 or less).

While overall value for money provided by their electricity company was rated somewhat lower than quality of service, it was still seen as at least fair overall (49% of residents and 54% of businesses giving a rating of 7 or more out of 10 and 34% of residents and 36% of businesses giving a rating between 4 and 6).

As with the satisfaction ratings, consumers based in regional areas gave higher service and value ratings than those in metropolitan areas of South Australia. Results were very consistent between those living in metropolitan and regional areas and between residents and businesses and were similar to those in other NEM jurisdictions.

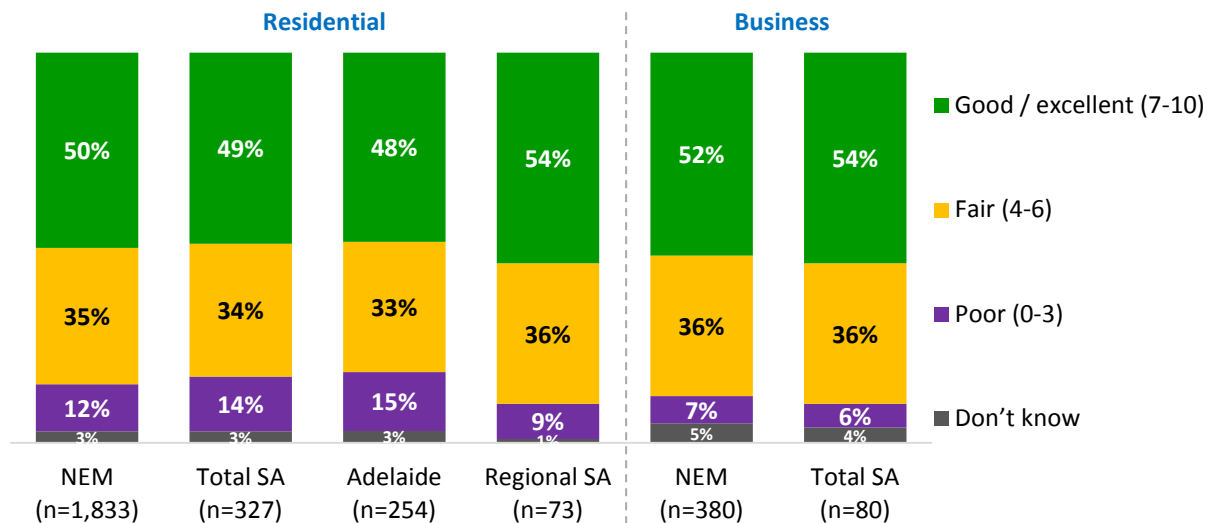
Rating of Overall Quality of Service Provided by Electricity Company (South Australia)



Base: All Respondents

Q3. How would you rate the overall quality of service provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Rating of Overall Value for Money Provided by Electricity Company (South Australia)



Base: All Respondents

Q4. How would you rate the overall value for money of the products and services provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Greater ambivalence towards gas companies

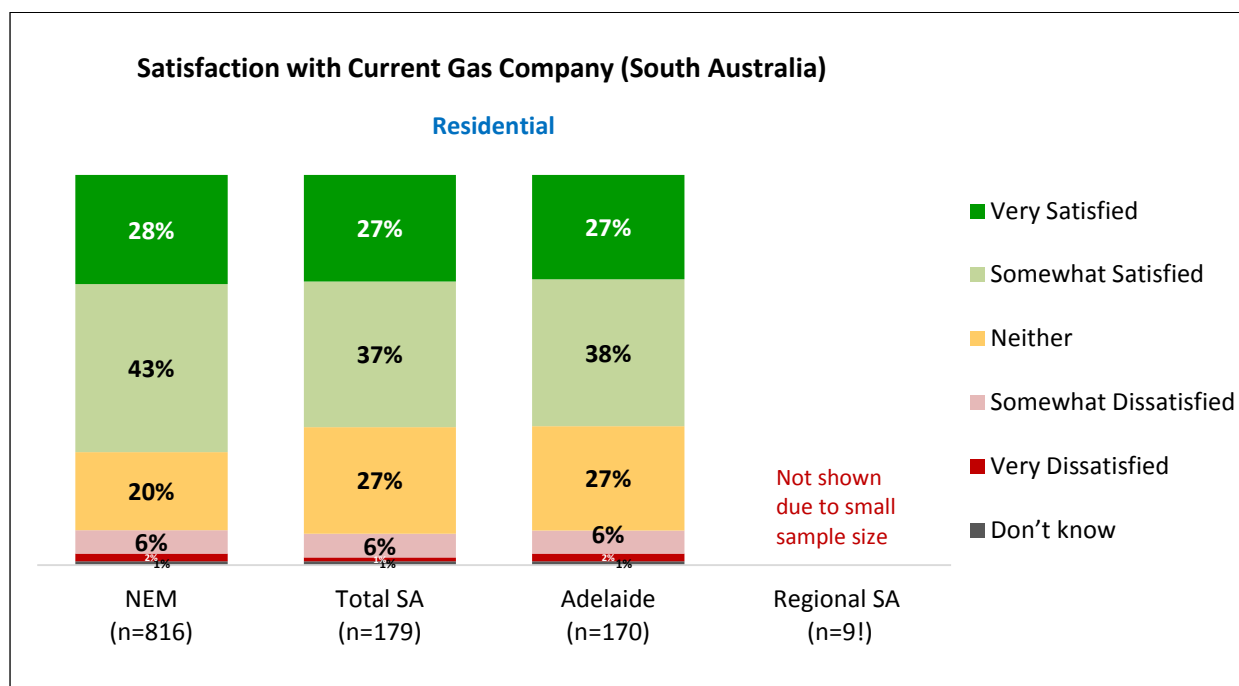
In the forums there were few strong feelings (either positive or negative) expressed in relation to gas companies, primarily because participants had little reason to interact with them.

Gas doesn't seem to be as in your face as electricity. (Adelaide)

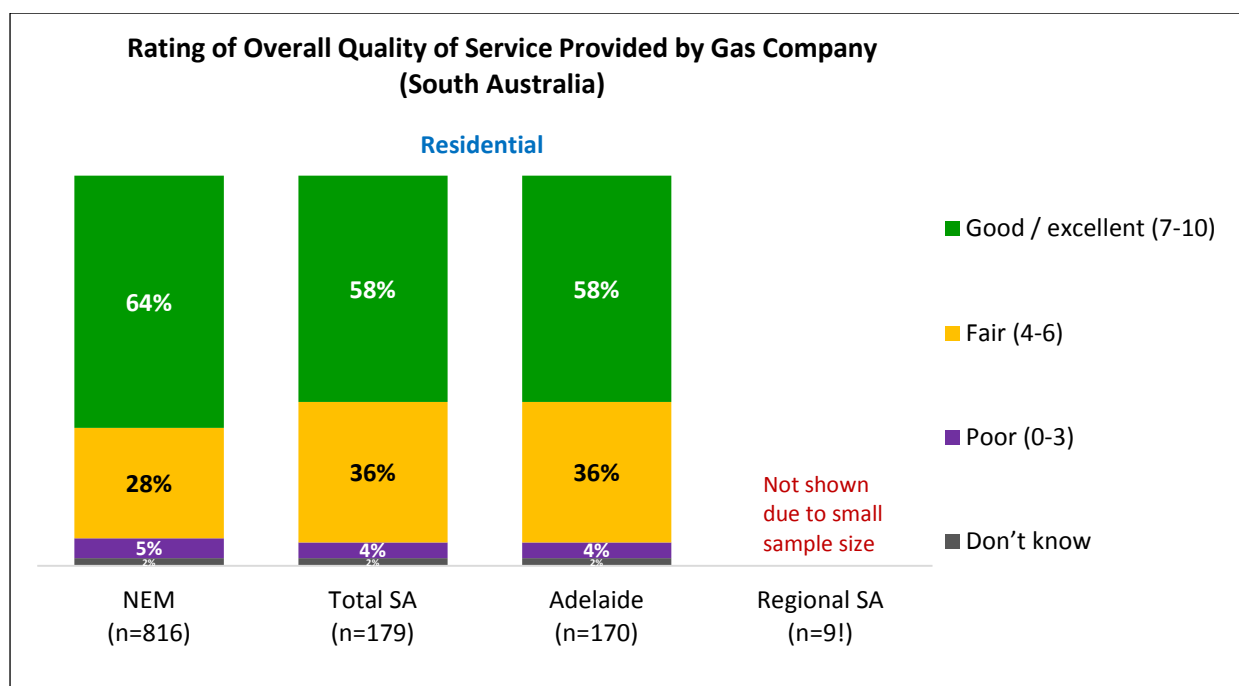
Among gas users, those who were neutral indicated they had not had any issues with their gas company, the bills were generally affordable and their interactions were mostly positive. Many participants are more accepting of the amount they pay for gas compared to electricity, as they felt it was a fair exchange. Gas users who were dissatisfied with their gas company were typically unhappy about administrative issues, poor customer service or the lack of discounts or rewards for loyalty. One participant also complained of being locked in to a particular company (Origin) due to strata rules.

Quantitative research respondents tended to give similar ratings for their gas and electricity company. Almost two thirds of residents with mains connected gas were satisfied with their current gas company (64% very or somewhat satisfied). Around six in ten rated the overall quality of service as good or excellent (58% rating 7 or more out of 10) and around half (47%) rated the overall value for money as seven or more out of 10.

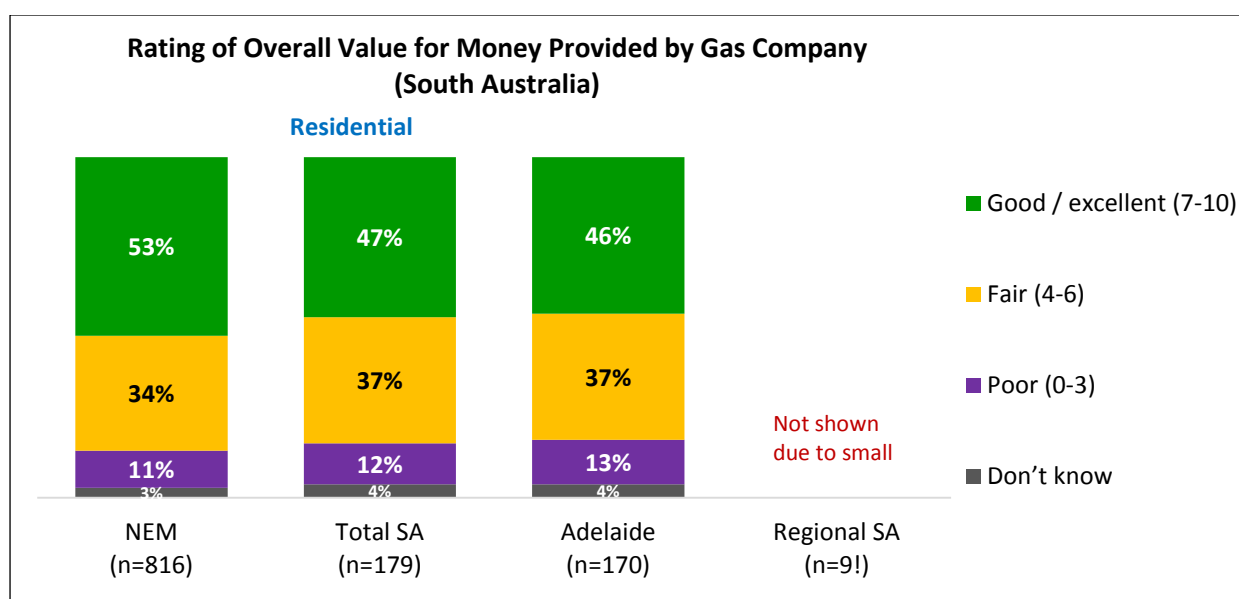
As seen with electricity companies, residents in South Australia gave slightly lower quality and value ratings than residents in other NEM jurisdictions.



Base: Respondents who have mains connected gas NB: Business not shown due to small sample size (n=19!) / Q7.
How satisfied are you with your current gas company?



Base: Respondents who have mains connected gas NB: Business not shown due to small sample size (n=19!) / Q8.
How would you rate the overall quality of service provided by your gas company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.



Base: Respondents who have mains connected gas NB: Business not shown due to small sample size (n=19!) / Q9.
How would you rate the overall value for money of the products and services provided by your gas company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Perceptions of energy companies overall

Participants in the qualitative research tended to have more negative opinions of energy companies in general than they had of their own company. In South Australia this reflected mistrust and concern about the way energy companies price their services, market and communicate.

Discussions were characterised by fairly cynical comments suggesting that energy companies were only good at things that annoyed consumers, such as sending high bills and annoying doorknockers. In the

AEMC's presentation, forum participants were shown future price forecasts, indicating that price increases would slow. However most people did not find this credible, suggesting that energy retailers are in business to make money and that once consumers have accepted a high price it will remain at that level.

They're good at sending bills...regularly. (Adelaide, small business)

They're all just companies trying to make a profit. (Adelaide, Higher Income)

It concerns me that the retailers can set their own prices. There's no surety; they can offer what they like. (Murray Bridge, Lower Income)

I wouldn't imagine (the price) of any aspect of the supply chain will go down. I'll be surprised if they (price decreases) are passed on. (Murray Bridge, Higher Income)

Nothing ever goes down...and if it does, it never gets back to you. (Murray Bridge, Higher Income)

The behaviour of door-to-door salespeople was mentioned consistently at both forums. Doorknockers were seen to be annoying, dishonest and providing unreliable information that is not transparent and does not allow easy comparisons with other deals. Some were seen to use high-pressure or aggressive sales tactics such as pounding on windows and doors and pressuring participants to sign contracts on the day before they could look into other options. Some participants felt doorknockers also deliberately targeted vulnerable groups such as the elderly or those for whom English is a second language.

Other energy company practices that rated poorly with consumers included:

- Constant telemarketing calls;
- Locking participants into contracts;
- Offering too many products without clear explanations of their terms and conditions and how they differ;
- Poor customer service such as rude behavior or not actioning requests;
- Keeping people on hold on the phone for extended periods, or constantly passing them around to different people in call centres;
- Not sending original bills and just sending the reminder or overdue notices, or bills not being sent for a long period of time; and

I don't think it matters who you go with, you're going to have a bad experience at some point. (Adelaide, Higher Income)

I can't understand them on the phone sometimes and it's difficult for them to understand you too because their English isn't good. (Murray Bridge, Lower Income)

Interactions with energy companies

In the forums participant interactions with energy companies tended fell into four broad categories:

- Approaches initiated by the participant's own energy company;
- Approaches initiated by a competing energy company;
- Approaches initiated by the participant with their current energy company; and
- Approaches initiated by the participant with competing energy companies.

Many participants felt they had minimal interaction with their **own energy company**, only hearing from them if there was a problem such as an unpaid bill. A small number of participants had received letters

from their energy companies when their contract expired or to advise them that their rate was going up, but proactive contact from energy retailers with current customers tended to be minimal.

For many consumers this minimal contact is enough, but some spoke of their frustration that their own retailer never proactively contacted them with offers of a better deal or an incentive.

The less I hear from my electricity company the happier I am. It's an essential service and I just expect it to be supplied. (Adelaide)

You never hear from them unless they want something. (Adelaide, Lower Income)

If you haven't paid the bill they interact with you pretty quickly. (Adelaide, small business)

Quite a number of switchers commented that they had received phone calls from their old electricity company after the paperwork for the switch had been completed. Their old company offered them better rates and deals to remain with them but in almost every case it was too late.

The interactions and approaches initiated by **energy companies in general** were most likely to be visits by doorknockers or phone calls from telemarketers. Among many participants there was a high degree of fatigue associated with constantly hearing from energy companies in this context, particularly among small businesses. Some observed that the amount of direct marketing activity in the energy sector had dropped somewhat over the past 12 to 18 months in South Australia.

I hate people ringing just when we're having tea, I'd rather they send me an email and I could deal with it when it suited me. (Murray Bridge, Higher Income)

At one stage there every power company in Australia was trying to make you an offer. (Adelaide, small business)

Approaches initiated by participants with their **own energy companies** tended to be regarding administrative issues (such as receiving an incorrect bill, moving house, not receiving a bill, promised discounts not being applied to the bill or querying an especially high bill) or to try to negotiate a better rate.

They just say 'That's the amount, pay it'. (Adelaide, Lower Income)

I've moved house and I haven't received any bills for the new property but they keep sending bills for the property that's been vacated...they just can't seem to get it right. (Murray Bridge, Higher Income)

Approaches initiated by participants with **energy companies in general** tended to consist of ringing around to gather information on competing offers and then either switching or approaching their existing company and asking them to match the rate.

I filled out a questionnaire to see if I could get a discount, then I called them to see if they could do anything cheaper, and then I called others to see if they would price match. (Murray Bridge, Lower Income)

Satisfaction with switching process and outcomes

In the forums South Australian switchers generally found the switching process quite straightforward and simple. Various methods were used to switch, including online, over the phone and via a door-knocker, and in most cases the experience was a neutral to positive one from an administrative perspective. Most off those who responded to a proactive offer from an energy company found the process to be smooth and uncomplicated.

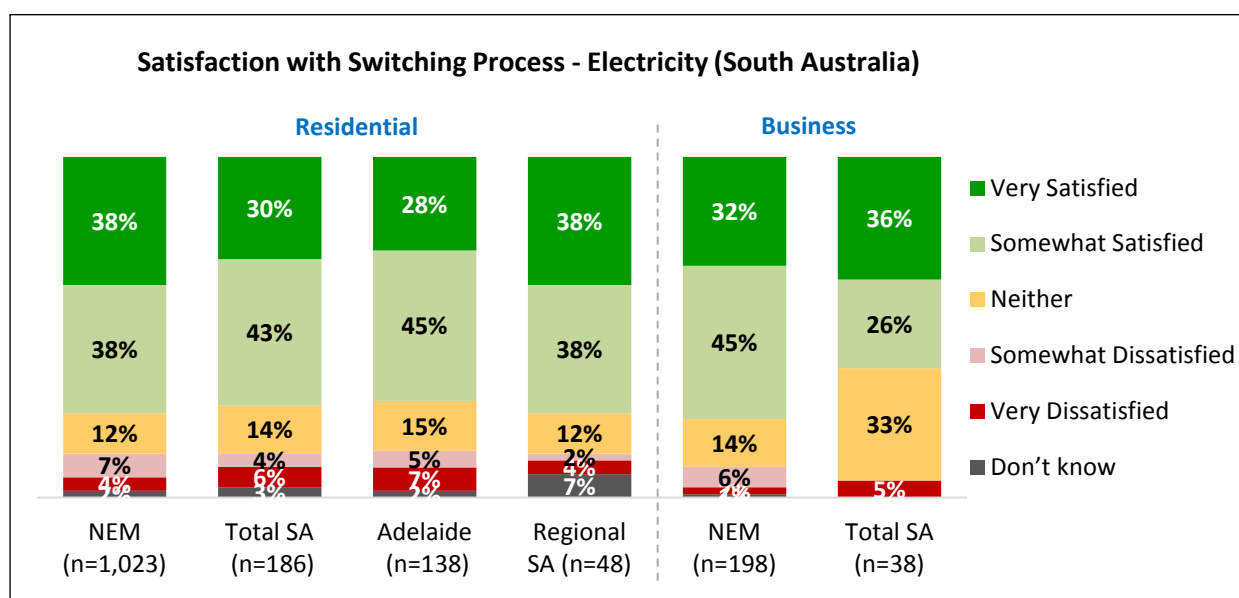
It was easy and I'd do it again! (Murray Bridge, Lower Income)

Note however that those switchers who chose to proactively compare various deals from different companies rather than responding to a particular company's offer tended to find the overall experience more confusing.

It is too hard; you could search (through different plans) for hours. (Murray Bridge, Switcher)

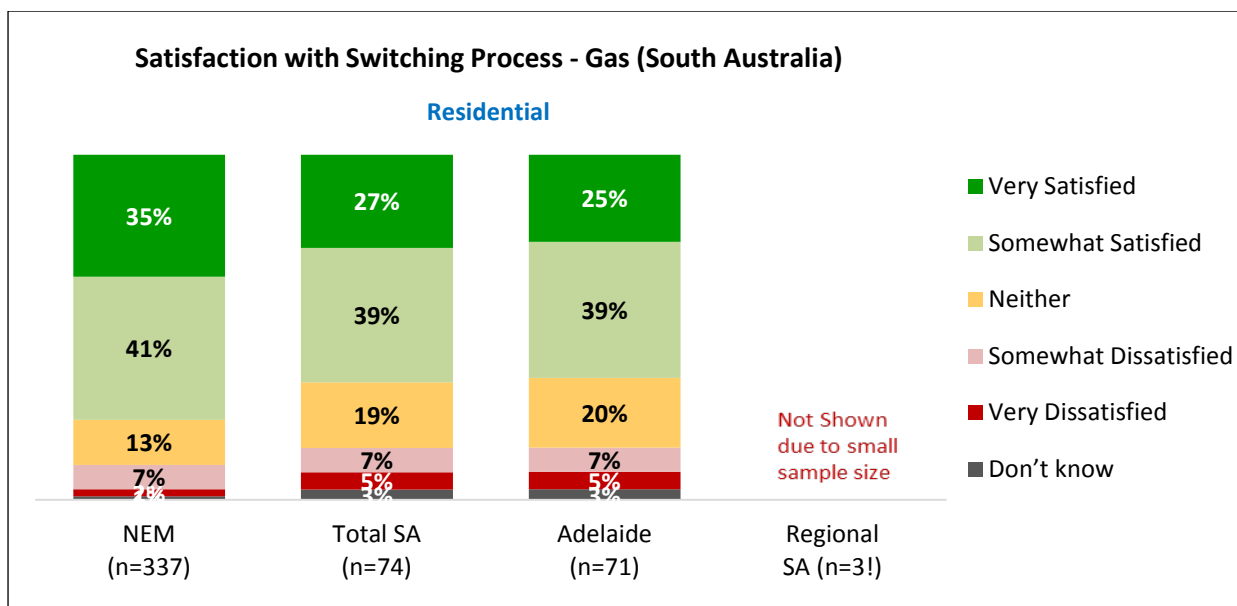
Consistent with qualitative findings in other jurisdictions, while the switching process was generally viewed fairly positively, participants were not necessarily satisfied with their new company after the switch. While the majority were happy with their change, a few felt the change had not been worthwhile. Poor customer service, or not receiving promised discounts or savings were the most common causes of dissatisfaction after switching.

Overall satisfaction with the switching process was reinforced in the quantitative research where three quarters of residents (73%) and six in ten businesses (62%) surveyed were satisfied with the process of switching their electricity company or plan. Of note, businesses in South Australia were less satisfied with the process of switching their electricity company or plan compared to those in other NEM jurisdictions. Two thirds of residents who switched gas company or plan (66%) were satisfied with the switching process.



Base: Respondents who switched their electricity company or plan

Q24. The last time you switched your electricity company or plan, how satisfied were you with the overall switching process?

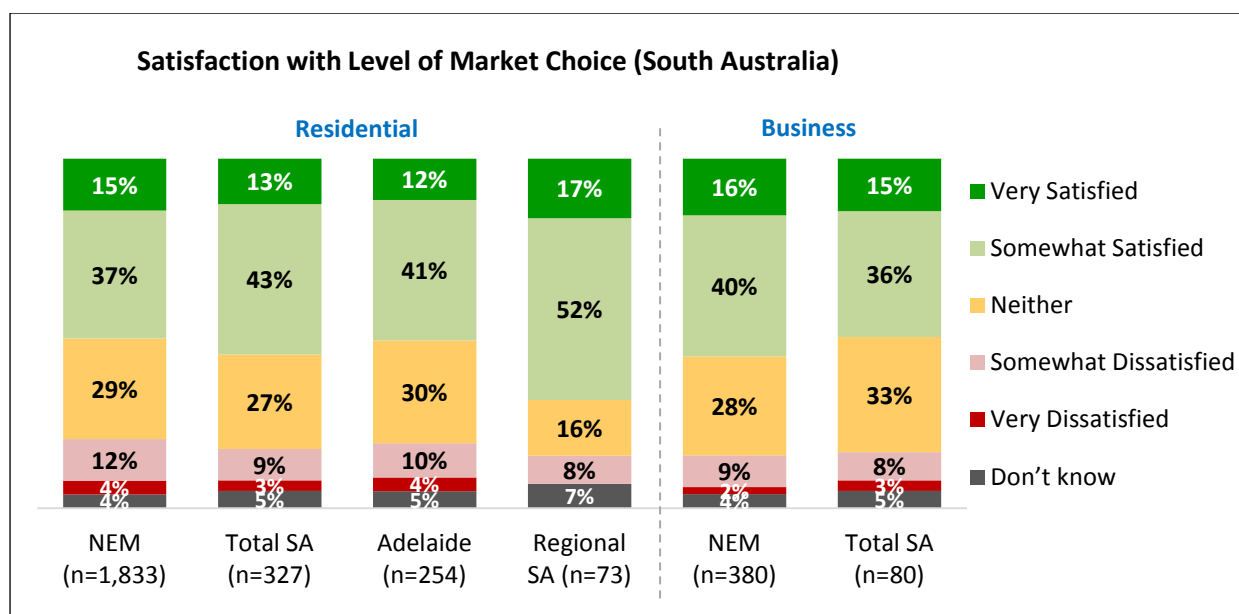


Base: Respondents who switched their gas company or plan NB: Business not shown due to small sample size (n=9!) Q29. The last time you switched your gas company or plan, how satisfied were you with the overall switching process?

In the quantitative research, just 18 residential respondents (10%) were dissatisfied with the process of switching their electricity company or plan and 9 business respondents (12%) were dissatisfied with the process of switch their gas company or plan. Of these around 21% thought it was a complicated and messy process. A further 14% were dissatisfied by the pressure they received from their existing electricity company not to change and 13% were annoyed by persistent door-to-door salespeople.

Satisfaction with the level of market choice

Respondents in the quantitative survey were asked how satisfied they were with the level of choice available to consumers in their state. Around one in eight respondents (13% of residents and 15% of businesses) were very satisfied with the level of choice available in South Australia and a further four in ten (43% of residents and 36% of businesses) were somewhat satisfied. A quarter of residents (27%) and a third of businesses (33%) were neither satisfied nor dissatisfied. Just one in ten (12% of residents and 10% of businesses) were somewhat or very dissatisfied with the level of choice.



Base: All respondents

Q16. When it comes to energy companies and energy plans, how satisfied are you with the level of choice available to consumers in your state [territory]?

While forum results were broadly consistent in terms of a broad mix in satisfaction levels, discussion suggested it was clear it was not a black-and-white issue, and on balance, real satisfaction with the level of competition and choice was lower.

Those who thought competition was effective tended to reflect upon the fact that there are so many different offers out there and companies are competing for their business. However others questioned the real difference between these companies and felt that the competition has not resulted in lower prices or a better deal for consumers. As such they questioned whether the competition could reasonably be described as *effective*. Many participants felt their energy costs were increasing at an unreasonable rate, and would continue to do so.

There's lots of choice but prices are practically the same. (Adelaide, small business)

One of my relatives used to read meters and they said that even though there's 57 different offers, there's a minimal amount of difference between them. (Murray Bridge, Lower Income)

Many participants believed that competition was in fact one of the reasons for higher prices and that prices would stay high to account for the high churn from constant switching and retailers needing to keep trying to find new customers. As noted, there was also scepticism that retailers would ever realistically lower their prices in future.

You can't see the honesty in the competition. (Murray Bridge, Lower Income)

Some participants felt real competition could entail not having to buy electricity in the first place, commenting that if they had the choice or the money they would install solar panels so they didn't have to rely on energy companies at all.

You just have to pay for it – you have to have it. (Murray Bridge, Lower Income)

If I had the choice I'd build with solar energy and batteries. They just keep taking and taking. (Murray Bridge, Lower Income)



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3. New South Wales

3.1 Executive Summary

Introduction

This chapter outlines Newgate Research's findings from the quantitative research conducted among small energy consumers in New South Wales (NSW). The research was designed to assist the AEMC develop a complete understanding of the retail energy market experience for residential and small business electricity and gas consumers as part of its nationwide review of competition in retail energy markets.

The 2014 study involved a mix of telephone and online surveys with 325 residential consumers and 76 small business consumers and was conducted in March 2014. Residential consumers were defined as the person in the household who is the main or joint decision maker when it comes to choosing an energy company. Small business consumers were those whose quarterly electricity bill was less than \$7,250 (\$7,750 in regional areas) and whose gas bill was less than \$4,000 per quarter (\$6,250 in regional areas). Please see the Methodology section starting on page 6 for more details.

This research is part of a broader project that includes South Australia, Victoria, Australian Capital Territory, and southeast Queensland. In other states the reports have been prepared on the basis of both qualitative and quantitative findings, while this report has been prepared on the basis of quantitative findings only as comprehensive research was already conducted in 2013¹. Comparisons have been made between 2013 quantitative survey findings and the current study where appropriate.

Key Findings

- **Level of interest in energy issues has declined since the 2013 study.** In 2013, 61% were quite or very interested while in this study 52% were quite or very interested.
- **Most NSW consumers remain satisfied with their retailer.** Respondents were generally satisfied with their electricity retailer (69% of residents and 66% businesses) and gas provider (78% residential). This was consistent with the 2013 study.
- **Most consumers were aware that they can choose their own energy company and plan.** Almost nine in ten consumers were aware they could choose their electricity (90% of residents, 86% of small businesses) or gas company (85% of residents). Around eight in ten consumers (81% residential, 83% business) were aware that they could choose from a range of different types of energy plans, price structures, contract lengths and terms. Awareness was significantly lower in regional NSW, which likely reflects the lower level of retailer activity in this area.
- **Direct marketing levels reflect stage of deregulation.** Around 49% of residential consumers had been approached by a company offering to sell them energy, compared to 58% in South Australia and 66% in Victoria. Regional consumers (49%) were less likely to have been approached than those living in Sydney (55%).
- **Just over a quarter of consumers had actively searched for an energy offer.** Around 27% of residential consumers and around two in five small business consumers (41%) had actively investigated different offers or options that they could potentially switch to in the last 12 months. The

¹ [NSW Consumer and Stakeholder Research Report](#), September 2013, Sue Vercoe and Irene Andreadakis, Newgate Research

result for residential consumers is similar to that of South Australia and southeast Queensland but well behind Victoria where 39% had actively investigated their options.

- **Reported switching rates were reasonably strong.** In NSW three in five residential consumers (60%) and over half of the small business consumers (55%) had changed their electricity company or plan at least once in the past five years. Residential switching rates were second only to Victoria (65%). Those who had been approached by an energy company offering to sell them energy were significantly more likely to have changed their electricity company or plan in the past five years (71% compared to 50% of those who had not been or could not recall being approached) suggesting that marketing attempts have been successful. Significantly fewer consumers had changed their gas company or plan (48% of residents).
- **There were fair levels of interest in looking for a better deal, particularly among small business consumers.** When it came to looking for a better deal, around one in ten residents (8%) and significantly more businesses (22%) were currently looking. Almost half (47% of residents and businesses) were interested in looking for a better deal but were not currently looking. When it came to future switching intentions, less than one in five residential consumers (15%) indicated they were quite or very likely to switch (rating of 7 or more out of 10 where 10 meant extremely likely) in the next 12 months compared to 42% of businesses. Compared to the 2013 study, there was a significant decline in the proportion who indicated they were not really likely to switch (from 55% to 48%) and there was a corresponding increase in those who would be fairly likely to switch (from 22% to 33%).
- **Most consumers were at least somewhat confident they understand the various options and offers available to them.** Confidence levels were quite mixed with four in ten residents (41%) and over half of business consumers (53%) quite or very confident they understood the various options and offers available to energy customers in their state. Two in five consumers (39% of residents and 40% businesses) were fairly confident and around one in five residents (17%) and less than one in ten business consumers (7%) were not really confident. Note however that 2013 qualitative finding suggest that it is likely that a significant proportion of those who stated they were confident were still unable to talk knowledgeably about the plan they were on and the mechanics of their billing.
- **There was a fair degree of satisfaction with market choice in NSW.** Just under half of residential consumers were at least somewhat satisfied with the level of market choice available in NSW (48%). Around one in ten respondents (13% of residents and 16% of businesses) were very satisfied with the level of choice and a further 34% of residents and 38% of businesses were somewhat satisfied. Three in ten were neither satisfied nor dissatisfied (31% residents, 28% businesses). However, 17% of residents and 13% of businesses were dissatisfied with the level of choice. Results were fairly consistent between residential and business consumers. Note however that 2013 qualitative results suggest that many consumers are unaware of the extent of choice available but also that many do not believe there is really much difference in the price offered by different energy companies.

3.2 Summary of Market Context

Full retail competition for small electricity and gas consumers commenced in NSW in 2002.

The AEMC conducted a review of competition in NSW in 2013 and recommended that prices in both electricity and gas be deregulated. In April 2014, the New South Wales state government announced the removal of retail price regulation from the electricity market as of 1 July 2014. NSW is now the only NEM jurisdiction that continues to regulate gas prices.

NSW implemented the National Energy Customer Framework (NECF) on 1 July 2013. This means that NSW customers can use the Australian Energy Regulator's *Energy Made Easy* website to compare offers for both electricity and gas.

Until 1 July 2014, customers can be on a *regulated* contract for electricity and gas where the price is subject to regulation (required to be offered by the incumbent providers, EnergyAustralia and Origin for electricity, and AGL and Origin for gas), a *standard* contract (a basic contract offered by all retailers, with terms and conditions regulated under the NECF but the price is determined by the retailers) or a *market* contract (terms and conditions determined by the retailer). From 1 July 2014 the regulated contract will only be available for gas customers.

3.3 Key Findings

3.3.1 Energy Markets: Interest, Awareness and Knowledge

This section of the report examines:

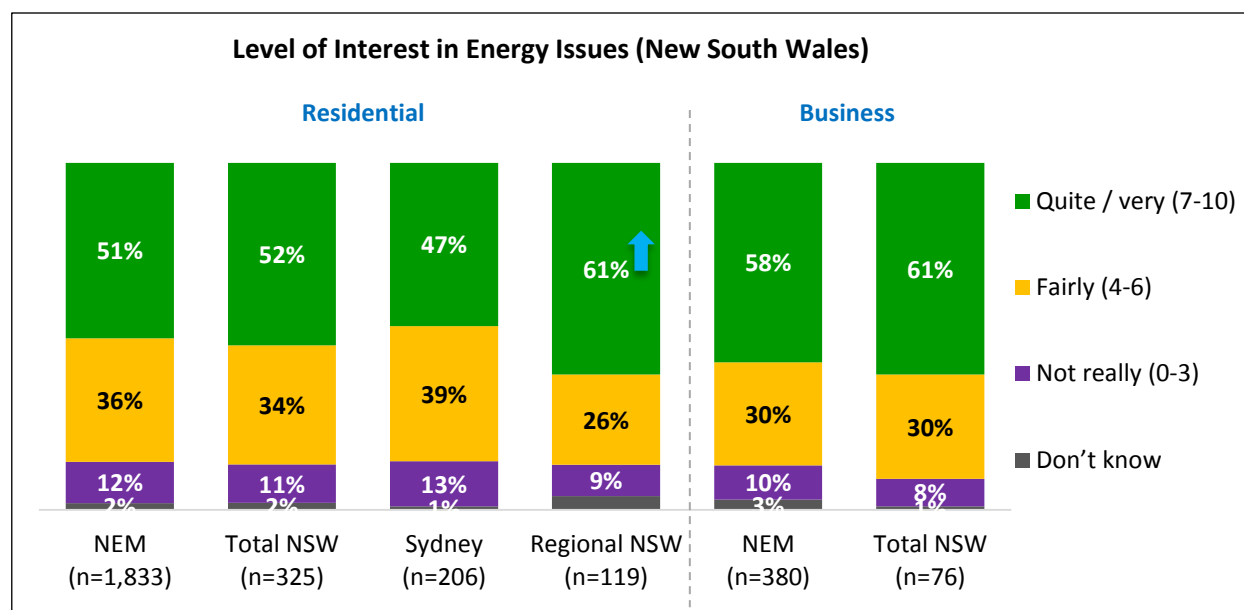
- Energy issues and levels of interest; and
- Knowledge of options available to consumers when it comes to choosing an energy company and energy plan.

Energy issues and levels of interest

Residential consumers' interest in issues associated with energy was fairly high with around half quite or very interested (52% rating 7 or more out of 10, where 0 meant not at all and 10 meant extremely interested), around a third fairly interested (34% rating between 4 and 6) and just one in ten not really interested (11% rating 3 or less). Interest levels were higher among residents in regional NSW (61% quite or very interested compared to 47% of those based in Sydney).

Interest among small business consumers was also quite high, with 61% being quite or very interested, 30% fairly interested and just one in ten not really interested (8%).

Level of interest in energy issues amongst residents has dropped since the 2013 study when 61% were quite or very interested. Interest levels in August 2013 were potentially heightened as consumers had been subject to a price rise on July 1.



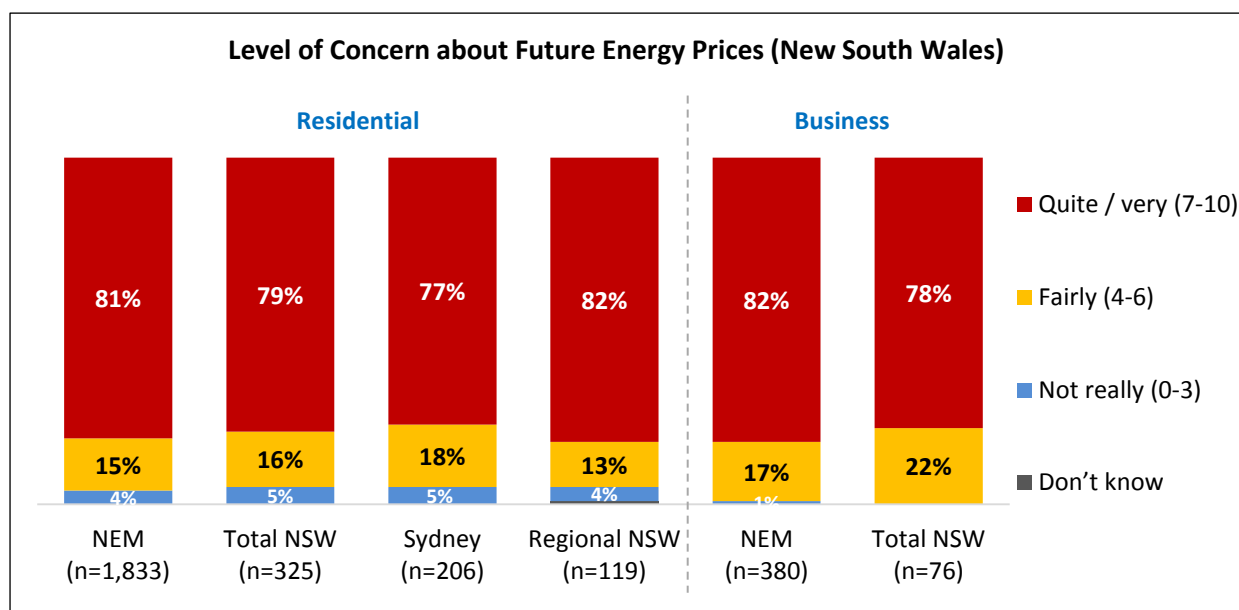
Base: All Respondents

Q10: How interested would you say you are in issues associated with energy i.e. electricity and gas? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely interested.

NB: Arrows on the state total indicate that the result is significantly higher or lower than the NEM average. An arrow on a capital city or regional area result means that it is significantly higher or lower than the other region.

When asked about how concerned they were about future energy prices, around eight in ten consumers (79% residential, 78% business) were quite or very concerned (giving a concern rating of seven or more out of 10, where 10 was extremely concerned). This result was consistent with the 2013 study amongst residents.

Of note, three in ten consumers were extremely concerned about the future cost of energy, giving a rating of 10 out of 10 (37% residential, 30% business). Residents with higher electricity bills were significantly more concerned than those with lower bills (the average concern rating among those whose quarterly electricity bill was less than \$500 was 7.7 compared with 8.8 among those with a bill of \$500 or more).



Base: All Respondents

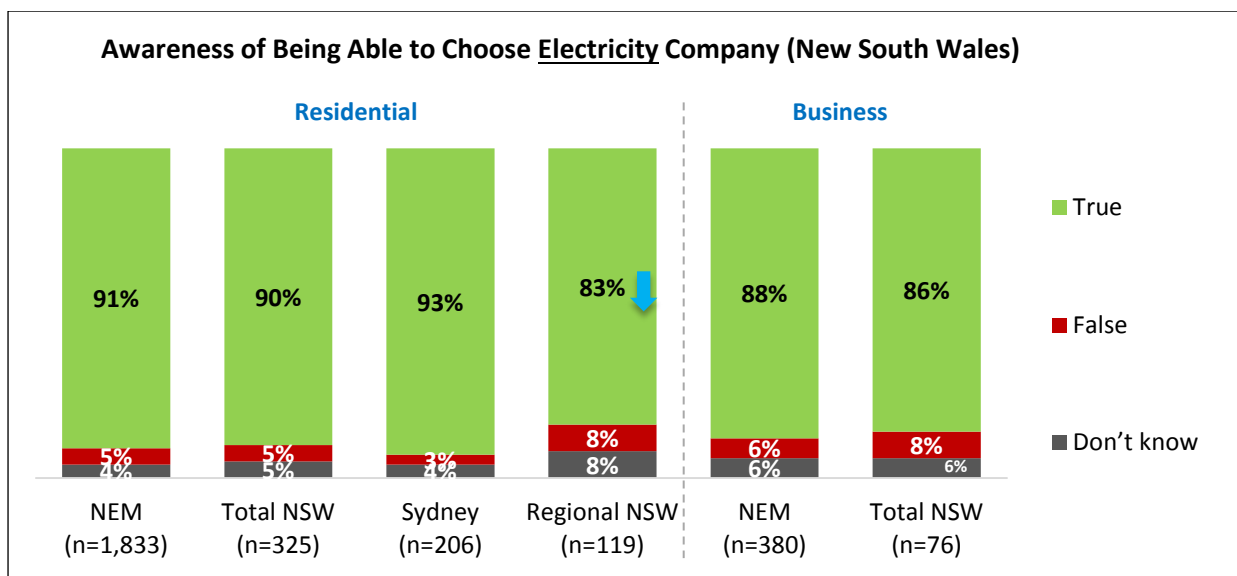
Q12. How concerned are you about future energy prices? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely concerned.

Awareness of Choice

Energy company

Almost all survey respondents (90% residential, 86% small business) were aware they could choose their energy company. However, residential consumers in Regional NSW were significantly less aware of this than those living in Sydney. (83% were aware compared to 93% of those living in Sydney).

Though asked in a slightly different way, the results are broadly consistent with the 2013 survey where 95% of residential consumers were aware that consumers could choose their energy company.

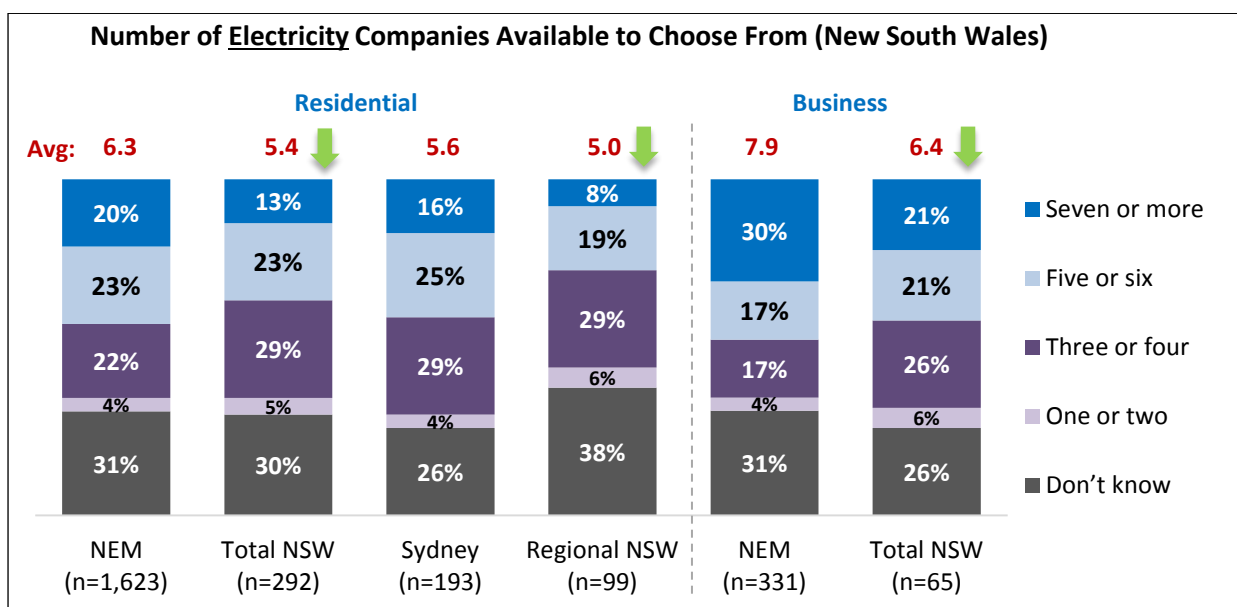


Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False.

a) Consumers in your state [territory] can choose their electricity company

Whilst respondents generally knew they could choose their electricity company, the results suggest that their knowledge of the extent of choice available was limited. NSW has 13 electricity retailers operating in it, but on average, residential consumers who believed they had a choice thought there were 5.4 companies to choose from and small business consumers thought there were 6.4 to choose from. Further demonstrating the lack of knowledge, around three in ten residential consumers (30%) and a quarter of business consumers (26%) could not say how many retailers there were to choose from. Residential consumers from regional NSW (average of 5.0) were aware of fewer companies than those living in Sydney (average of 5.6).

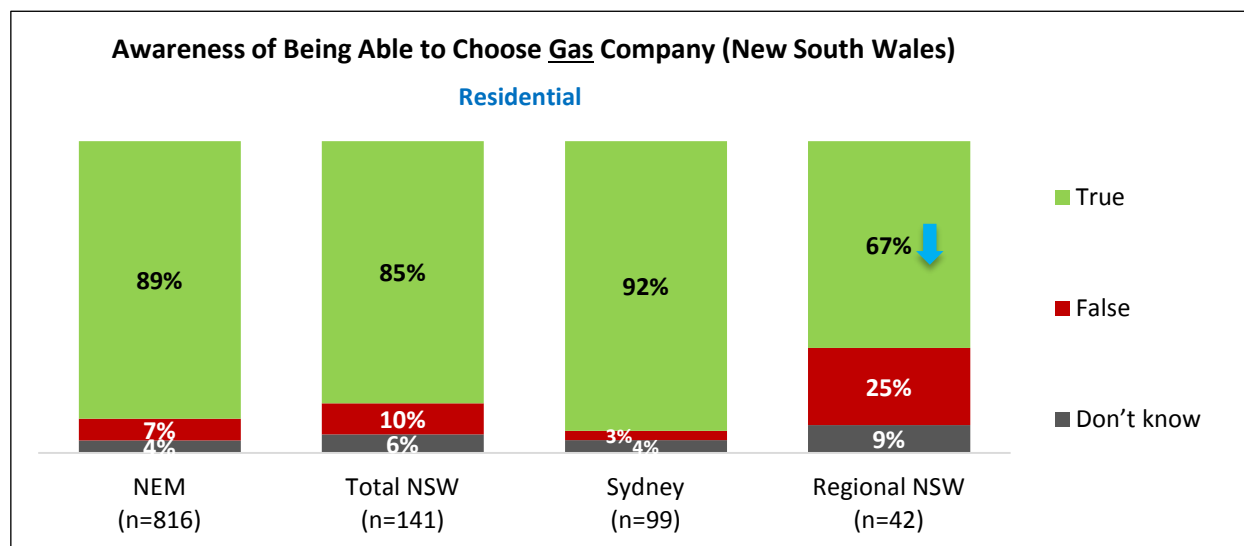


Base: Respondents who say they can choose their electricity company

Q14. As far as you're aware, how many different electricity companies are available for you to choose from in your state [territory]?

In the 2014 survey 45% of residents and 37% of business consumers in NSW had mains connected gas. Of these, a large majority (85%) of residents were aware that they could choose their gas company. Residents in regional NSW however were significantly less likely to be aware of this (67% compared to 92% of those in Sydney).

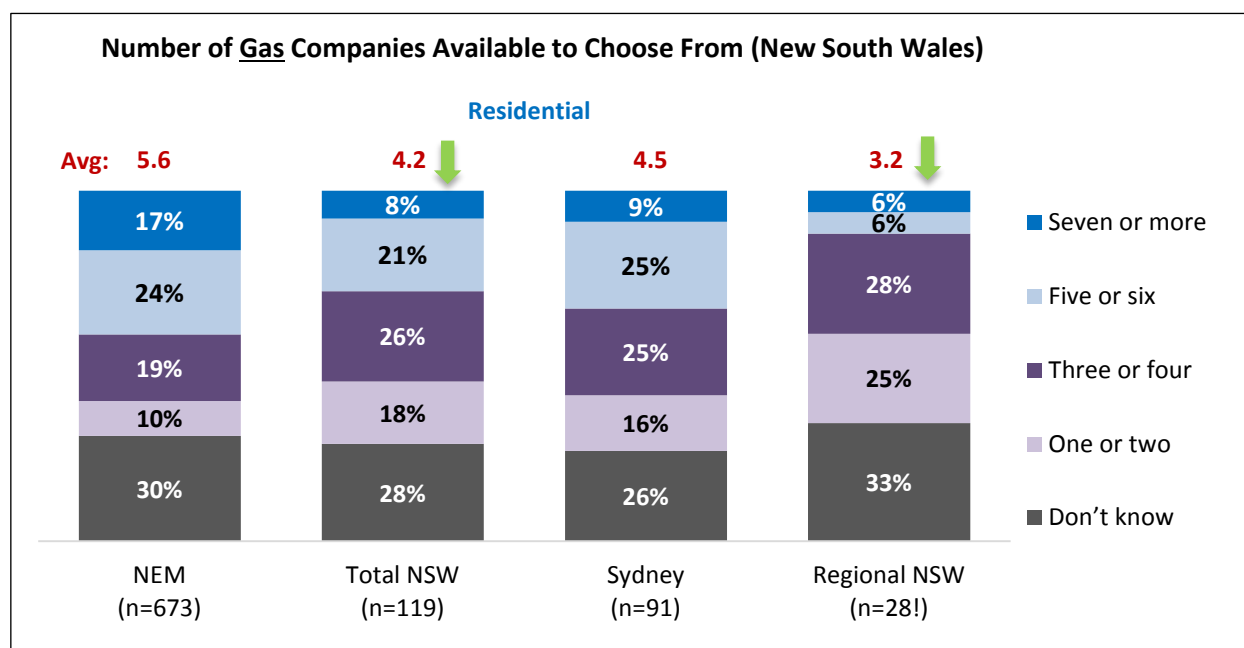
Four gas retailers currently operate in NSW, and as was the case with electricity, those who thought they did have a choice of company were confused about how many companies there were to choose from (28% of residents did not know and only 8% said six). On average, residents thought there were 4.2 gas companies to choose from in NSW. As with electricity, those based in regional NSW were aware of fewer gas companies (3.2 on average) than those based in Sydney (4.5).



Base: Respondents who have mains connected gas (NB: Business not shown due to small sample size – n=21)

Q13. Please tell me whether you think the following statements are True or False.

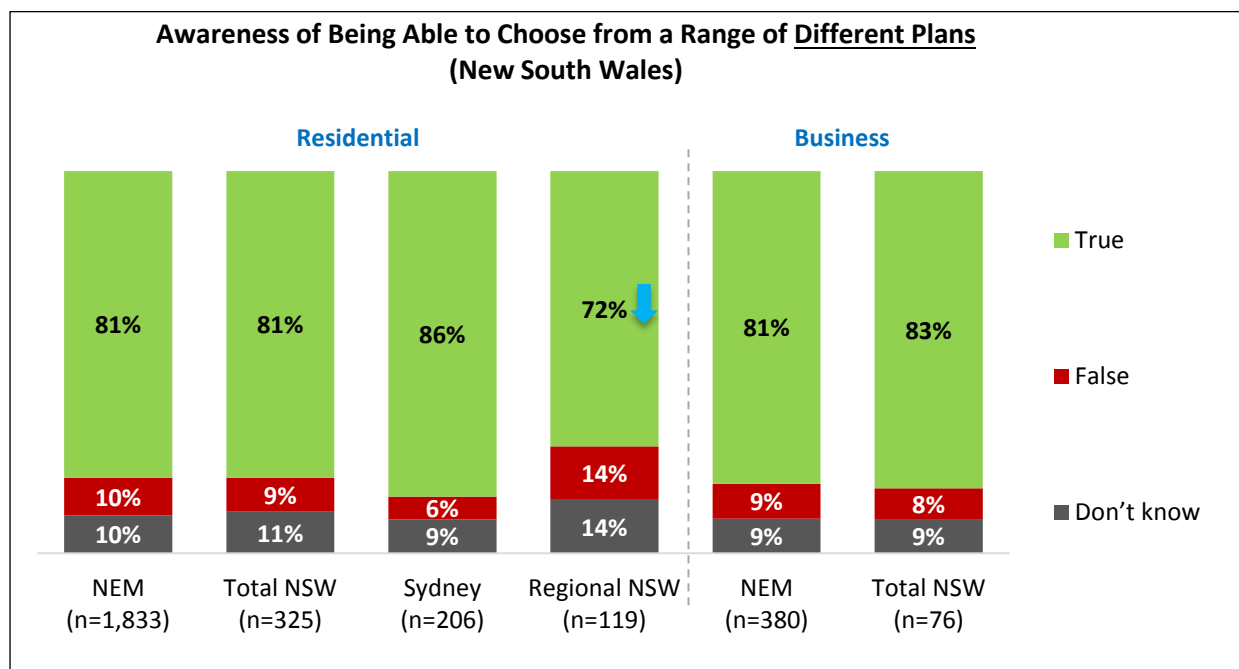
b) Consumers in your state [territory] can choose their gas company



Base: Respondents who said they can choose their gas company (if they have mains connected gas) (NB: Business not shown due to small sample size – n=15) / Q15. As far as you're aware, how many different gas companies are available for you to choose from in your state [territory]?

Energy plan

Around eight in ten consumers (81% residential and 83% business) were aware they could choose from a range of different types of energy plans, price structures, contract lengths and terms. Awareness was significantly lower in regional NSW (72% aware compared to 86% of those based in Sydney). Again, these results were broadly comparable to the 2013 study.



Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False.

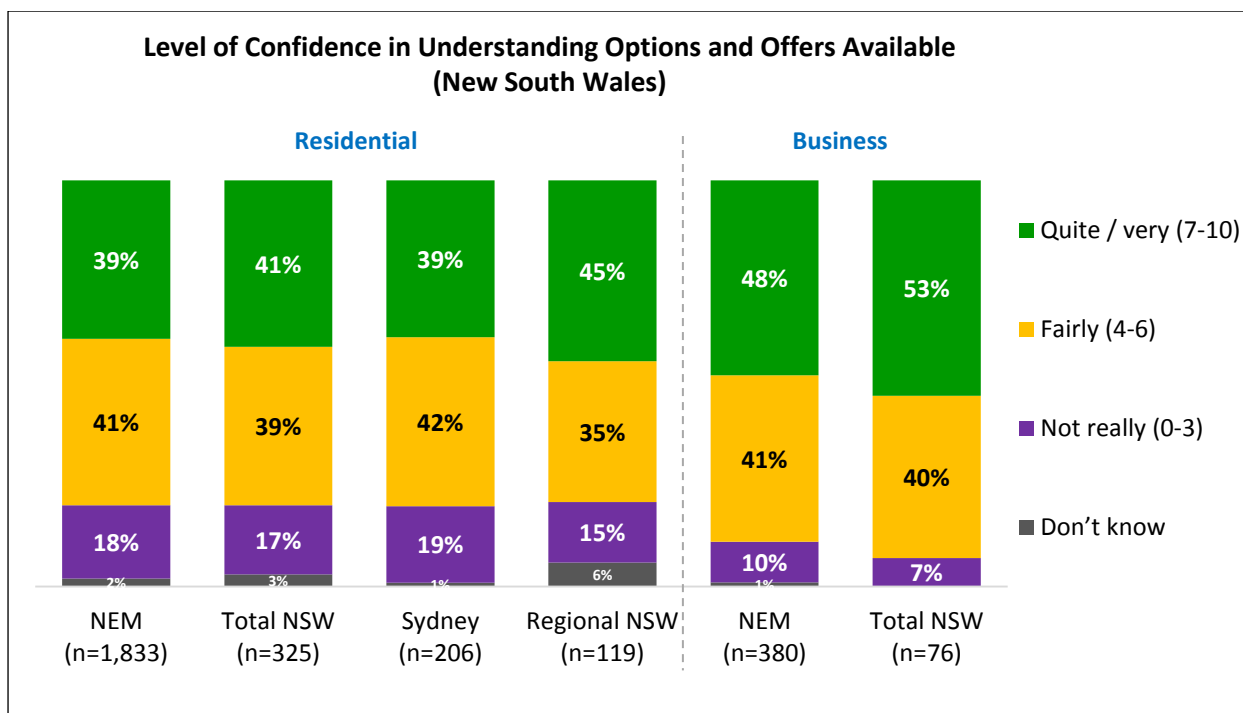
c) Consumers in your state [territory] can choose from a range of different types of energy plans, price structures, contract lengths and terms

Confidence

Confidence levels were quite mixed with four in ten residents (41%) and over half of business consumers (53%) feeling quite or very confident that they understood the various options and offers available to energy customers in their state. Two in five consumers (39% of residents and 40% of businesses) were fairly confident and around one in five residents (17%) and less than one in ten business consumers (7%) were not really confident.

These results were similar to the 2013 survey where 43% of respondents were confident they understood the options and offers available to them. However, the 2013 qualitative research found that many may be overstating their confidence and that a significant proportion of those who said they were confident were still unable to talk knowledgeably about the plan they were on or the specific make-up of their bill.

Confidence was higher among residents with solar panels (58% of those with solar panels saying they were quite or very confident) suggesting they had done more research than those without solar panels (37% quite or very confident). Significantly more residential consumers who had actively investigated options in the past 12 months felt they were quite or very confident they understood the options and offers available (52% rating 7 or more compared to 37% of those who had not).



Base: All Respondents

Q11. And how confident are you that you understand the various options and product offers that are available to energy customers in your state [territory]? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

3.3.2 Switching Behaviour

This section of the report examines:

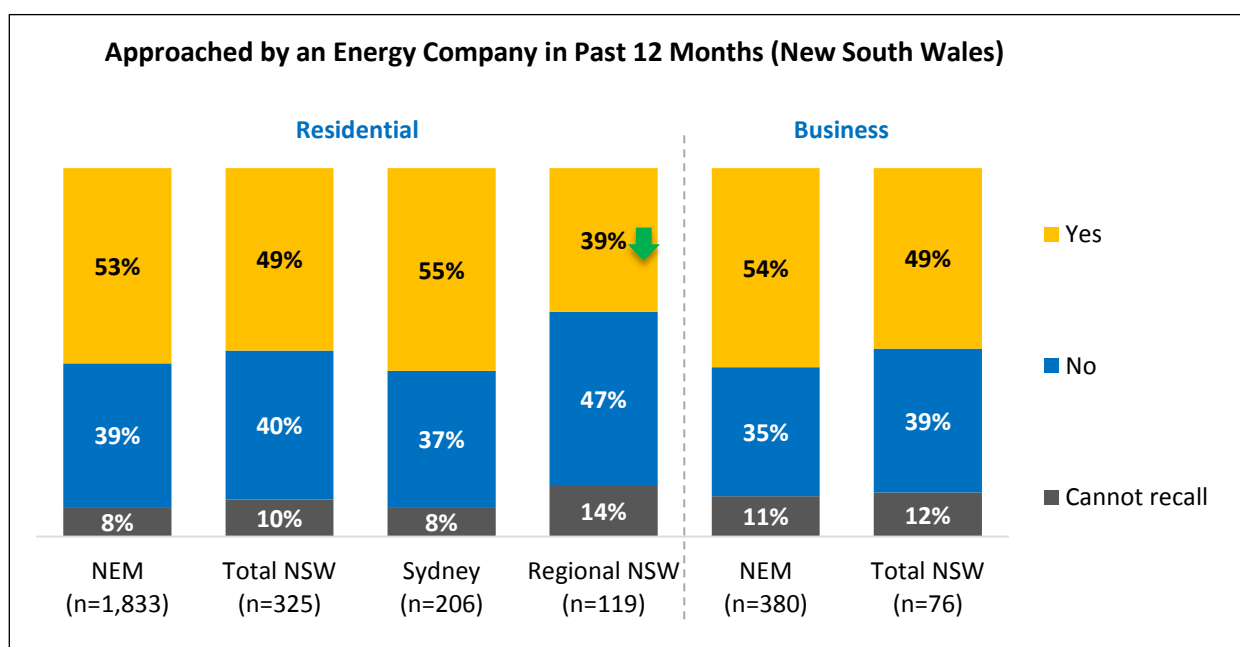
- Past switching behaviour;
- Drivers and triggers to investigating offer energy plans and switching;
- Barriers or reasons for not investigating other energy plans and switching;
- Information gathering processes and key sources of information;
- Likelihood to switch or consider another offer in the future; and
- Initiatives likely to increase confidence in investigating alternative plans.

Past switching behaviour

Around half of both residential and business consumers (49%) in New South Wales have been approached by an energy company offering to sell them energy in the last twelve months. Significantly fewer regional consumers could recall being approached by an energy company than those in Sydney (39% compared to 55% of residents living in Sydney).

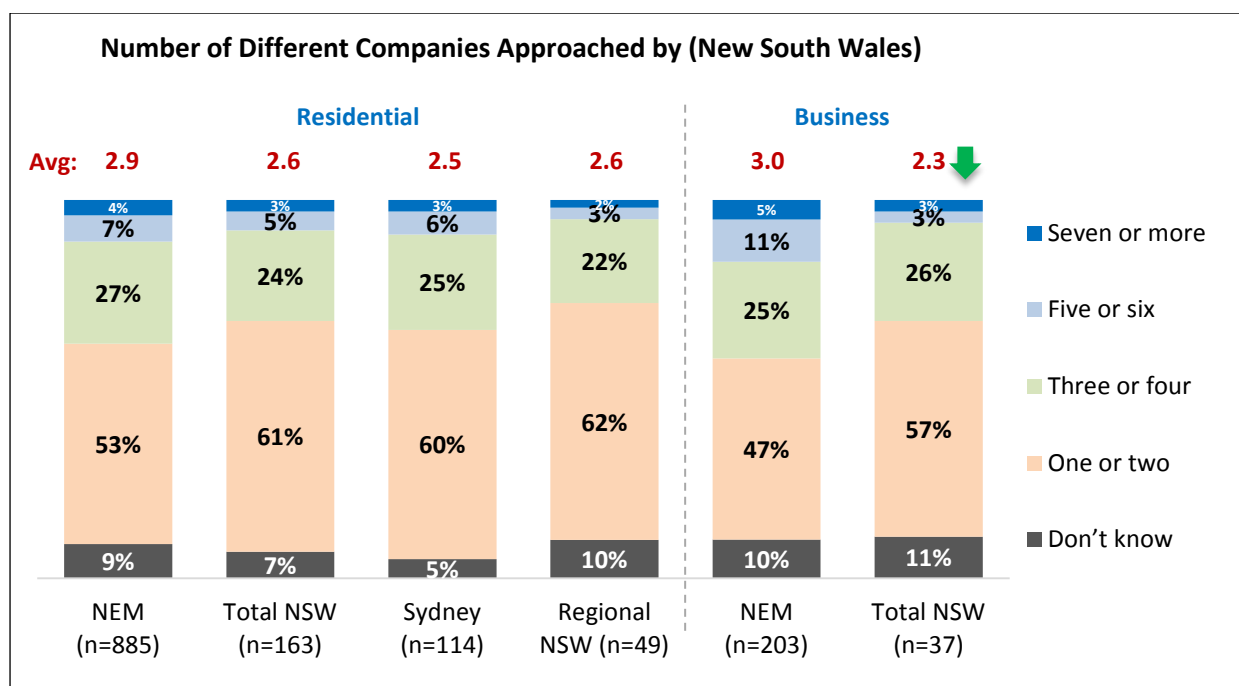
Consumers who had been approached in the past 12 months were most likely to have had just one or two (61% of residents, 57% of small business consumers) or three or four companies (24% of residents, 26% of small business consumers) try and sell them energy. On average, residential consumers had been approached by 2.6 companies and business consumers by 2.3 companies. Business consumers had been approached by significantly fewer companies than businesses in other NEM jurisdictions.

Consistent with other NEM jurisdictions, just over a quarter of residential consumers (27%) and around two in five small business consumers in NSW (41%) had actively investigated different offers or options that they could potentially switch to in the last 12 months.

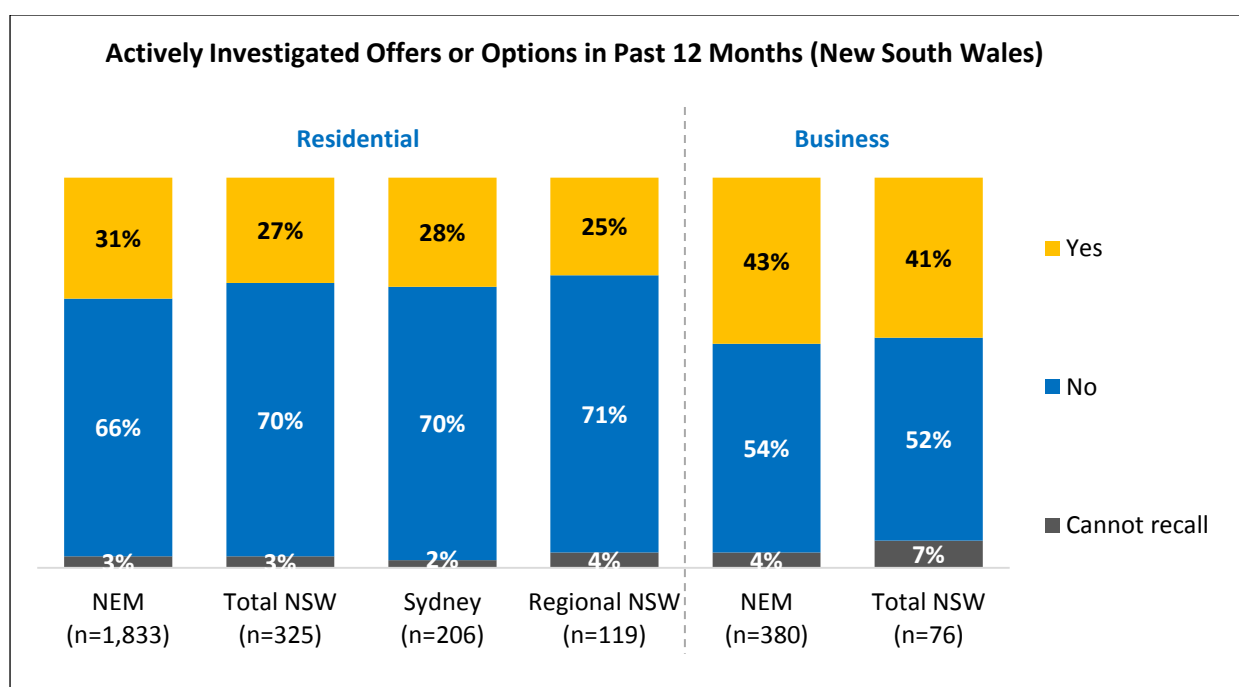


Base: All Respondents

Q18. In the past 12 months have you been approached by an energy company offering to sell you electricity or gas?




Base: Respondents who had been approached by an energy company in the past 12 months
 Q19. How many different companies would you say have approached you in the last 12 months offering to sell you electricity or gas?



Base: All Respondents
 Q20. In the past 12 months, have you actively investigated different offers or options that you could potentially switch to?

Respondents were asked to indicate how many times they had switched their electricity or gas (if relevant) provider or plan in the past five years. In order to further understand consumers' propensity to switch, they were also asked how many times they had switched other service providers in the past five years. For context, the table below shows the proportion of consumers who changed various service providers at least once in the past five years. The switching rates for gas are shown as a proportion of those who have mains connected gas.

Provider (% switched at least once)	Residential				Business	
	NEM (n=1,833)	Total NSW (n=325)	Sydney (n=206)	Regional (n=119)	NEM (n=380)	Total NSW (n=76)
Electricity Company	48%	49%	50%	46%	47%	45%
Electricity Plan	39%	40%	41%	39%	39%	37%
TOTAL Electricity	60%	60%	63%	56%	56%	55%
Gas Company	40%	37%	40%	32%	Not shown due to small sample size (n=21)	
Gas Plan	30%	33%	34%	32%		
TOTAL Gas	49%	48%	52%	37% 		
Car Insurance	37%	38%	36%	42%	Not asked of business consumers	
Mobile	32%	32%	32%	31%		
Internet	30%	30%	29%	33%		
Landline	22%	22%	22%	21%		
Home Insurance	22%	20%	15%	28%		
Bank	18%	18%	18%	18%		
Health Insurance	13%	12%	10%	16%		

Base: All Respondents

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company? / D7. In the last five years, how many times have you changed any of the following providers or companies with which you have products and services? MULTIPLE RESPONSE

In NSW three in five residential consumers (60%) and over half of the small business consumers (55%) had changed their electricity company or plan at least once in the past five years. Those who had been approached by an energy company offering to sell them energy were significantly more likely to have changed their electricity company or plan in the past five years (71% compared to 50% of those who had not been or could not recall being approached).

Consistent with other NEM jurisdictions, significantly fewer consumers had changed their gas company or plan (48% of residents). Similar to findings for changing electricity company or plan, those who had been approached by an energy company offering to sell them energy were significantly more likely to have changed their gas company or plan in the past five years (33% compared to 10% of those who had not been or could not recall being approached).

Residential consumers in regional NSW were significantly less likely to have changed their gas company or plan in the past five years (13% compared to 26% of those in Sydney) reflecting the lower levels of retailer activity in regional areas.

By comparison, four in ten residential consumers (38%) had changed their car insurance provider and around three in ten had changed their mobile phone (32%) or internet (30%) provider in the past five years.

The table below shows the average number of times consumers changed their energy company or plan in the past five years.

When it came to electricity, residential consumers in NSW had changed their company and plan 1.5 times and business consumers had changed company or plan 1.8 times on average. Results were comparable between Sydney and regional NSW.

Residential consumers tended to change their gas company or plan at similar rates to electricity with residents changing gas company 1.4 times and plan 1.5 times on average in the past five years.

Provider (Average number of switches)	Residential				Business	
	NEM (n=773)	Total NSW (n=156)	Sydney (n=103)	Regional (n=53)	NEM (n=159)	Total NSW (n=34)
Electricity Company	1.7	1.5	1.6	1.4	1.7	1.8
Electricity Plan	1.7	1.5	1.6	1.4	1.7	1.8
Gas Company	1.7	1.4	1.3	1.6	Not shown due to small sample size (n=9)	
Gas Plan	1.6	1.5	1.4	1.6		

Base: Respondents who had switched energy company or plan

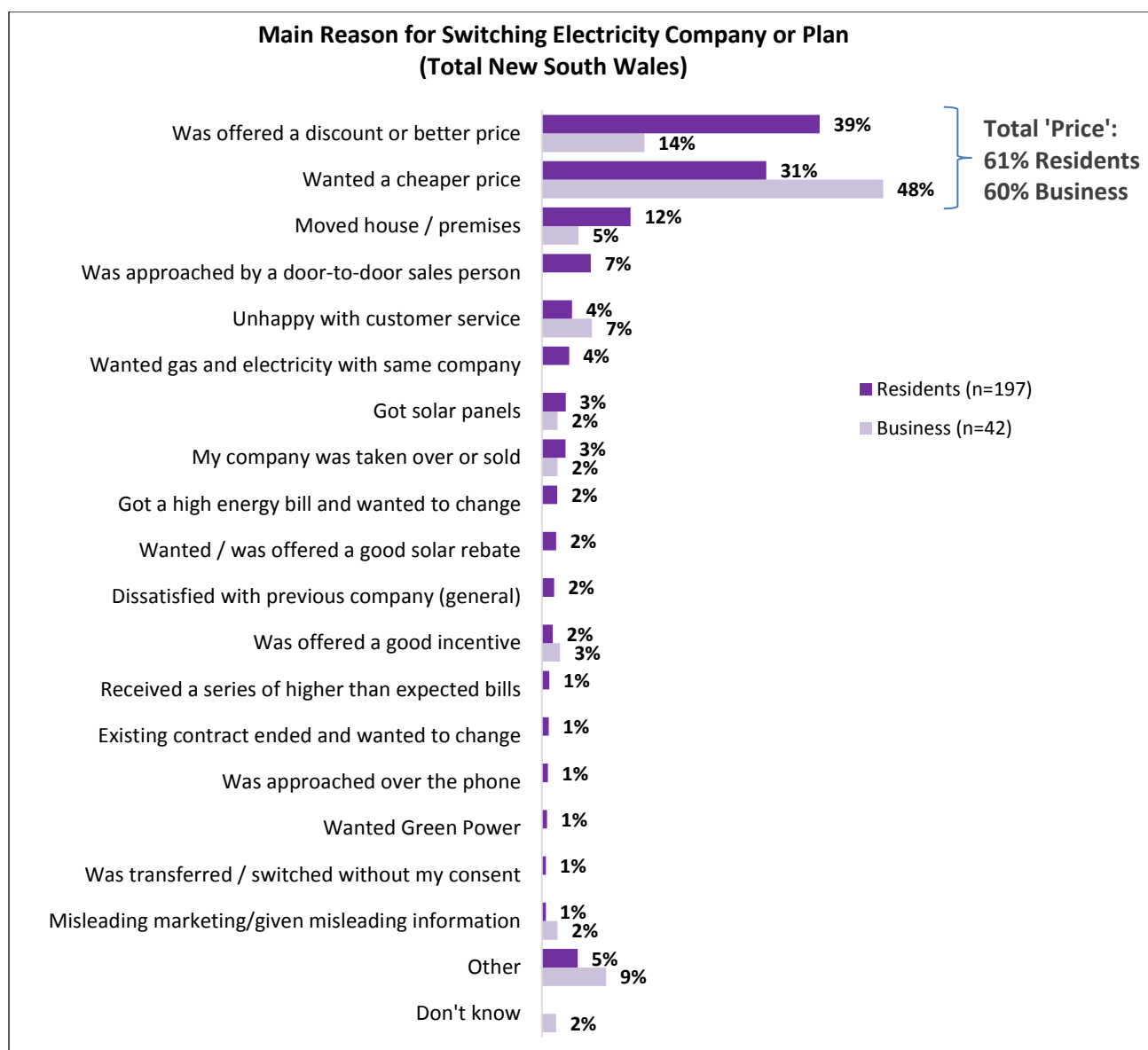
Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company? MULTIPLE RESPONSE

Drivers and triggers to investigating offers and switching

In order to identify the drivers and triggers for switching, respondents who had changed their energy company or plan in the past five years were asked their main reason for switching.

For electricity, 61% of residents and 60% of businesses who switched electricity company or plan were motivated by a cheaper price. Around 39% of residents and 14% of businesses said they were offered a discounted or cheaper price and 31% of residents and 48% of businesses said they wanted a cheaper price.

Other lower level reasons for switching included moving house or premises (12% of residents, 5% of businesses), being approached by a door-to-door salesperson (7% of residents), being unhappy with customer service from their current company (4% of residents, 7% of businesses) or wanting to bundle gas and electricity with the same company (4% of residents).

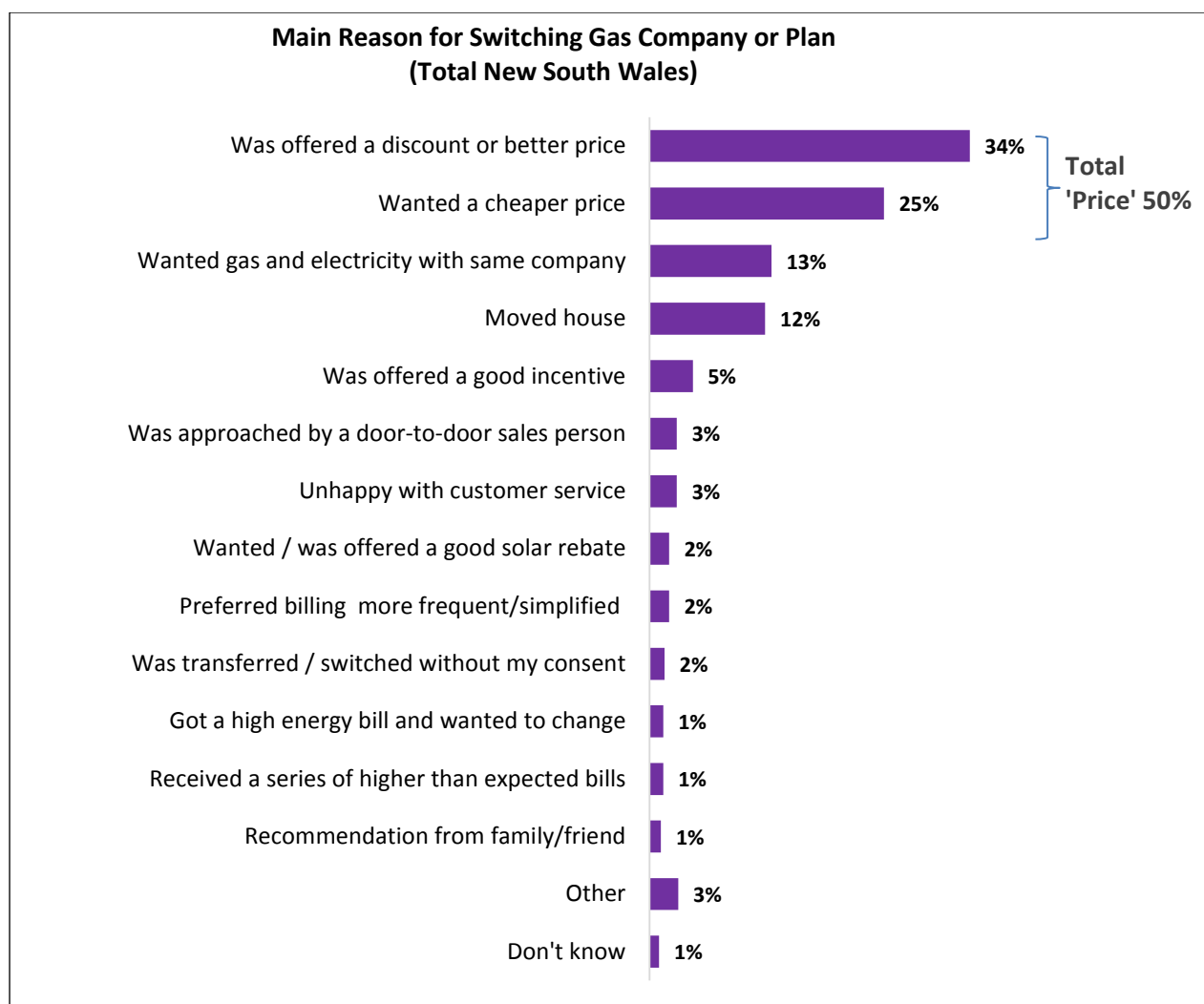


Base: Respondents who switched their electricity company or plan

Q22. The last time you switched, what was the main reason you changed your electricity company or plan? MULTIPLE RESPONSE

Consistent with electricity, the main drivers for switching gas company or plan among residential consumers was being offered a discount or better price (34% of residents) or wanting to find a cheaper price (25%) – 50% in total. Lower level drivers were wanting to bundle electricity and gas (13%), moving house (12%), or being offered a good incentive (5%). Please note, the results for business consumers are not shown in this report due to the limited number of small gas users in NSW who actually changed company or plan (n=9).

These results are similar to those in the 2013 survey in which respondents overwhelmingly mentioned price as the main reason for switching their energy company or plan – eight in ten wanted a cheaper price or were offered a discount or better price (78%). The results are also similar to those in other NEM jurisdictions.



Base: Respondents who switched gas company or plan (Residents: n=68) NB: Business results not shown due to small sample size (n=9). / Q27. The last time you switched, what was the main reason you changed your gas company or plan? MULTIPLE RESPONSE

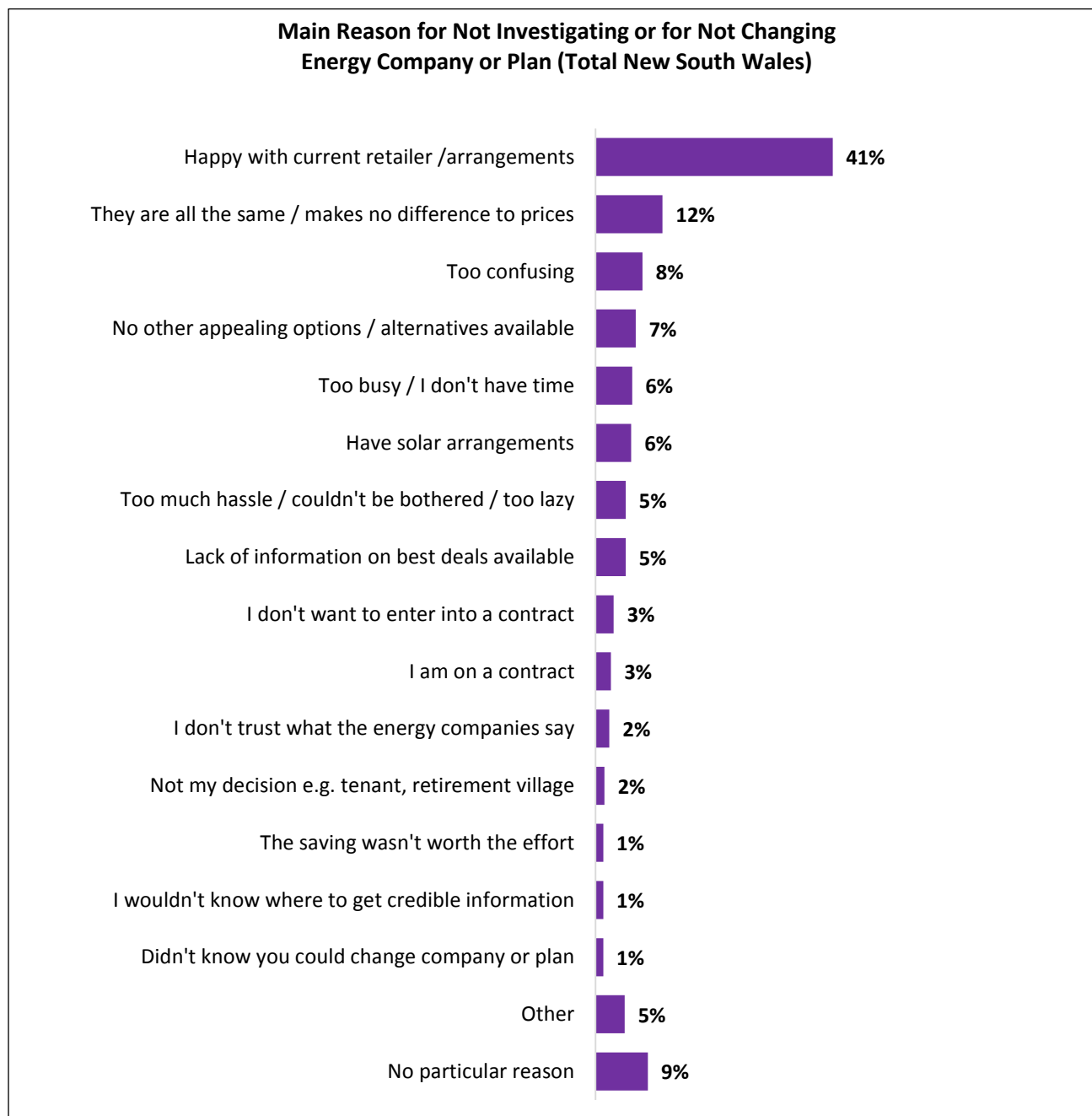
Reasons for not investigating offers or switching

In order to identify the barriers to switching provider or plan, survey respondents who had actively investigated options and offers they could potentially switch to but who had not switched in the past few years were asked what stopped them from switching. Just 16 residents and 4 small business consumer in the survey fell into this category and as the sample size was so small the results are not shown in chart form. However, the results show that the biggest barrier among those who investigated options but didn't switch was being happy with their current retailer or arrangement. Some of these consumers were just keeping an eye on what was available, some felt that all retailers would be the same and switching would make no difference to the price and some didn't switch because their existing company matched the offer.

Similarly, those who hadn't investigated options or switched provider or plan were also asked for their reasons why and these results are shown in the chart on the next page. The main reason was because they were happy with their current retailer or arrangements (41%). Other lower level reasons mentioned included:

- All retailers are all the same and switching would make no difference to the prices (12%)
- It was too confusing (8%)

- No other appealing options available (7%)
- Too busy to investigate options (6%)
- Have solar arrangements (6%)
- Can't be bothered (5%)
- Lack of information on deals available (5%)



Base: Respondents who hadn't investigated options or changed their energy company (Residents: n=64) NB: Business results not shown due to small sample size (n=10). / Q33. Are there any reasons why you haven't investigated different options or why you haven't changed your energy company or plan in the last few years? MULTIPLE RESPONSE

These results were fairly consistent with the 2013 survey where the main reasons for not switching among consumers who had not changed their energy company or plan in the past two years were being happy with the price, services or arrangements at current retailer (32%).

These results suggest that the main barriers to consumer participation in the energy market in NSW are inertia, disengagement and a lack of a compelling value proposition. Consumers generally feel that they are happy with their current arrangements, they don't have any real incentive to switch, they couldn't really be bothered or don't have the time.

Information gathering process and key sources of information

Consumers who had switched energy company or plan were asked about their information gathering process and which information sources they found useful in making their decision.

Most residents who had switched electricity company or plan used a variety of different information sources. Consistent with the 2013 survey, the most useful information sources among residents were:

- Information from door-to-door sales people (16%)
- Google and general internet searches (14%)
- Looking at the best price (12%)
- Retailer websites (11%)
- Phone calls to retailers (10%)
- Information from family members or friends (8%)
- Brochures, flyers and other direct mail (8%).

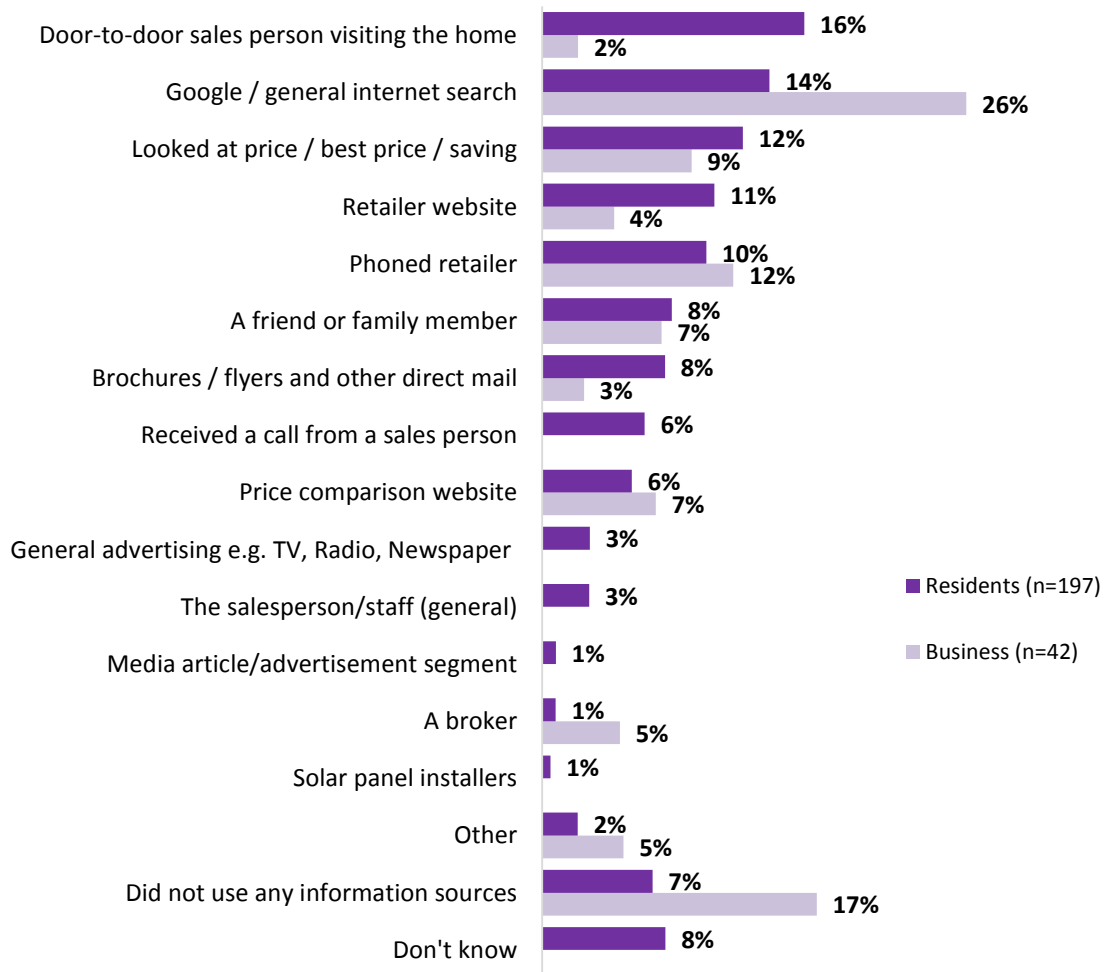
These results were broadly consistent with the 2013 survey where door-to-door sales people (15%) and Google and general internet searches (17%) were the most useful information sources.

Among businesses, the most useful information sources when switching electricity company or plan were Google and general internet searches (26%), phone calls to retailers (12%) and simply looking at the best price or saving (9%).

Among those who had switched gas company or plan (21% of residents), the main sources of information used were looking at the price or best saving (13%), looking up retailer websites (13%), and receiving a call from a sales person (12%). Lower level information sources included a visit from a door-to-door salesperson (10%), phoning the retailer (10%) and just 8% had used Google or a general internet search. As with electricity, residents tended to rely on a number of different information sources.

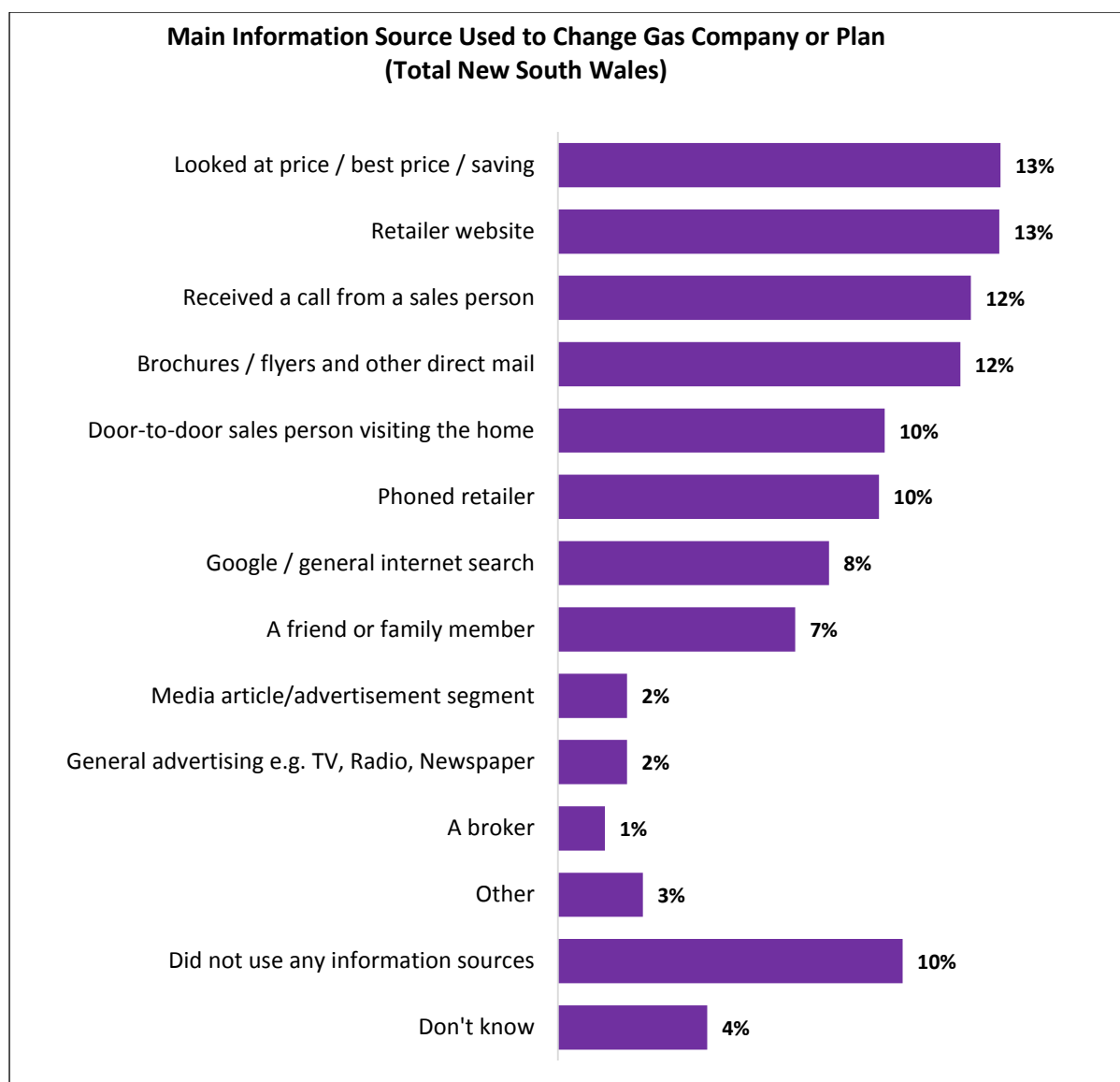
Those who investigated options but didn't switch were also asked what information sources they used. Due to small sample sizes (n=16 residents and n=4 businesses), the results are not shown in this report but the key sources were Google or general internet searches (35%) and information from a friend or family member (32%).

**Main Information Source Used to Change Electricity Company or Plan
(Total New South Wales)**



Base: Respondents who switched their electricity company or plan

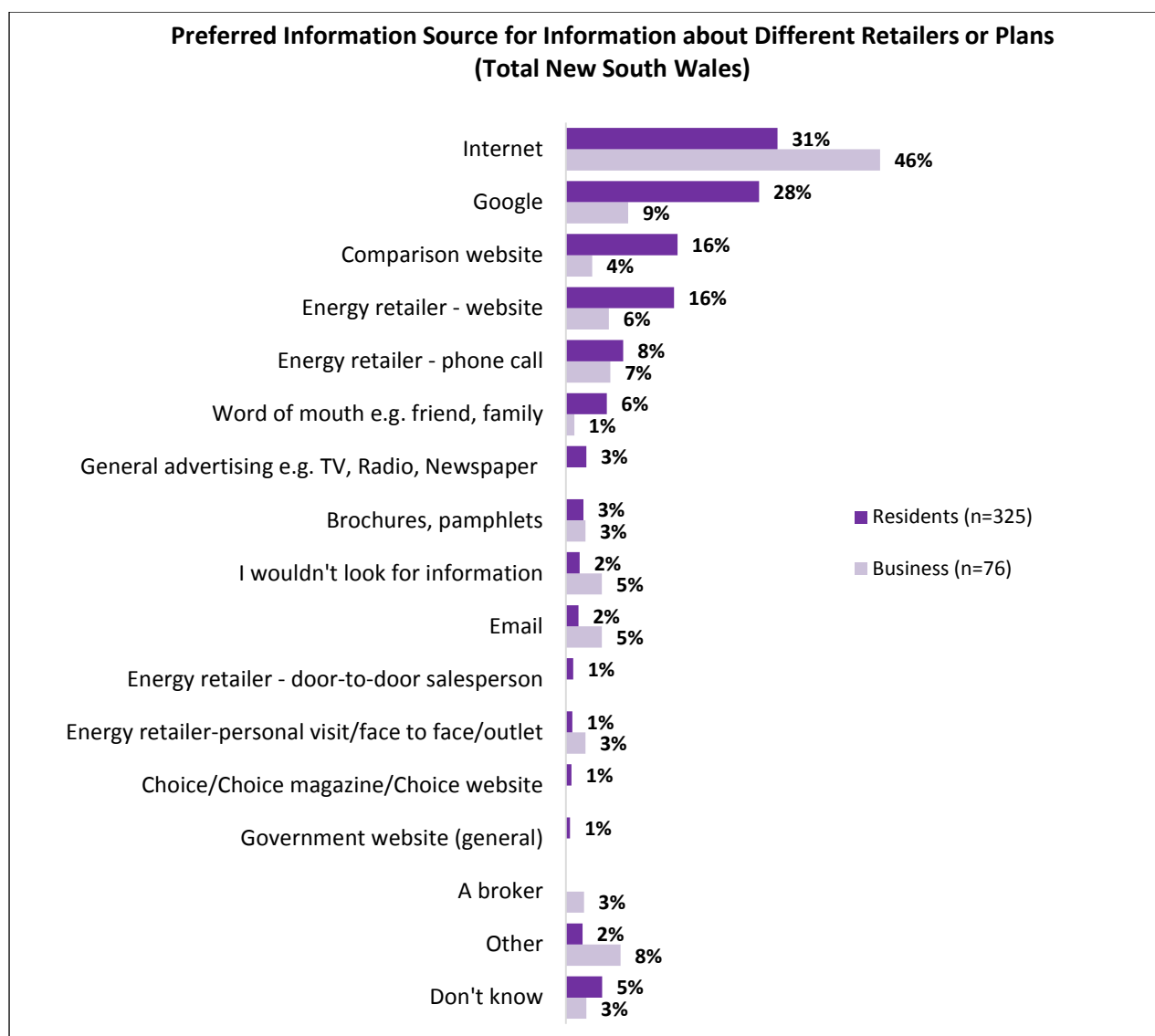
Q23. The last time you changed your electricity company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE



Base: Respondents who switched their gas company or plan (Residential: n=68) NB: Business results not shown due to small sample size (n=9) / Q28. The last time you changed your gas company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE

Consistent with other NEM jurisdictions, when it came to preferred sources for information about different energy retailers or plans, the most preferred were via the internet (no further information provided: 31% of residents, 46% of small business consumers), Google (28% residents, 9% businesses) and comparison websites (16% residents, 4% businesses).

Lower level methods included looking up energy retailer websites (16% of residents and 6% businesses), phoning a retailer (8%, 7%) and word of mouth (6%, 1%).



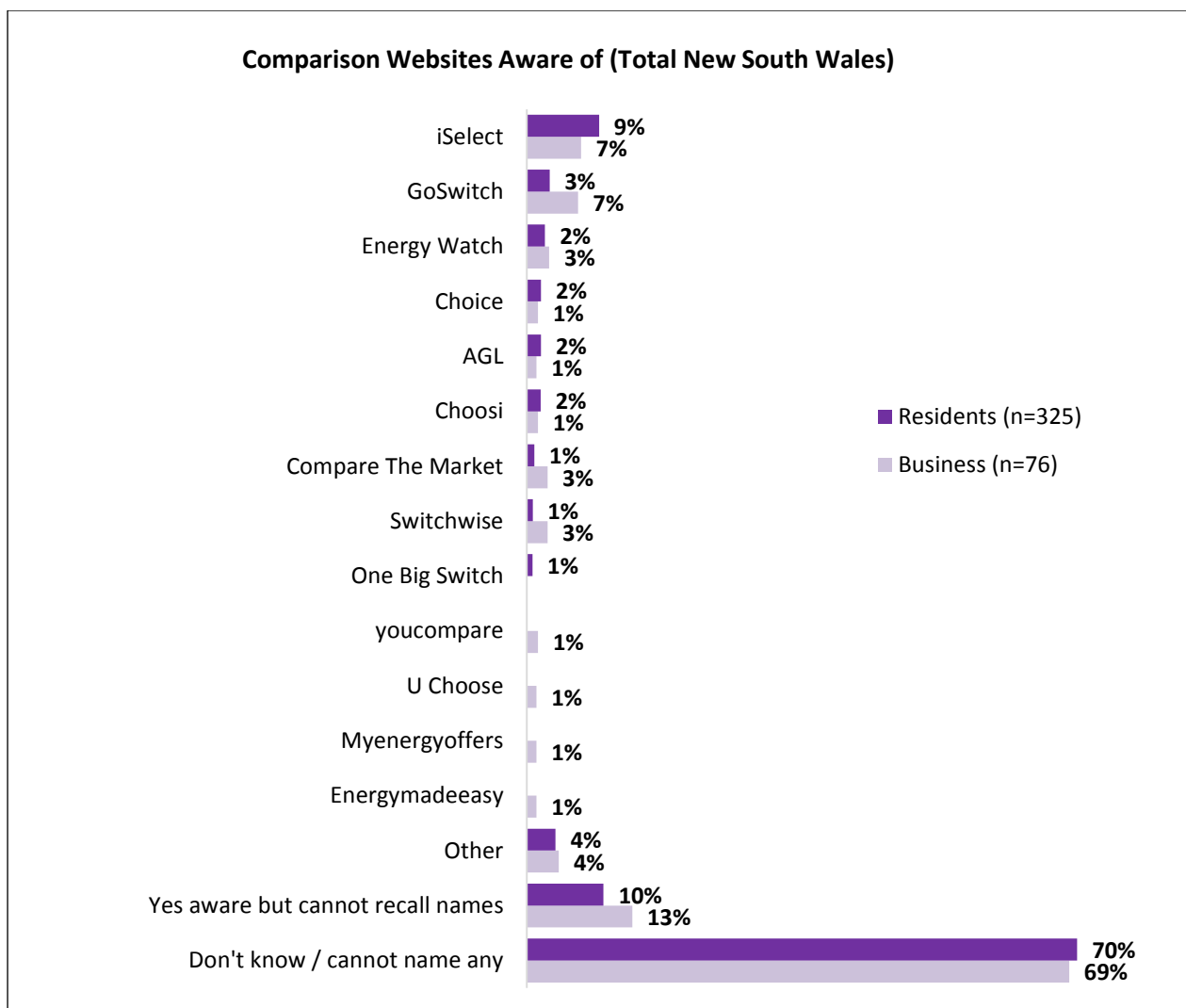
Base: All Respondents

Q37. If you wanted to look for information about different energy retailers or plans, what would be your most preferred method? MULTIPLE RESPONSE

When asked if they were aware of comparison websites that could help customers choose a good energy deal for their home, a large majority of consumers in NSW were not aware of any (70% of residents, 69% of businesses). A further 10% of residents and 13% of business respondents said they were aware there were sites available but could not recall the name of any.

iSelect was the most commonly mentioned comparison website (9% residents, 7% businesses). A small proportion mentioned GoSwitch (3% residents, 7% businesses) and Energy Watch (2% residents, 3% businesses).

Without prompting, just 1% of businesses and none of the residential respondents mentioned the independent government website *energymadeeasy*, but when prompted, 11% of residents and 26% of small business consumers said they had heard of the site. This was consistent with the 2013 survey where 10% of respondents had heard of the website after prompting.

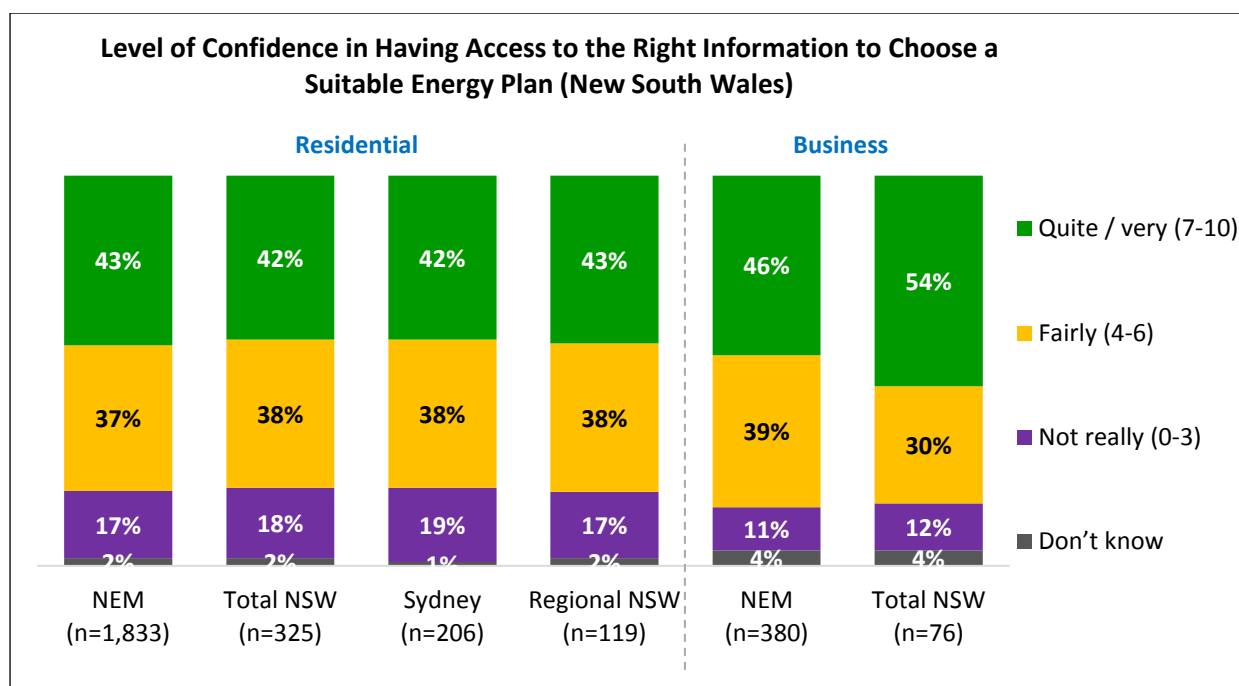


Base: All Respondents

Q38. Are you aware of any comparison websites that can help customers choose a good energy deal for their home?

MULTIPLE RESPONSE

When asked how confident they were that they had access to the right information to choose a suitable energy plan, the majority of survey respondents were fairly or quite confident (38% of residents gave a rating between 4 and 6 out of 10, and 42% gave a rating of 7 or more, where 10 meant they were extremely confident). Among business respondents over half of respondents said they were quite or very confident (54%) and three in ten were fairly confident (30%). Results were fairly consistent between those based in Sydney and those based in regional areas of NSW.



Base: All Respondents

Q36. How confident are you that you have access to the right information to choose an energy plan that suits your needs? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

Future switching intentions

When it came to looking for a better deal, around one in ten residents (8%) and significantly more businesses (22%) were currently looking. Almost half (47% of residents and businesses) were interested in looking for a better deal but were not currently looking and four in ten residents (40%) and one in five businesses (19%) were simply not interested in looking for a better deal. Results are very similar to those in the 2013 study where 7% of residents were currently looking for a better deal, 48% were interested but were not currently looking and 38% were not interested in switching provider or plan.

Among electricity consumers those who were dissatisfied with their current retailer were more likely to be currently looking for a better deal or interested in switching to a better deal but not currently looking (70% compared to 47% of those who were satisfied with their electricity provider).

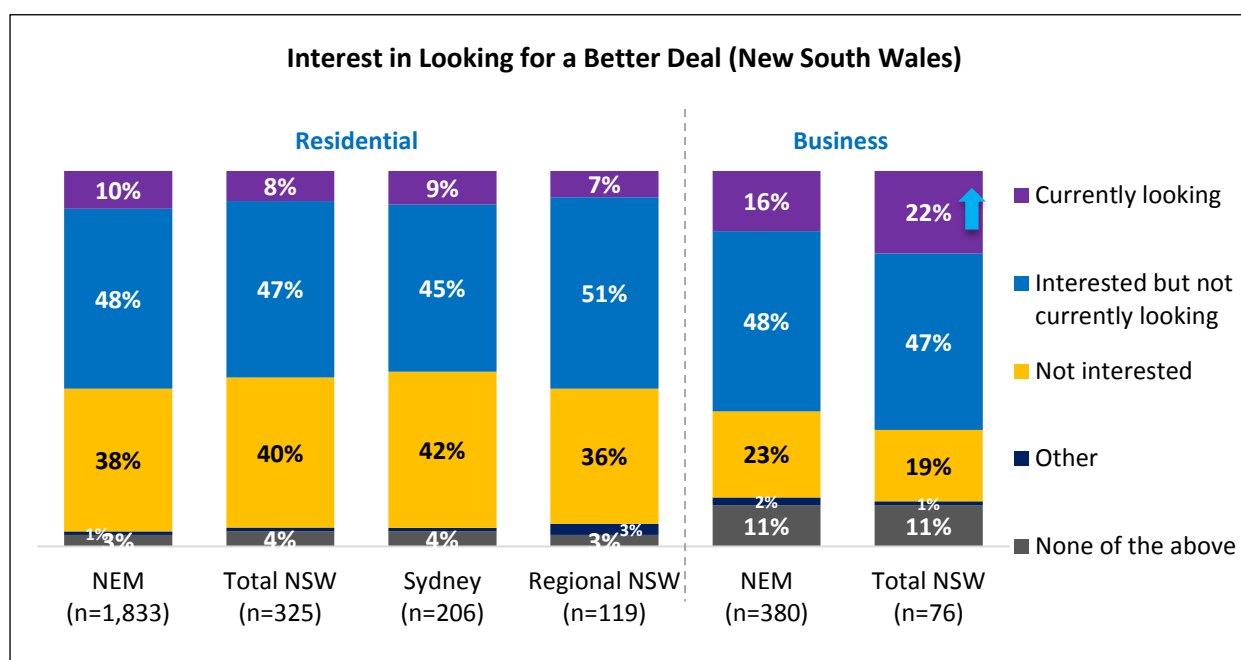
When it came to future switching intentions, less than one in five residential consumers (15%) indicated they were quite or very likely to switch (rating of 7 or more out of 10 where 10 meant extremely likely) while significantly more businesses indicated they were likely to switch in the next 12 months (42%).

Not surprisingly, significantly more residents who were dissatisfied with their current electricity provider were quite or very likely to switch in the next 12 months (31% compared to 12% of those who were satisfied). Residents who had actively looked at options in the past 12 months were also significantly more likely to say they were likely to switch (average likelihood rating of 4.0 compared to 3.2 among those who had not actively investigated options).

Around a third of residential respondents (33%) and three in ten businesses (30%) were fairly likely to switch (rating between 4 and 6), while 48% of residents and significantly less businesses (22%) thought it was not really likely they would switch (rating of 3 or less).

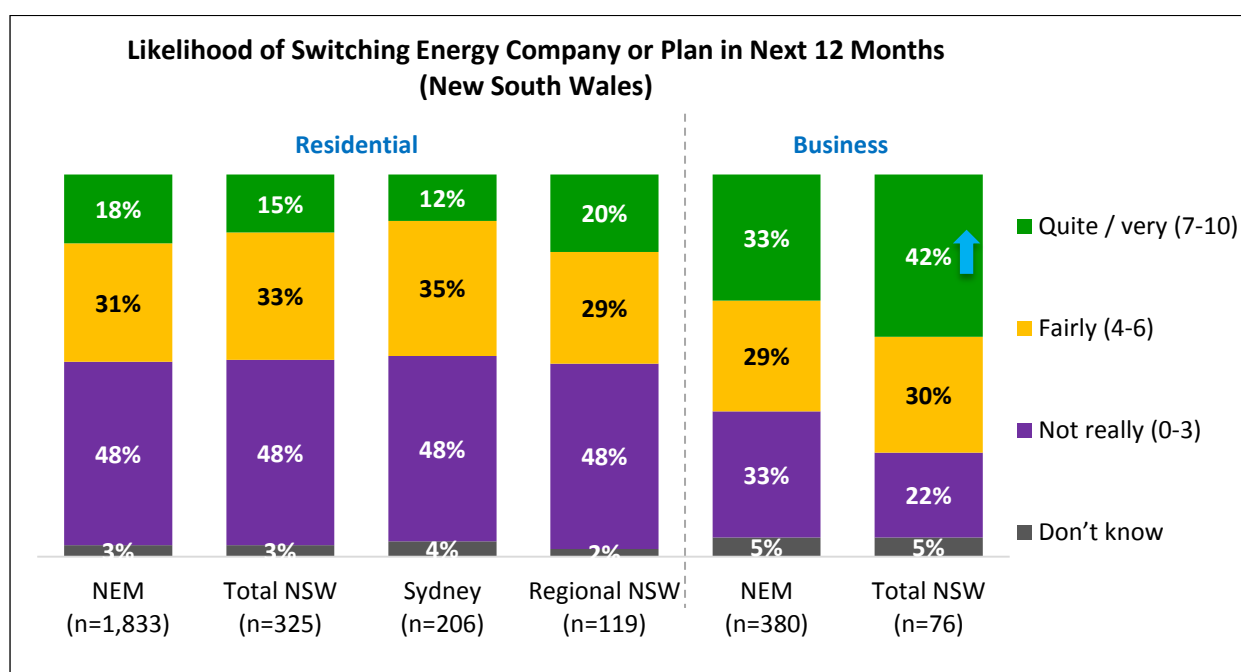
Results among residential consumers were fairly consistent with the 2013 survey in which 18% of residents were quite or very likely to switch. However, there was a significant decline in the proportion

who indicated they were not really likely to switch (from 55% in 2013 to 48% in 2014), with a corresponding increase in those who would be fairly likely to switch (from 22% to 33%).



Base: All Respondents

Q34. When it comes to your household's energy company, which of the following statements is most applicable to your household?



Base: All Respondents

Q35. How likely are you to switch your energy company or plan in the next 12 months? Please use a scale where 0 is not at all likely, 5 is fairly and 10 is extremely likely?

3.3.3 Consumer Satisfaction with the Market

This section of the report examines:

- Satisfaction with current electricity and gas company;
- Satisfaction with switching process and outcomes; and
- Satisfaction with the level of market choice.

Consumer satisfaction with their current energy company

Respondents were generally satisfied with their electricity retailer (33% of residents and 26% of businesses were very satisfied and 36% of residents and 40% of businesses were somewhat satisfied). Around one in five were neither satisfied nor dissatisfied (21% of residents and 22% of businesses). Those with solar panels were significantly more likely to be satisfied (81% compared to 66% of those without solar panels).

Among residents, the overall quality of service provided by electricity companies was largely perceived as good or excellent (70%). Businesses were less likely to rate the overall quality of service as good or excellent (59%) and were more likely to rate it as fair (37%). Just 5% of residents and 4% of businesses thought it was poor.

Results were consistent with ratings given for quality of service in the 2013 survey. In that study among residential consumers 71% rated the service as good or excellent, 23% fair and only 3% felt the service was poor.

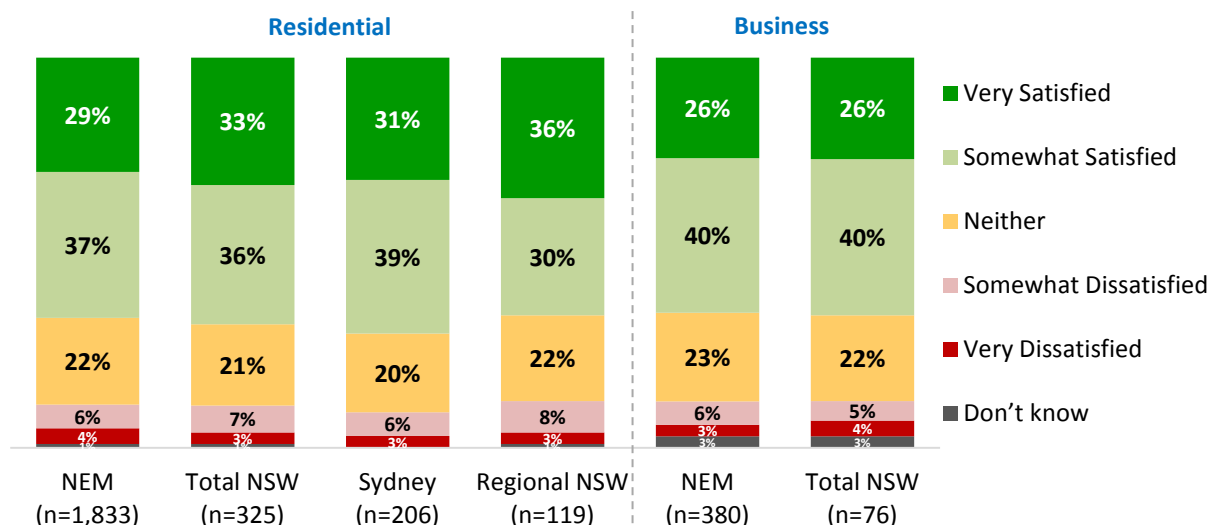
Given the concerns around the future cost of energy, it is not surprising that the ratings for overall value for money provided by electricity companies were lower than those given for quality (50% of residents and 53% of businesses giving a rating of 7 or more out of 10, 36% fair, 11% poor).

Similar ratings were given in the 2013 survey among residential consumers with 48% rating value for money as good or excellent, 37% fair and 13% poor.

Not surprisingly, residents who had an electricity bill higher than \$1000 per quarter were significantly less likely to rate value for money as good or excellent (6% compared to 51% of those with a lower bill). This is consistent with finding from 2013 where the higher the respondent's quarterly bills were, the lower their value for money ratings.

Results were consistent between those living in metropolitan and regional areas and were similar to those in other NEM jurisdictions.

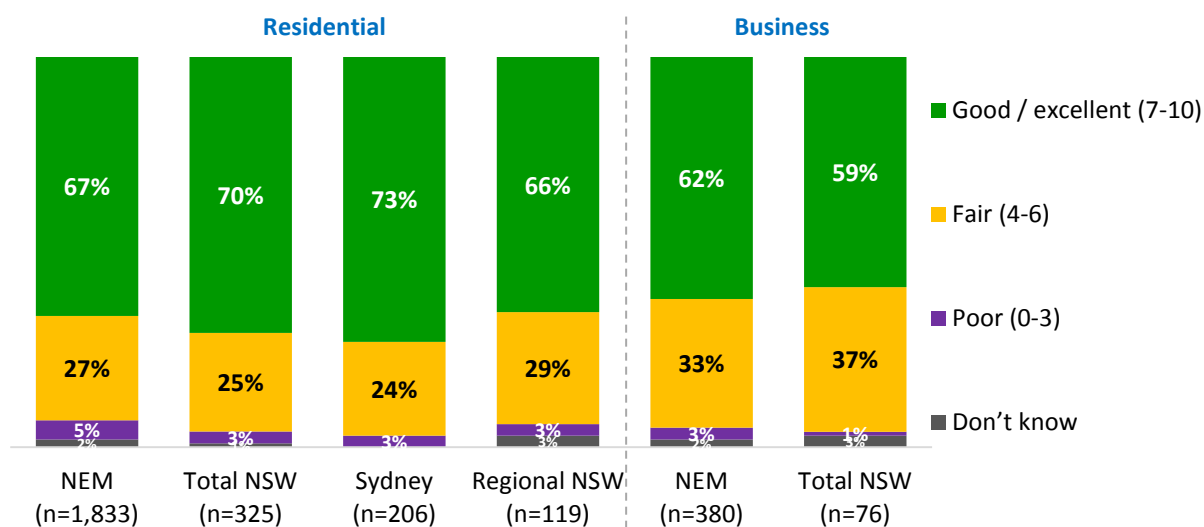
Satisfaction with Current Electricity Company (New South Wales)



Base: All Respondents

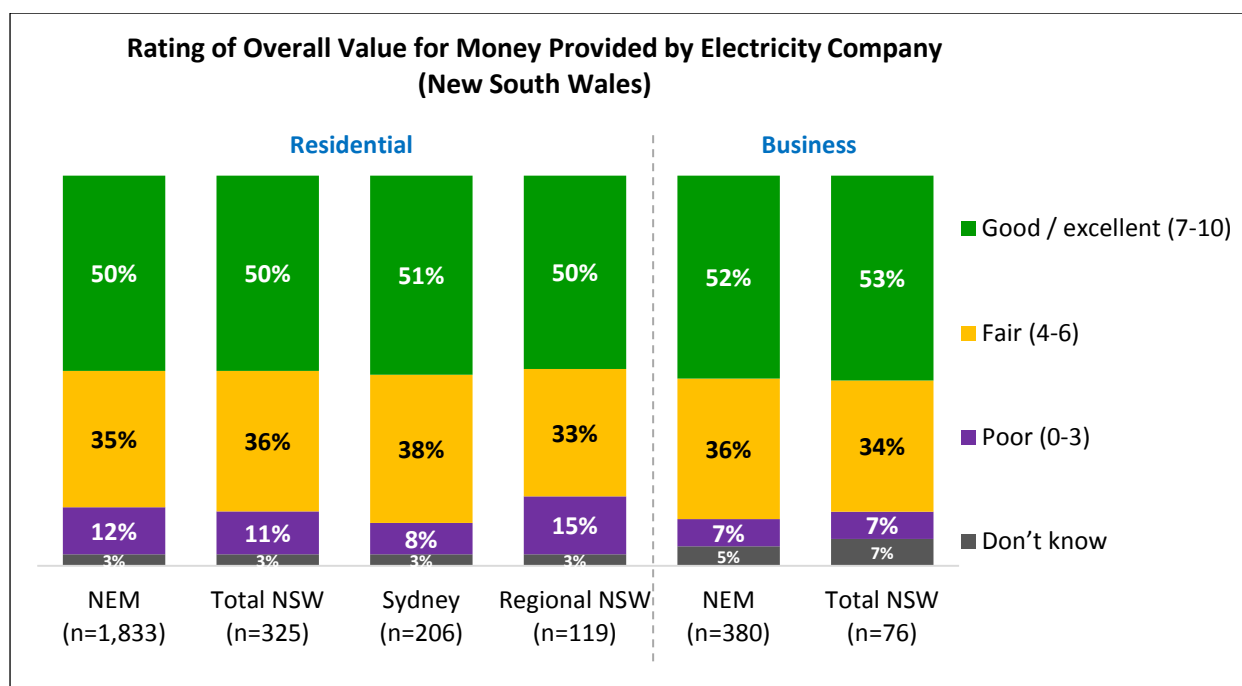
Q2. How satisfied are you with your current electricity company?

Rating of Overall Quality of Service Provided by Electricity Company (New South Wales)



Base: All Respondents

Q3. How would you rate the overall quality of service provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

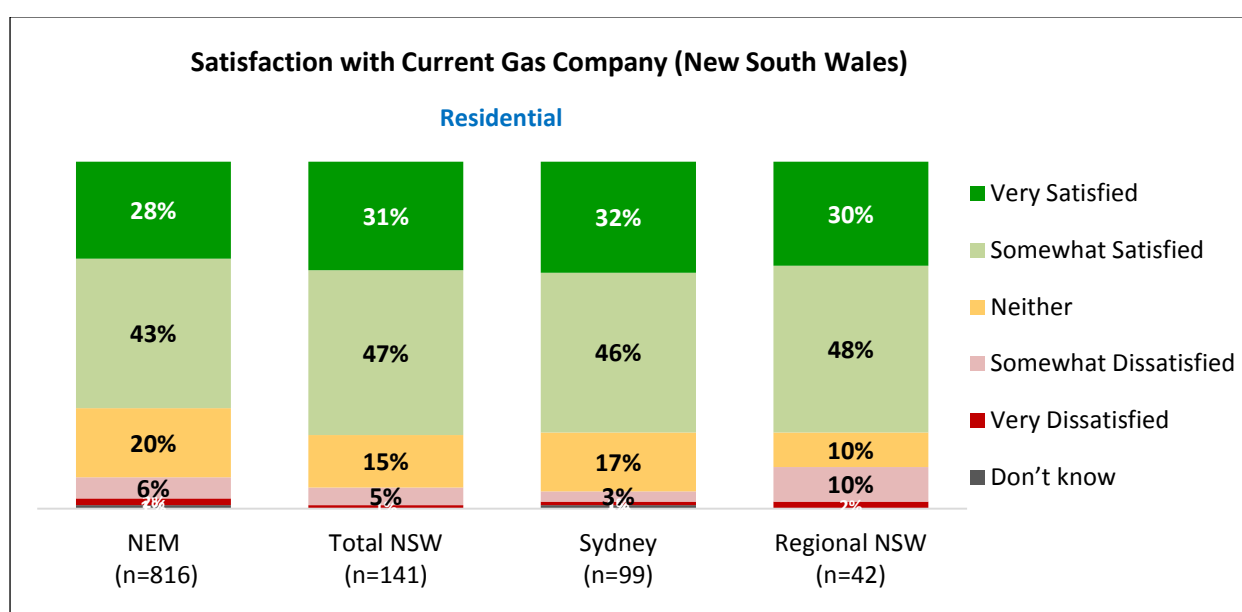


Base: All Respondents

Q4. How would you rate the overall value for money of the products and services provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Higher satisfaction with gas companies

Respondents tended to give higher ratings to their gas company than their electricity company. Just over three quarters of residents with mains connected gas were satisfied with their current gas company (78% very or somewhat satisfied). Around seven in ten rated the overall quality of service as good or excellent (67% rating 7 or more out of 10) and 53% rated the overall value for money provided as seven or more out of 10. The disparity in scores between electricity and gas were consistent with the 2013 qualitative findings with some participants suggesting that gas bills were generally a much lower sum in total and that gas is often used for more 'essential' things like cooking and heating.

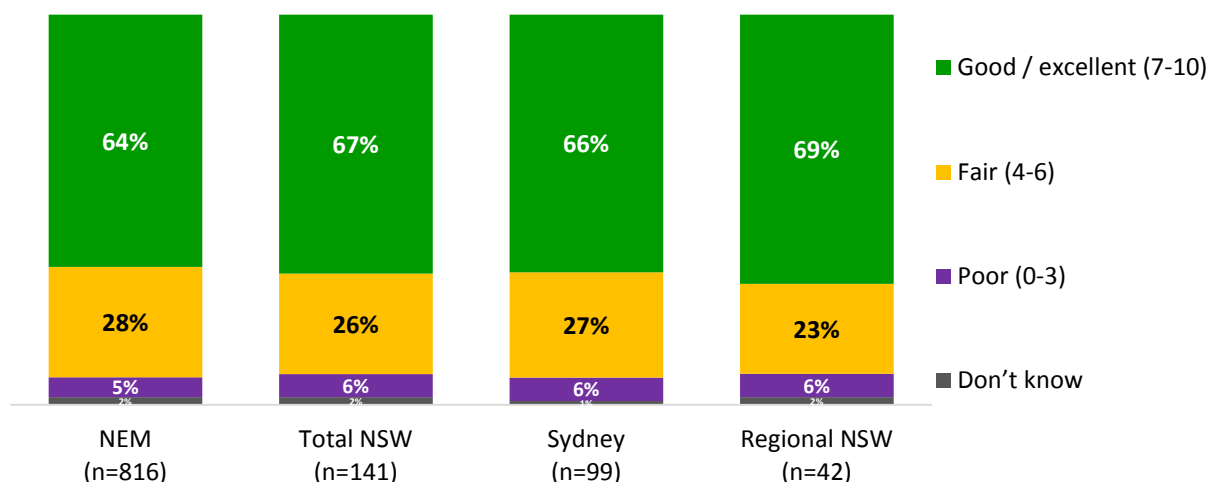


Base: Respondents who have mains connected gas (NB: Business not shown due to small sample size – n=21)

Q7. How satisfied are you with your current gas company?

Rating of Overall Quality of Service Provided by Gas Company (New South Wales)

Residential

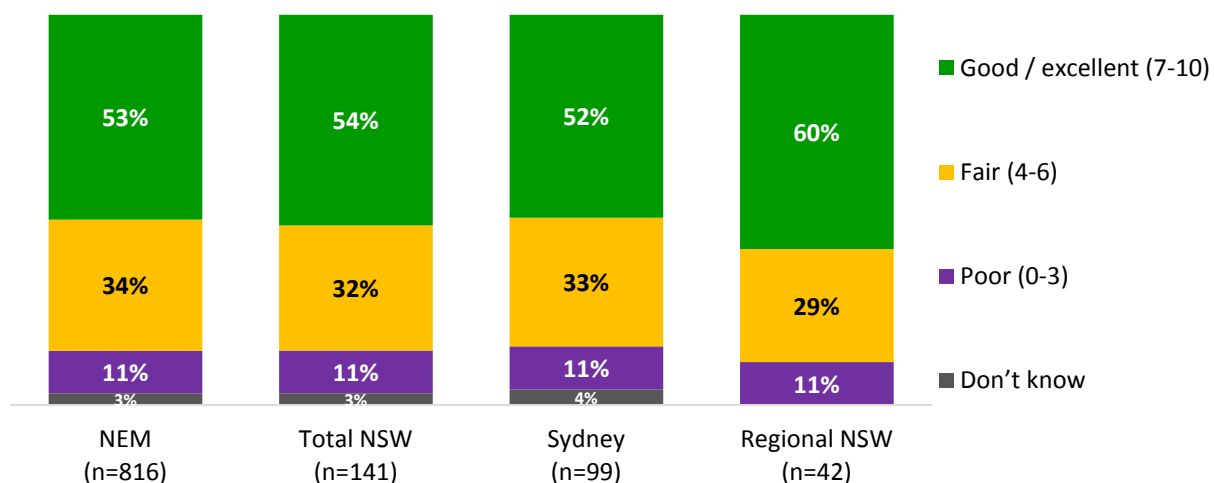


Base: Respondents who have mains connected gas. Please note, the results of the business survey are not shown here due to the small number of business respondents who were connected to mains gas (n=28).

Q8. How would you rate the overall quality of service provided by your gas company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Rating of Overall Value for Money Provided by Gas Company (New South Wales)

Residential



Base: Respondents who have mains connected gas (NB: Business not shown due to small sample size – n=21)

Q9. How would you rate the overall value for money of the products and services provided by your gas company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

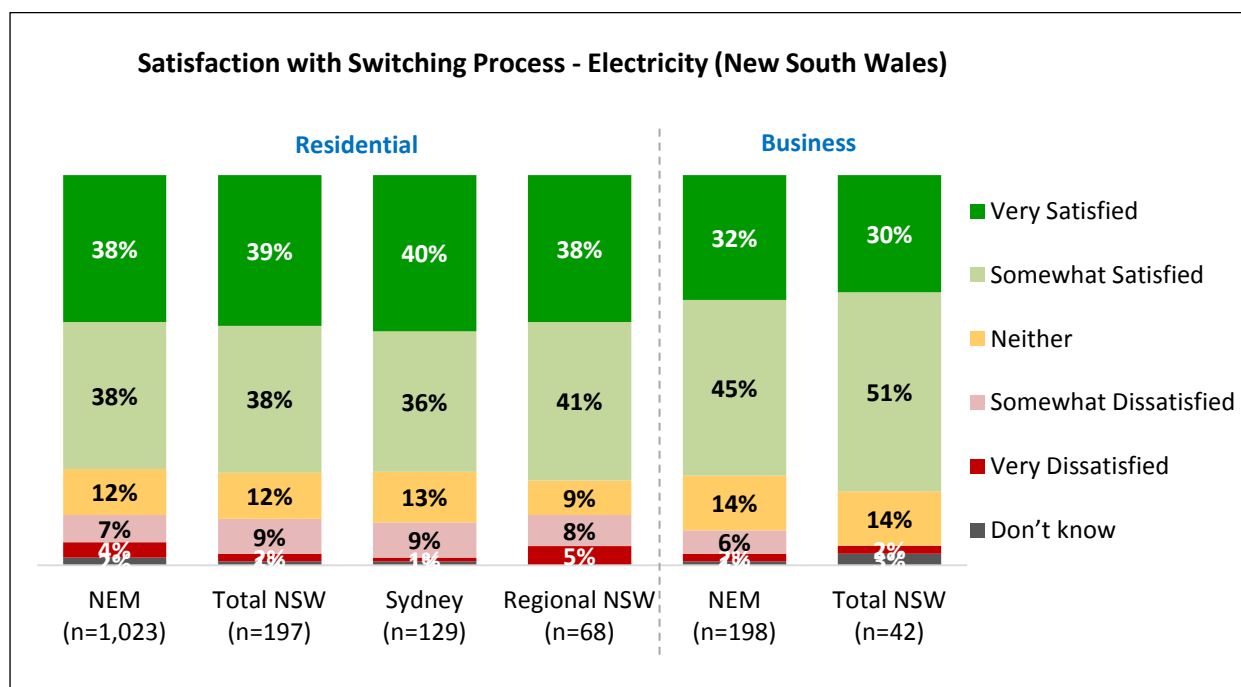
Satisfaction with switching process and outcomes

Those who had switched electricity or gas company or plan were generally satisfied with the switching process. Just over three quarters of residents (77%) and eight in ten businesses (82%) surveyed were satisfied with the process of switching their electricity company or plan. Similarly, two fifths of residents who switched gas company or plan (80%) were satisfied with the switching process.

Those who were very or somewhat dissatisfied with the switching process were asked for their reasons. Among residential consumers who were dissatisfied with the process of switching electricity company or plan (10% of residents), the main reasons were:

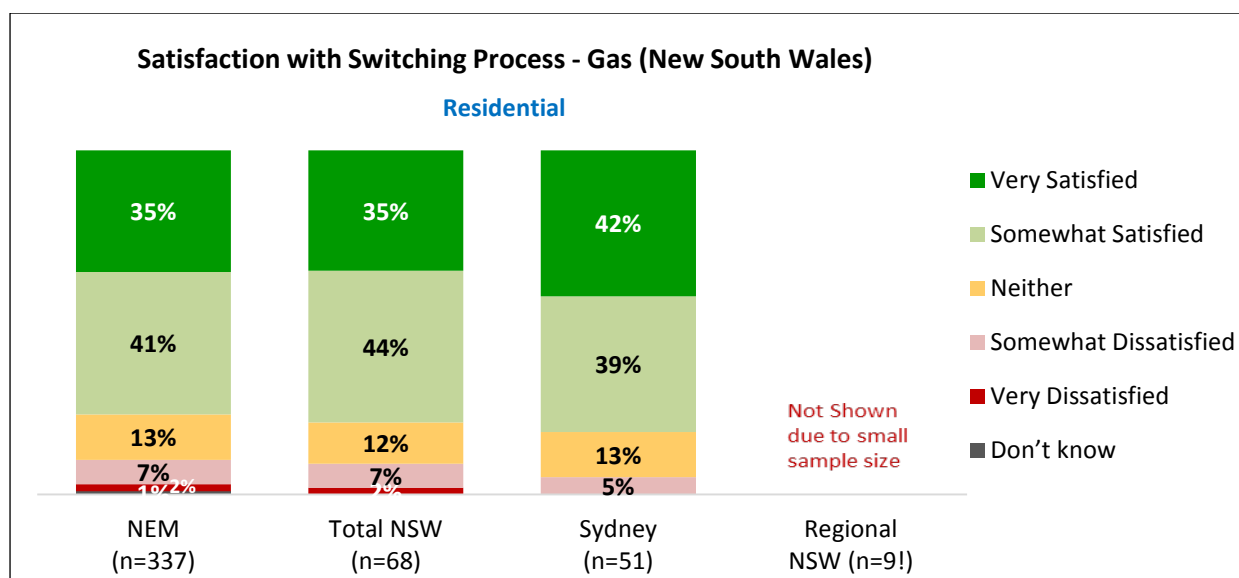
- There were delays or the process took longer than it should (23%);
- There were no real savings or savings were not as expected (22%); and
- There were cancellation fees involved in switching (20%).

These reasons were indicatively similar among residential gas consumers however the sample size was too small (n=6) to draw any conclusions. Two respondent were unhappy with the cancellation fees involved and thought there were no real savings made.



Base: Respondents who switched their electricity company or plan

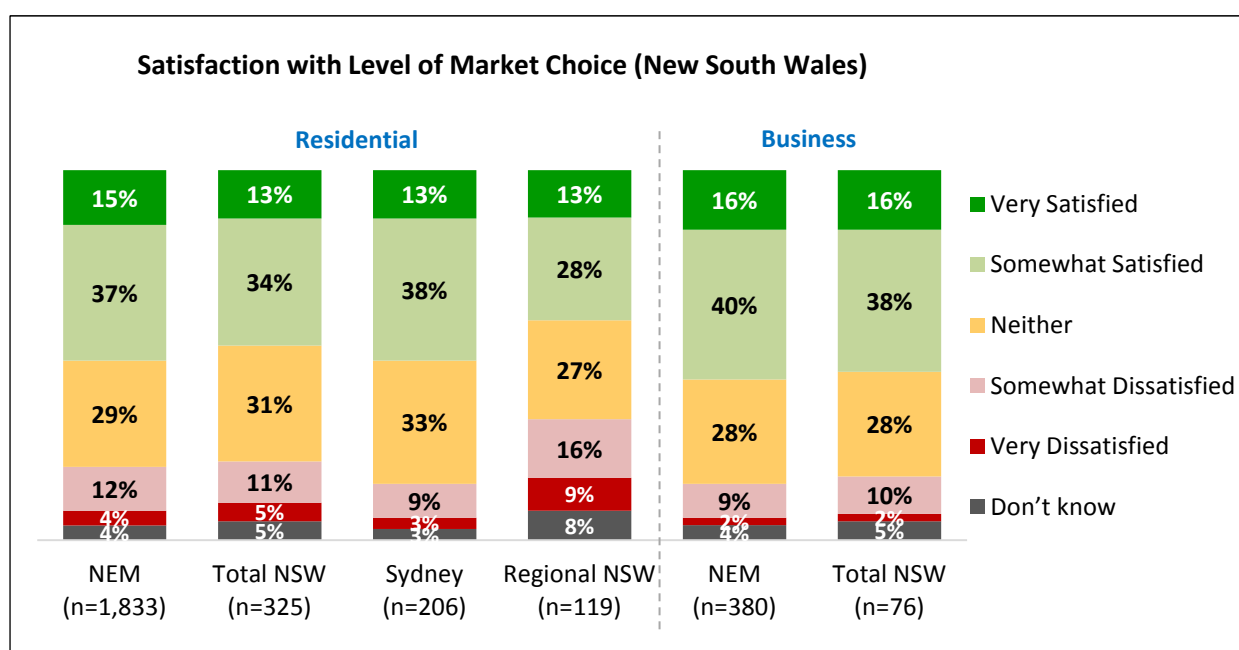
Q24. The last time you switched your electricity company or plan, how satisfied were you with the overall switching process?



Base: Respondents who switched gas company or plan. (NB: Business not shown due to small sample size – n=9)
 Q29. The last time you switched your gas company or plan, how satisfied were you with the overall switching process?

Satisfaction with the level of market choice

Respondents in the quantitative survey were asked how satisfied they were with the level of choice available to consumers in their state. Around one in ten respondents (13% of residents and 16% of businesses) were very satisfied with the level of choice and a further 34% of residents and 38% of businesses were somewhat satisfied. Three in ten were neither satisfied nor dissatisfied (31% residents, 28% businesses). However, 17% of residents and 13% of businesses were dissatisfied with the level of choice. Results were fairly consistent between residential and business consumers and comparable with consumers in other NEM jurisdictions. Residents living in regional areas of NSW were twice as likely to say they were somewhat or very dissatisfied (24%) compared to those living in Sydney (12%), reflecting their lower levels of awareness of the choice available to them.



Base: All respondents
 Q16. When it comes to energy companies and energy plans, how satisfied are you with the level of choice available to consumers in your state [territory]?



SOUTHEAST QUEENSLAND



NEWGATE
RESEARCH

4. Southeast Queensland

4.1 Executive Summary

Introduction

This chapter outlines Newgate Research's findings from qualitative and quantitative research conducted among small energy consumers in southeast Queensland. The research was designed to assist the AEMC to develop a complete understanding of the retail energy market experience for residential and small business electricity and gas consumers as part of its nationwide review of competition in retail energy markets.

The qualitative research comprised two forums held in Brisbane on 12 February 2014 with 24 residential and 6 small business consumers and in Maroochydore on 13 February 2014 with 16 residential and 5 small business consumers. The quantitative research involved a mix of telephone and online surveys with 702 residential consumers and 101 small business consumers. Residential consumers were defined as the person in the household who is the main or joint decision maker when it comes to choosing an energy company. Small business consumers were those whose quarterly electricity bill was less than \$4,750 and whose gas bill was less than \$6,000 per quarter (\$4,500 in regional areas). Please see the Methodology section starting on page 6 for more details.

This research is part of a broader project that includes South Australia, Victoria and the ACT, and quantitative research in NSW.

Key Findings

- **Consumers were generally satisfied with their retailer largely due to an absence of supply interruptions and a lack of customer service issues.** Most consumers were reasonably satisfied with their own electricity company (65% residents and 62% small business satisfied) but were less satisfied with the industry in general because of broader concerns about rising prices and the way energy companies price their services, market and communicate. Qualitative research suggests higher levels of mistrust of energy companies, particularly smaller ones, and less tolerance of overseas call centres than in other NEM jurisdictions.
- **There was strong awareness that consumers can choose an energy retailer but real knowledge of options is limited.** While around 9 in 10 consumers knew they could choose their electricity or gas company and three quarters knew they can choose from a range of different types of energy plans, the qualitative research suggests that actual knowledge of the range of the available options is limited.
- **Around one in three have actively searched for an energy offer.** Around 30% of residential consumers and 27% small business consumers had actively investigated different offers or options they could potentially switch to in the last 12 months.
- **Reported switching rates are strong.** In the past five years, around three in five residential consumers (57%) and half of the small business consumers (50%) had changed their electricity company or plan at least once. Significantly less residents, however, had switched gas company or plan (33%).
- **Retailer marketing is critical to market participation but is not as active in southeast Queensland as in other jurisdictions.** The qualitative research suggests the main trigger to investigate a new energy deal is increased awareness that it is possible to save money by changing energy company or plan, and

that consumers typically get this information either through a knock at the door or a telephone call from an energy company or via word of mouth from family or friends.

Given the strong relationship between approaches by retailers and switching, one barrier to consumer participation in the retail energy markets in southeast Queensland is that retailers are not as active in this market as they are in others. Around 42% of residential consumers and 45% of small business consumers had been approached by an energy company offering to sell them electricity or gas in the last 12 months. This is significantly lower than in Victoria (66%), South Australia (58%) or even NSW (49%). Those who had been approached were significantly more likely to have changed electricity company or plan (66%) compared to those who hadn't (50%).

- **The main barriers to participation mentioned by participants were satisfaction with current company, inertia and lack of a value proposition.** The qualitative research suggests there is higher inertia and disengagement in southeast Queensland than in other markets with many believing that all companies offer virtually the same thing for around the same price, potentially the result of lower retailer activity.
- **Business consumers in southeast Queensland appear less active in the energy market compared to other NEM jurisdictions.** Compared to the NEM average, small business consumers in southeast Queensland are less likely to have actively investigated different offers or options they could switch to (27% vs. 43%). They are also significantly less likely to be currently looking for a better deal (7% vs. 16%) and are significantly less likely to switch in the next 12 months (19% vs. 33% rating 7 or more).
- **Most consumers are interested in looking for a better deal.** Around 9% of residential consumers said they were currently looking for a better deal, with 53% interested but not currently looking and 34% not interested. Amongst small businesses, 7% were currently looking, 48% interested but not currently looking and 29% not interested.
- **Most were at least fairly confident they could access the right information to choose a suitable energy plan, with small businesses less confident than residents.** The majority of residential consumers were confident they have access to the right information to choose a suitable energy plan (41% quite or very confident, 38% fairly confident) but the proportion of small businesses that were quite or very confident (28%) was significantly lower than in other jurisdictions (Victoria 47%, South Australia 39%, ACT 52% and NSW 54%). The qualitative research suggested that most people know they can go online or make a telephone call to get information if they need to but they generally find the information energy companies provide very confusing. There was very low awareness of comparison websites, with just 1% mentioning the Queensland Competition Authority unprompted.
- **Satisfaction with market choice was mixed.** Around 48% of residential and 53% of small business customers were satisfied with the level of choice available to them when it comes to energy companies and energy plans, with most somewhat rather than very satisfied. The qualitative research suggests real satisfaction with the level of competition and choice was considerably lower. While participants were generally pleased they had more choice of companies and plans than they had previously thought, most equated competition to improved price and service and saw little evidence of this.

4.2 Summary of Market Context

Full retail competition for small electricity and gas consumers commenced in southeast Queensland in 2007. While retailers are legally able to compete in the remainder of the state, no retailer has done so to date due to the way in which the Queensland Government's uniform tariff policy is given effect, which makes it difficult for retailers to compete.

Customers in southeast Queensland have a choice of market offers from 12 electricity retailers and a standard offer set by the Queensland Competition Authority. All retailers are required to offer this regulated tariff as well as their market offers, and in 2013, 30 per cent of customers were on the standard offer. Origin Energy and AGL have the largest market shares.

Gas customers have a choice of market offers from two gas retailers². There is relatively low penetration of gas in Queensland compared to other states with just over 18 per cent of households in the Brisbane area having reticulated gas and an average annual usage lower than in most states. Unlike the electricity market, the gas market does not have a regulated price. The two incumbent retailers - AGL and Origin, have market shares of approximately 40 per cent and 60 per cent respectively.

The Queensland Government has announced its intention to deregulate the southeast Queensland market on 1 July 2015 subject to a number of conditions, including sufficient competition to benefit customers and improved customer engagement. The Government is also looking at ways to enable greater competition in the remainder of the state.

Queensland has not yet implemented the National Energy Customer Framework (NECF). Customer protections are provided for under the Queensland Electricity Code. The jurisdictional pricing regulator, the Queensland Competition Authority provides a price comparator website for residential electricity and gas customers in southeast Queensland.

² There were three gas retailers in southeast Queensland until Australian Power and Gas was acquired by one of the other two gas retailers, AGL Energy, in 2013.

4.3 Key Findings

4.3.1 Energy Markets: Interest, Awareness and Knowledge

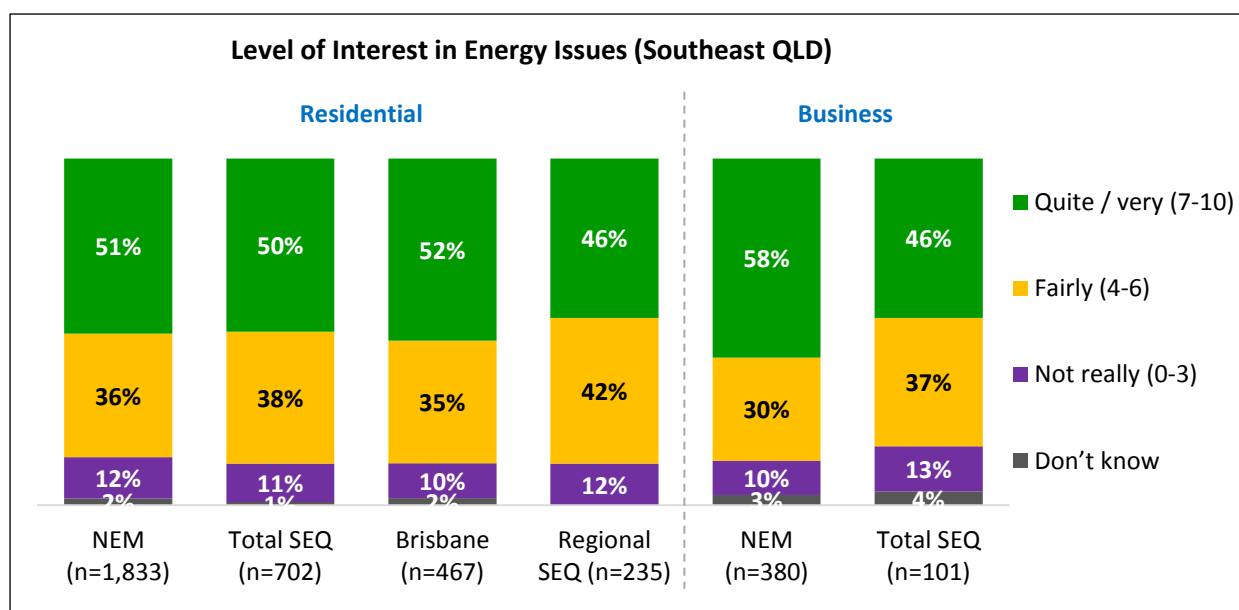
This section of the report examines:

- Consumers' perceptions of key energy issues;
- Energy market literacy; and
- Knowledge of options available to consumers when it comes to choosing an energy company and energy plan.

Energy issues and levels of interest

There were fairly high levels of interest in issues associated with energy in southeast Queensland.

In the quantitative survey around half of the residential consumers were quite or very interested (50% rating 7 or more out of 10, where 0 meant not at all and 10 meant extremely interested). Around four in ten were fairly interested (38% rating between 4 and 6) and just one in ten were not really interested (11% rating 3 or less). Very similar interest levels were noted among small business consumers and results were comparable between those based in Brisbane and those based in regional southeast Queensland.



Base: All Respondents

Q10: How interested would you say you are in issues associated with energy i.e. electricity and gas? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely interested.

This level of interest in energy issues was reflected in the qualitative research. At the beginning of the Brisbane and Maroochydore forums the majority of participants were at least fairly interested. By the end of the forums the level of interest had grown, spurred by the knowledge that energy prices in their area were likely to keep increasing.

The price increase continuing scares the living ... out of me. When will it stop? We need it to stop now! We can't sustain this. (Brisbane, small business)

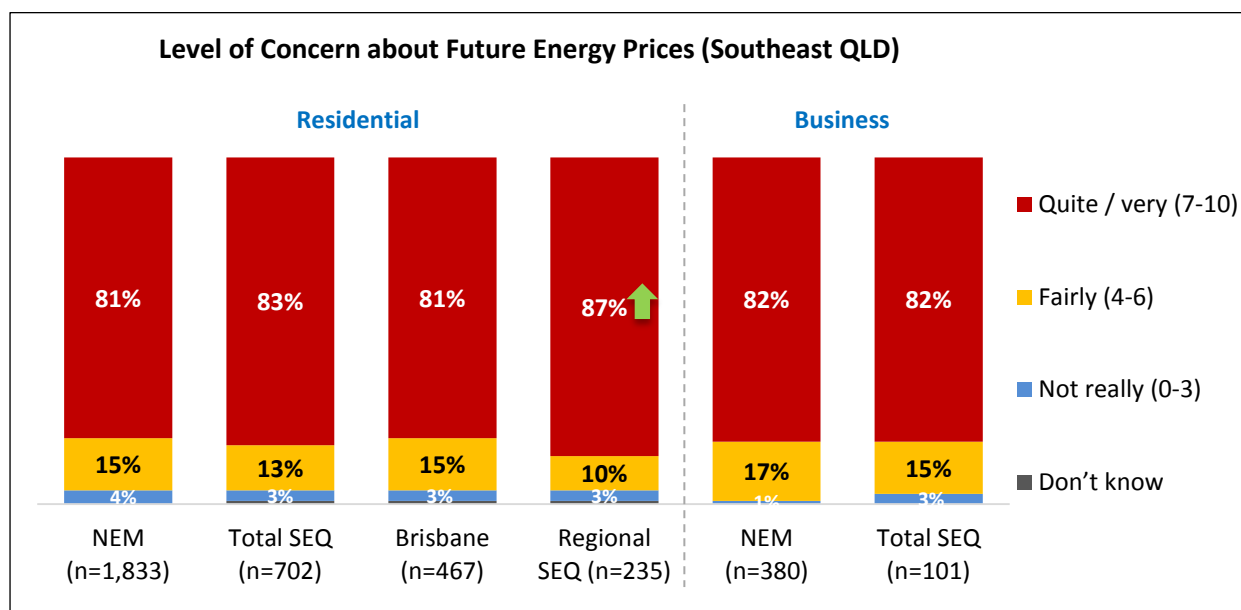
Like all other markets, the rising cost of energy was by far the standout issue in southeast Queensland and was clearly driving interest in energy issues. In the quantitative survey, more than eight in ten consumers (83% residential and 82% business) were quite concerned about future energy prices, giving a concern rating of seven or more out of 10, where 10 was extremely concerned. More than four in ten respondents were extremely concerned about the future cost of energy, giving a rating of 10 out of 10 (46% residential, 43% business).

Residents living in regional areas of southeast Queensland were significantly more concerned about future energy prices (87% rating 7 or more) than those living in Brisbane (81%). Residents with higher electricity bills were significantly more concerned than those with lower bills (the average concern rating among those whose quarterly electricity bill was less than \$500 was 8.4 compared with 8.8 among those with a bill of \$500 or more).

Almost everyone in the forums had noticed an increase in their electricity bill and even those on higher incomes were concerned. A few had seen horror stories on TV about huge energy bills or heard similar stories from family or friends.

We're paying for dodgy infrastructure, that's been run down to the max. It will go pear-shaped all of a sudden. A lot of your bill goes towards fixing those poles. (Maroochydore, Lower Income)

The small proportion of Brisbane forum participants who had gas felt that gas prices were not as great a concern as electricity prices, primarily because the cost was not seen to be rising as significantly and it does not account for as large a proportion of their household bills.



Base: All Respondents

Q12. How concerned are you about future energy prices? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely concerned.

Most forum participants had changed the way they consume energy in response to rising prices, but only a handful, mostly high-income earners and small businesses, mentioned that they had sought a better deal from their retailer or considered changing retailers as a result of higher prices.

In broad descending order of frequency, the types of actions participants mentioned taking included:

- Using appliances at off-peak times;
- Using cold water rather than hot water in washing machines;
- Turning off power at the power-point to reduce standby energy;

- Replacing traditional light bulbs with low-energy bulbs;
- Buying new, more energy efficient appliances;
- Turning off lights around the house;
- Installing solar panels;
- Using high usage energy appliances at a time that maximises the benefits of solar feed-in-tariffs; and
- The installation of power saving devices such as remote power shut down as part of a government Smart Energy Initiative, and mobile meter-reading units.

The rising prices have changed the way I live. I really try to decrease my usage. (Brisbane, Gas User)

Despite taking action, most participants felt frustrated that they had not seen a reduction in their bills, and/or powerless as other household members were not making similar efforts to change their behaviours. While small businesses were among the more engaged and knowledgeable about energy issues, many felt their ability to change their behaviour was limited by the needs of their businesses.

Overall, while most forum participants felt strongly enough about these issues to take some action, many acknowledged that they were only prepared to modify their behaviour to a certain degree, or simply couldn't be bothered. A few added that they hadn't seen any real difference in their bill as a result of their efforts so had given up.

I'm not going to walk around the house and turn off every power point. The price is up and you modify a bit. I didn't notice any difference in my bill. (Maroochydhore, Higher Income)

I just haven't spent the time chasing it up. I'm pretty slack. I do big hours and it's too hard. When there gets to be too much choice... I would choose to sleep rather than investigate energy. (Maroochydhore, Higher Income)

I'd say it's a 2 out of 10 concern for me because there's not a lot I can do. (Maroochydhore, Lower Income)

Other issues

With a strong uptake in solar energy in Queensland, and ongoing high feed-in-tariffs, after rising prices solar was the second most important energy issue amongst forum participants and much higher up the agenda than in other states.

Not surprisingly, opinions about solar were largely split between the experiences and concerns of consumers with solar PVA panels, who were mostly net energy producers, and those without.

Most who had installed solar panels had done so in response to rising prices and were enjoying subsidies that either significantly reduced their energy bills or gave them a quarterly payment. Regardless of income level, most were generally pleased with the return on their investment, though some mentioned they had found the various offers and plans quite confusing.

I'm pleased I don't have to pay the bill but if the electricity price was cheaper I'd be getting more money back. (Maroochydhore, Higher Income)

Many of those without solar queried the viability and equity of solar subsidies. Some felt the whole scheme was flawed and unsustainable and that it was unfair that those without solar were paying for

those who have it. This sentiment became stronger during the course of the session, particularly when participants understood that solar schemes were contributing to electricity price rises.

It can't stand on its own merits without a subsidy. It's putting up the prices of electricity for people who don't have it and generally it's the people who can't afford it that pay. (Brisbane, Lower Income)

I've also often thought it was ridiculous. You get 44 cents for what you put in and pay 22 cents for what you get out. It was never going to be sustainable. I think it's just so wrong. (Maroochydore, Higher Income)

Participants raised other issues of concern in relation to energy, but they were a long way behind price and solar policy and, in almost all cases, were raised by only a few people at each forum. These concerns can be broadly grouped as retailer behaviour, energy policy and market issues, and environmental concerns.

Issues raised about retailer behaviour, in broad descending order of importance, included:

- Poor customer service such as incorrect billing, late bills, lack of transparent information and difficulty dealing with call centres;
- Door-knockers - stopping this practice is seen as positive although awareness that this action had been taken was quite low;
- Conditions, discounts or other terms disappearing. For example, energy companies putting prices up at the end of a contract period without telling the consumer the contract has finished, and special deals for new customers that are not available for existing customers.
- Unreasonable and/or unexpected charges such as meter reading and exit fees; and
- Social equity and hardship provisions, including a desire for more bill smoothing.

Energy market and policy issues raised, in broad descending order of importance, included:

- The growing cost of infrastructure and its impact on bills;
- Concern about the reliability and future provision of power;
- Lack of transparency about future sources of power to be used in Australia;
- Increasing confusion in relation to choosing the best deal; and
- The profit-focus of energy companies.

Environmental and health issues raised, in descending order of importance, included:

- Sustainability and pollution;
- The future of renewable energy and whether it is viable;
- Environmental taxes;
- Reliance on coal fired power stations;
- Fire risks associated with solar panels;
- Health implications associated with the electromagnetic fields used in smart meters; and
- Incentives to use less electricity.

Knowledge of Energy Markets

Knowledge of bill components

Despite concern over energy prices and efforts by many to reduce energy consumption, forum participants' knowledge of how consumers are billed for their energy usage was fairly low.

More than half knew that electricity was measured in kilowatt-hours, but almost no one knew how many units they used in a typical billing period. There was very low awareness of the unit of measurement for gas.

*I have no idea [what goes into my bill]. I don't pay much attention and just look at the price.
(Maroochydore, Higher Income)*

Those with solar panels were much more aware of their consumption, but again in all but one case, considered it in terms of dollars rather than kilowatts-hours.

Most had little knowledge about how their energy bill is structured. About half were aware of a fixed connection charge without prompting but were unable to identify how much of their bill that fixed charge represented.

When it came to their variable charge, some knew they paid a peak and off peak rate, while others knew it by the name of their tariff. Some had heard of smart meters and had an idea there were different charges at different times of the day through the electronic power meters in southeast Queensland, but didn't really know what they were.

Other cost components of the bill mentioned included the carbon tax, connection charges, meter reading fees, administration and service charges and GST. One participant also mentioned that there are extra costs if you choose Green Power. Participants also spoke about an ambulance levy connected to their electricity bill, though some thought it had stopped. Note that no participants could confidently express what proportion of their bill these different components make up, and there was limited understanding of what each of them actually was.

Among small businesses, some expressed concern that business customers are charged more than residential customers even when their business is run from home. They thought the rate should be the same.

Knowledge of how prices are set

When asked how they thought electricity prices were set and whether or not they were regulated, some thought there was a maximum regulated price, others thought not. Some guessed that the Queensland Competition Authority set prices while others suggested that companies set their own price.

When asked how much control they felt that energy companies have over the price they charge, most thought they had a moderate to high degree of control because they were able to offer discounts.

They must have a bit of leeway because people are getting discounts. (Maroochydore, Lower Income)

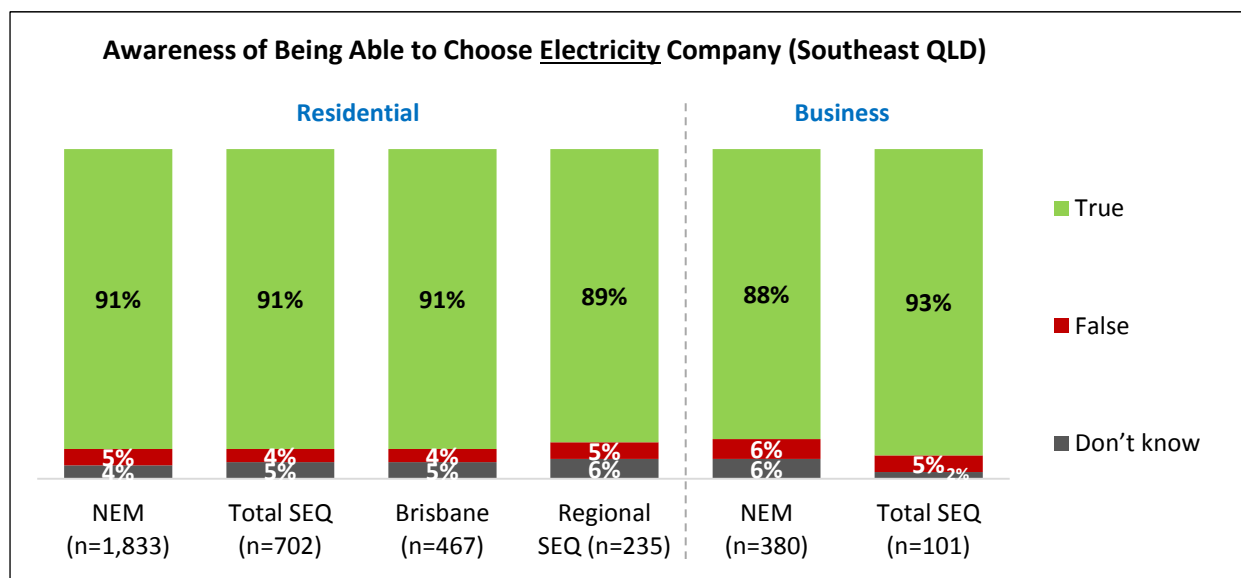
Nevertheless, there is also a vague awareness that there are wholesale costs that cover things like electricity generation, building and maintaining infrastructure, and retail costs associated with wages/workforce and profits.

There are three components. One is the overall cost based on consumption...upkeep of power stations. Two is probably how much people are using in the area, and three is how much they can get away with. (Brisbane, Lower Income)

Awareness of Choice

Energy company

Almost all forum participants were aware they could choose their energy company. They knew this as a result of being approached by door-knockers or call centres or through television advertising. This was consistent with the quantitative survey where nine in ten consumers (91% residential, 93% small business) were aware that they could choose their electricity company.



Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False.

a) Consumers in your state [territory] can choose their electricity company

Some forum participants said retailer marketing meant they could hardly escape the fact.

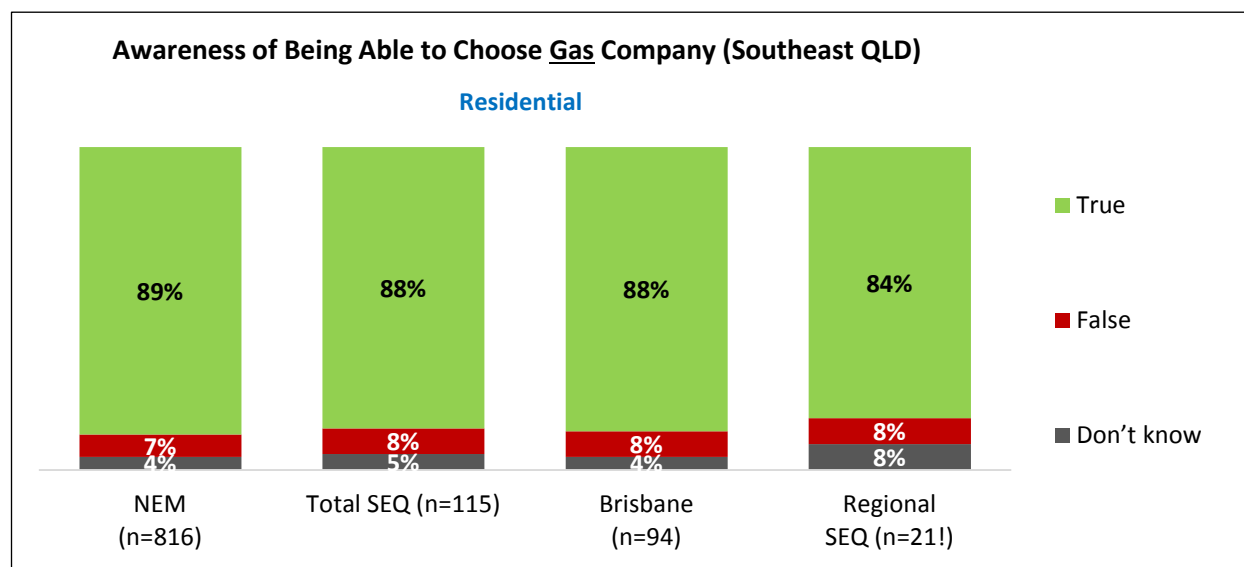
People knock all the time. Ever since they started to privatise companies they've been shoving it down our throats. (Maroochydore, Lower Income)

Despite most knowing they could choose their electricity company, the results of both the forums and the quantitative survey suggest that participants' knowledge of the extent of choice available was limited.

Despite 12 electricity retailers operating in southeast Queensland, most forum participants could only name two or three that they could potentially buy from. Those most frequently named were AGL and Origin. In both Brisbane and Maroochydore, lower income participants were better able to name companies they could buy energy from than higher income participants and small business customers. There was also some lower level awareness of Energy Australia, and mentions of distributors Energex and Ergon. Retailers mentioned by just a few participants included Lumo Energy, Click Energy, and Powerdirect.

Results from the quantitative survey also reflect confusion about how many electricity companies were available to choose from in southeast Queensland. Among those who gave an answer, responses were quite mixed and on average, residents thought there were about six companies (5.5) and business consumers thought there were about seven to choose from (6.8). Only 2% of respondents (both residential and business) said there were 12 companies to choose from. Around one in three residential

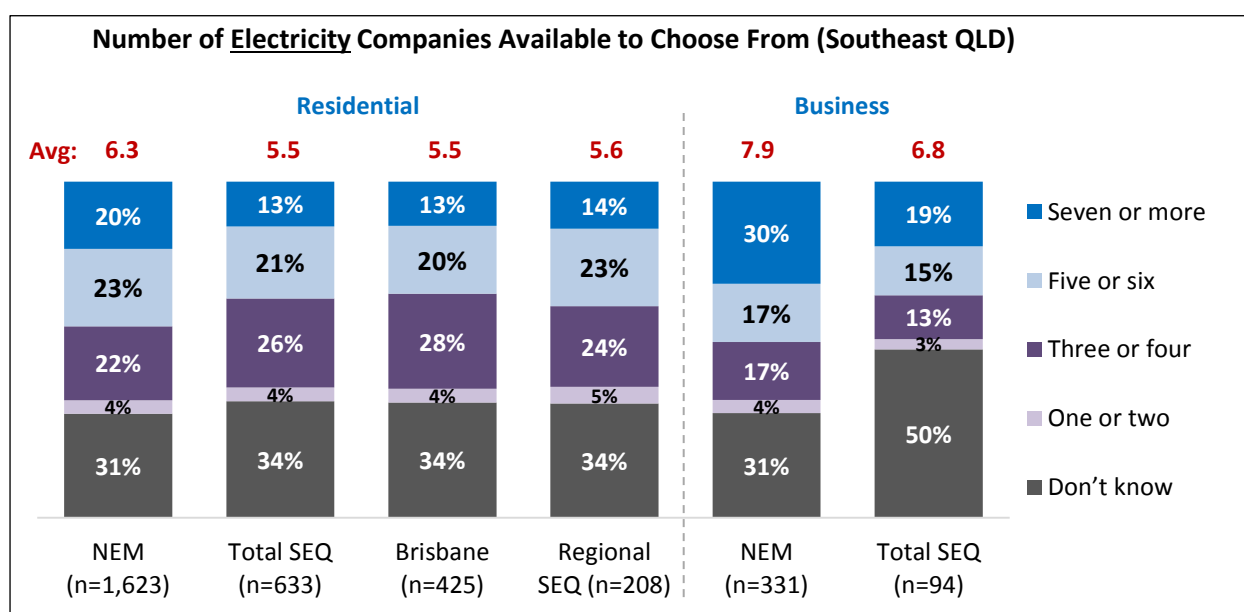
consumers (34%) and half of the business consumers (50%) could not say how many retailers there were to choose from.



Base: Respondents who have mains connected gas (NB: Business not shown due to small sample size – n=7)

Q13. Please tell me whether you think the following statements are True or False.

b) Consumers in your state [territory] can choose their gas company



Base: Respondents who say they can choose their electricity company

Q14. As far as you're aware, how many different electricity companies are available for you to choose from in your state [territory]?

Consistent with the limited penetration of gas in southeast Queensland, there were very few forum participants with gas, and in the quantitative survey, only 16% of residents and 11% of business consumers had mains connected gas.

As was the case with electricity, the majority of those who had gas were aware they could choose their gas company (88% of residents) and there was similar confusion about how many companies there were to choose from (36% of residents did not know, only 9% said three and the average was 4.8). Base: Respondents who say they can choose their gas company (if they have mains connected gas) (NB: Business not shown)

due to small sample size – n=6) / Q15. As far as you're aware, how many different gas companies are available for you to choose from in your state [territory]?

Once provided with the list of gas retailers currently operating in southeast Queensland, there was some minimal recall of other companies but most said they were really only aware of Origin, AGL and Energy Australia and were surprised that there were so many they hadn't heard of.

There's a lot more choices than I realised there was. (Brisbane, small business)

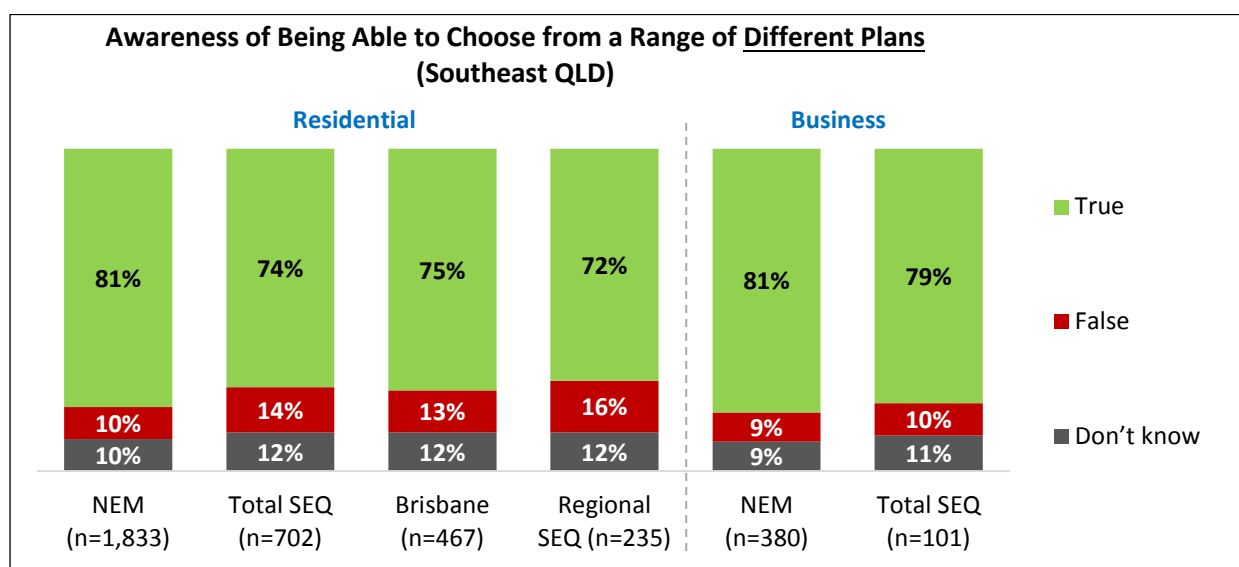
I'm surprised at how little I know. I can't believe how many providers there are. (Maroochydore, Higher Income)

Energy plan

Around two-thirds of forum participants were aware that different energy companies had different prices, but when explored in more detail through the qualitative research, most hadn't thought about those prices as representing a range of plans with different features. In discussions, less than half were aware that each retailer offered a range of different types of energy plans, price structures, contract lengths and contract terms.

Never heard of those discount plans! Where are they hiding all this information? (Brisbane, Higher Income)

Consistent with the forum results, around three quarters of residential consumers (74%) and eight in ten small business consumers surveyed (79%) were aware that they could choose from a range of different types of energy plans, price structures, contract lengths and terms.



Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False. c) Consumers in your state [territory] can choose from a range of different types of energy plans, price structures, contract lengths and terms

It is clear that consumers are getting their information from the offers being promoted by different retailers which compare one offer from each of two retailers, rather than a comparison of offers from the same retailer.

That said, some of the options participants were aware of included solar feed-in-tariffs, pensioner discounts, early termination fees, Green Power, hardship provisions, controlled loads, magazine

subscriptions and discounts for online billing and on-time payment. Based on the earlier discussion about tariffs, they assumed that different tariff structures would probably form the basis for different plans.

Most were unaware of different contract lengths and typically did not know whether or not they were currently on a contract. Most thought they simply continued with their current retailer until they decided to change and most had not heard of evergreen contracts. Despite this, many were aware of exit fees.

This very low awareness of different types of discounts or incentives was coupled with quite low interest in these options. In comparison with other markets there was a strong sense in southeast Queensland that the price you paid would be pretty much the same no matter which retailer you went with.

Nothing is for free so you would end up paying for it in one way or another. (Brisbane, Higher Income)

Price regulation

Very few forum participants knew that energy customers in southeast Queensland have the choice of a regulated or market price. There were mixed views about which price would be lower. Some, particularly higher income earners and small business customers in Brisbane, felt that the market price would have to be lower for retailers to win business.

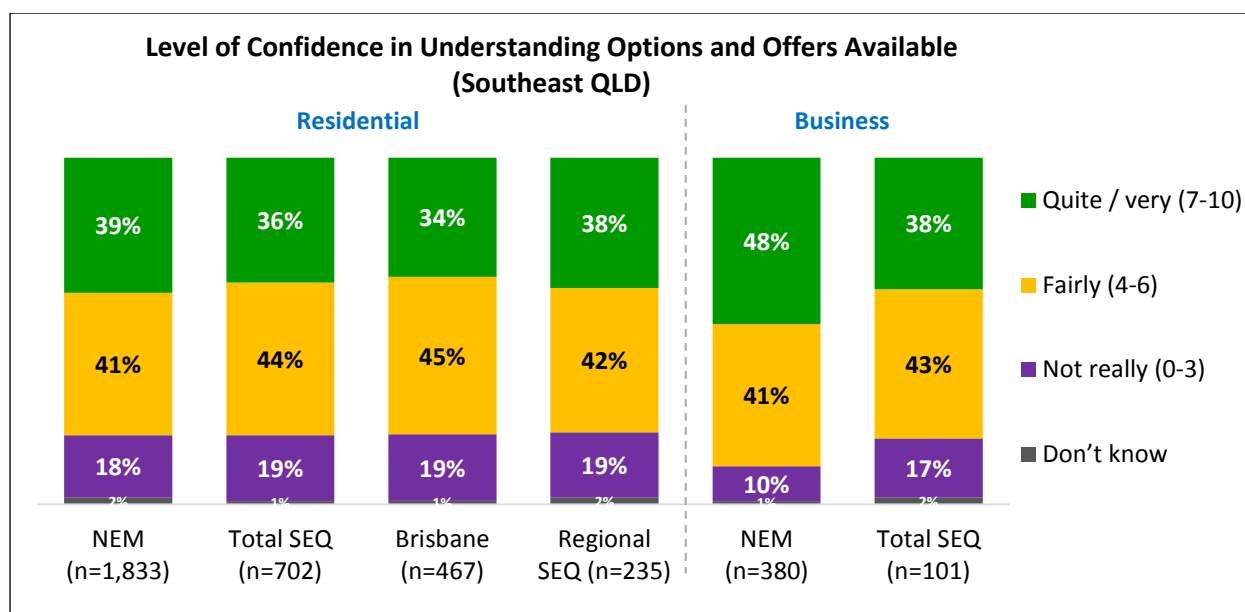
At least the regulated price should give you a benchmark. (Brisbane, small business)

Others thought retailers would need to charge a mark-up to cover their costs and that the regulated offer would be the best option.

If you were getting a cheaper price they would sting you some other way. (Maroochydore, Lower Income)

Confidence

In the quantitative survey, confidence levels were quite mixed. Around a third of residents (36%) and two in five businesses (38%) were quite or very confident they understand the various options and offers available to energy customers in their state. Just over two in five consumers (44% of residents and 43% businesses) were fairly confident and around one in five (19% residents, 17% businesses) were not really confident. Significantly more residential consumers who had actively investigated options in the past 12 months felt they were quite or very confident assessing they understood the options and offers available (46% rating 7 or more compared to 32% of those who had not).



Base: All Respondents

Q11. And how confident are you that you understand the various options and product offers that are available to energy customers in your state [territory]? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

It is important to note that the qualitative research strongly suggest this confidence is over-stated. The majority of forum participants commented that they find the options all very confusing and do not see the point in spending a lot of time working their way through them.

*It's all too confusing. It's like phone companies. It's all different but there's no base.
(Maroochydore)*

4.3.2 Switching Behaviour

This section of the report examines:

- Past switching behaviour;
- Drivers and triggers to investigating offer energy plans and switching;
- Barriers or reasons for not investigating other energy plans and switching;
- Information gathering processes and key sources of information;
- Likelihood to switch or consider another offer in the future; and
- Initiatives likely to increase confidence in investigating alternative plans.

The qualitative research explored the different motivations and barriers among those who had switched, those who investigated switching but ultimately did not, and those who had neither investigated nor switched.

The drivers and barriers to switching were similar across income levels, but the extent to which people were motivated to take action in response to these triggers, or be stopped by the barriers, varies according to their level of concern about price and their awareness and perceptions of the options available to them.

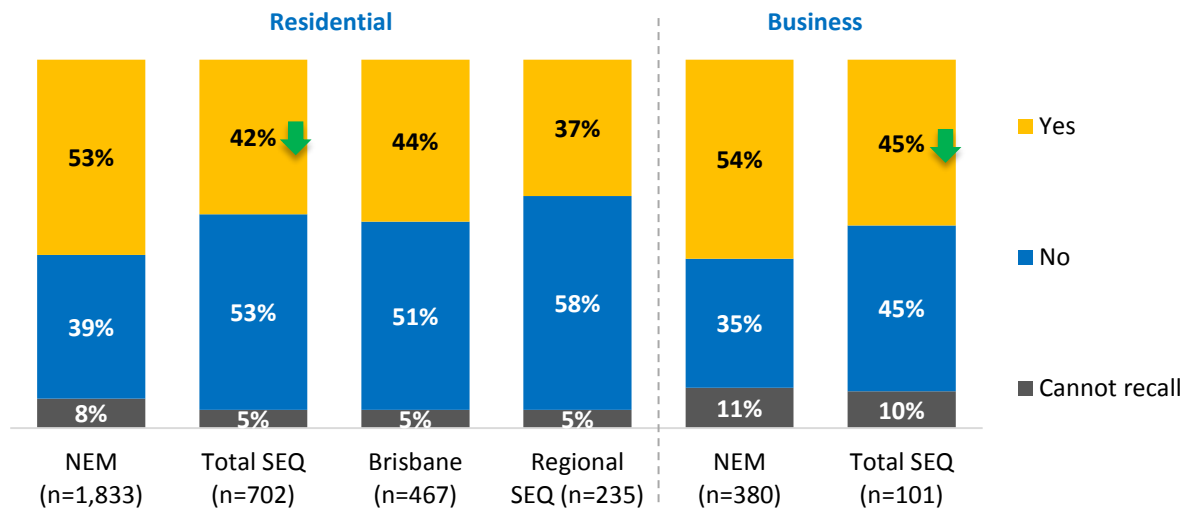
Past switching behaviour

Around four in ten residents (42%) and almost half of the small business consumers (45%) surveyed in southeast Queensland had been approached by an energy company offering to sell them energy in the last twelve months. This is significantly lower than in Victoria (66%), South Australia (58%), reflecting the higher level of market regulation in the state. It is also higher than in NSW (49%).

Consumers who had been approached in the past 12 months were most likely to have had just one or two companies try and sell them energy (62% of residents, 61% of small business consumers). On average, consumers had been approached by about two companies (2.4 for residents, 2.3 for businesses). Again, these results are significantly lower than the fully deregulated markets of Victoria and South Australia.

Three in ten residential consumers (30%) and just over a quarter of small business consumers in southeast Queensland (27%) had actively investigated different offers or options that they could potentially switch to in the last 12 months. While residents' behaviours were consistent with other NEM jurisdictions, business consumers in southeast Queensland were significantly less likely to have investigated their options.

Approached by an Energy Company in Past 12 Months (Southeast QLD)

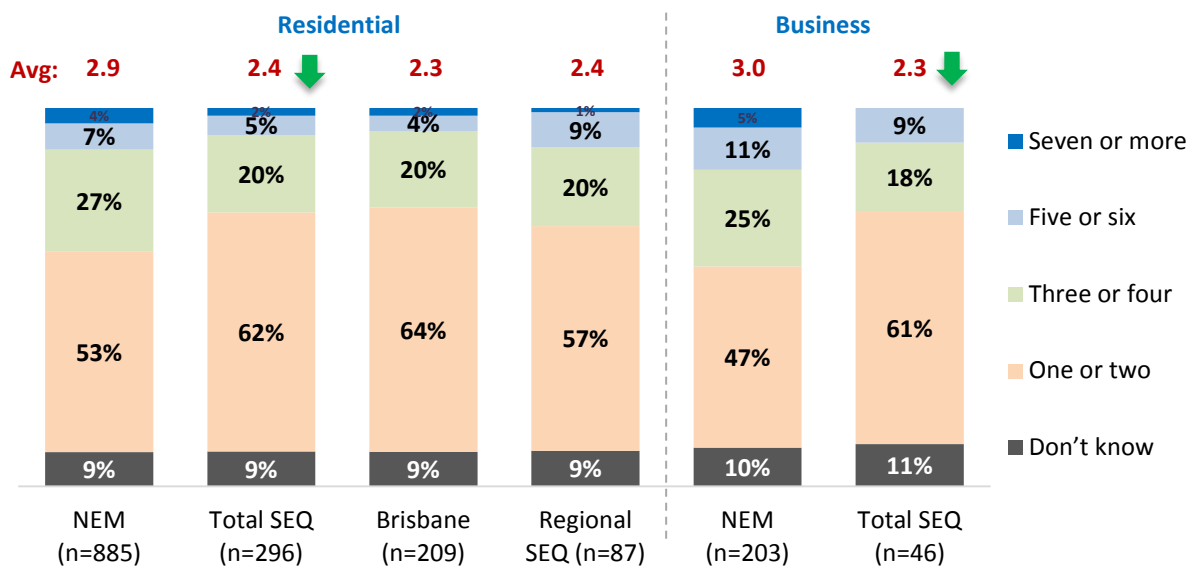


Base: All Respondents

Q18. In the past 12 months have you been approached by an energy company offering to sell you electricity or gas?

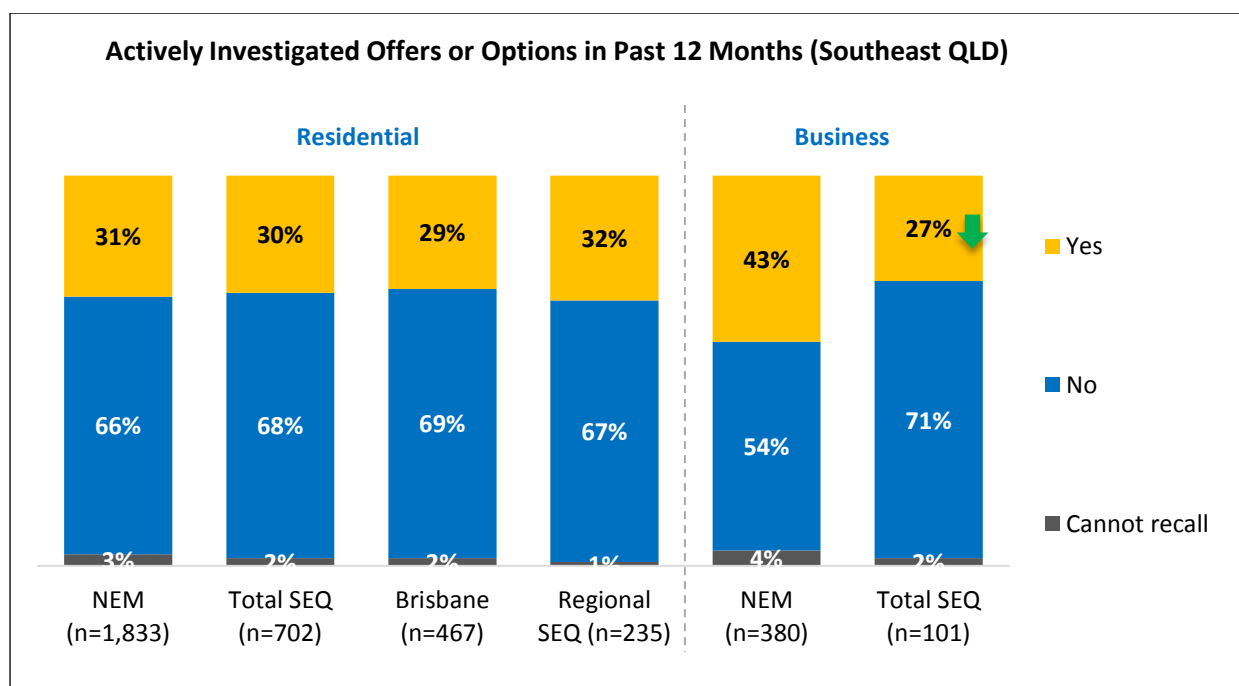
NB: Arrows on the state total indicate that the result is significantly higher or lower than the NEM average. An arrow on a capital city or regional area result means that it is significantly higher or lower than the other region.

Number of Different Companies Approached by (Southeast QLD)



Base: Respondents who had been approached by an energy company in the past 12 months

Q19. How many different companies would you say have approached you in the last 12 months offering to sell you electricity or gas?



Base: All Respondents

Q20. In the past 12 months, have you actively investigated different offers or options that you could potentially switch to?

Respondents were asked to indicate how many times they had switched their electricity or gas (if relevant) provider or plan in the past five years. In order to further understand consumers' propensity to switch, they were also asked how many times they had switched other service providers in the past five years. The table below shows the proportion of consumers who changed their service provider at least once in the past five years. The gas switching rates are shown as a proportion of consumers who have mains connected gas.

Provider (% switched at least once)	Residential				Business	
	NEM (n=1,833)	Total SEQ (n=702)	Brisbane (n=467)	Regional (n=235)	NEM (n=380)	Total SEQ (n=101)
Electricity Company	48%	44%	40%	51%	47%	43%
Electricity Plan	39%	31%	30%	31%	39%	34%
TOTAL Electricity	60%	57%	54%	61%	56%	50%
Gas Company	40%	27%	24%	Not shown due to small sample size (n=21)	Not shown due to small sample size (n=7)	
Gas Plan	30%	21%	18%			
TOTAL Gas	49%	33%	30%			
Car Insurance	37%	39%	41%	34%	Not asked of business consumers	
Mobile	32%	34%	35%	33%		
Internet	30%	32%	32%	32%		
Landline	22%	26%	26%	26%		
Home Insurance	22%	27%	28%	26%		
Bank	18%	19%	21%	15%		
Health Insurance	13%	14%	14%	14%		

Base: All Respondents

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company? / D7. In the last five years, how many times have you changed any of the following providers or companies with which you have products and services? MULTIPLE RESPONSE

In southeast Queensland around three in five residential consumers (57%) and half of the small business consumers (50%) had changed their electricity company or plan at least once in the past five years. By comparison, four in ten residential consumers (39%) had changed their car insurance provider and a third had changed their mobile phone (34%) or internet (32%) provider in the past five years.

The following types of residential consumers were significantly more likely to have changed their electricity company or plan in the past five years:

- Those who were more concerned about future energy prices (59% of those who gave a concern rating of 7 or more out of 10 vs. 44% of those who gave a lower concern rating) – as discussed later in this report, this further confirms that price is a main trigger for changing energy company or plan.
- Those who had been approached by an energy company offering to sell them energy (66% vs. 50% of those who had not been approached)
- Those who actively investigated options or offers they could potentially switch to (75% vs. 49% of those who hadn't)
- Those with high electricity bills (73% of those with a quarterly bill of \$700 or more had changed vs. 57% of those whose bill was lower)
- Those who have solar panels (69% vs. 51% of those who don't)
- Those who have internet access (58% vs. 28% of those who don't)

Significantly less consumers had changed their gas company or plan (33% of residents), reflecting the lower penetration of gas and competition in this area. In the forums, many also mentioned that gas was not as a significant expense as electricity, so they were less inclined to seek out a better deal for gas. Consumers who had actively investigated options or offers they could potentially switch to were significantly more likely to have changed their gas company or plan in the past five years (54% vs. 23% of those who hadn't).

The table below shows the average number of times consumers changed their energy company or plan in the past five years.

When it came to electricity, residential consumers in southeast Queensland had changed their company 1.8 times and their plan 1.5 times on average. Business consumers had changed their company 1.4 times and their plan 1.5 times on average. Results were comparable between Brisbane and regional southeast Queensland.

Consumers tended to change their gas company or plan at similar rates to electricity with residents changing company 1.5 times and plan 1.5 times on average in the past five years.

There was strong relationship between the number of times people had changed their energy company or plan and the number of companies that they had been approached by. The tipping point tended to be four companies i.e. those who had been approached by four or more changed energy company or plan significantly more times than those who had been approached by three or less.

Provider (Average number of switches)	Residential				Business	
	NEM (n=773)	Total SEQ (n=303)	Brisbane (n=189)	Regional (n=114)	NEM (n=159)	Total SEQ (n=43)
Electricity Company	1.7	1.8	1.7	1.9	1.7	1.4 ↓
Electricity Plan	1.7	1.5	1.4	1.5	1.7	1.5 ↓
Gas Company	1.7	1.5	1.4	2.0	Not shown due to small sample size (n=7)	
Gas Plan	1.6	1.5	1.2	2.3		

Base: Respondents who had switched energy company or plan

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company? MULTIPLE RESPONSE

Drivers and triggers to investigating offers and switching

The qualitative research suggests the main trigger to investigate a new energy deal was increased awareness that it was possible to save money by changing energy company or plan. They typically got this information either through a door-knocker or telephone call from an energy company or via word of mouth from family or friends.

Concern about rising energy prices, driven either by the receipt of an unexpectedly large bill or in response to rising costs over a period of time, either made consumers more receptive to approaches from energy retailers, or motivated them to investigate their options independently.

I've been trying to remember why I changed. Bills kept going up. People were coming round all the time. Bills went down but then I was getting late fees that weren't right and when I rang up they didn't help. A young fellow came round and mentioned discounts that I was entitled to and said I'd get a better deal. (Maroochydore, Lower Income)

I heard of others getting good deals so was curious to find out what might be available for us. (Maroochydore, Looked but Didn't Switch)

I listen out all the time to what friends tell me and to anyone who knocks on my door. If I hear of a better offer I'll change again. (Maroochydore, Switcher)

Another trigger to investigating options was dissatisfaction with their current energy company, usually due to poor customer service, changing terms and conditions and increasing prices.

We were not happy with the original company's apparent lack of responsibility and insufficiently trained staff who didn't seem to be taking notes, which meant that we had to keep repeating our story. (Brisbane, Looked but Didn't Switch)

Other mid-level triggers to investigate alternative energy companies or plans identified in the qualitative research include:

- Moving house or business premises
- Expiring contract
- Hearing of someone else's positive customer service experience

Additional lower-level triggers included:

- Part of a broader cost of living review
- Changing ownership of energy company
- Moving to a company that rewards loyalty for long standing customers ('Like a no claims bonus' – AGL example given)
- Bundling business and house energy costs
- Companies with a solid green policy (not just 'green washing')
- 24 hour access to customer service

While several triggers will prompt investigation, for those who ultimately switched the price, incentive or the discount on offer was the key driver in the final decision-making. Some also said they made a decision on the basis of the simplicity of the information provided by one of the energy companies they spoke to or how easy they were to deal with on the telephone.

It was the lowest price, easiest to understand information, and time for a change. (Brisbane, Switcher)

In order to quantify the drivers and triggers identified in the qualitative research, respondents who had changed their energy company or plan in the past five years were asked their main reason for switching.

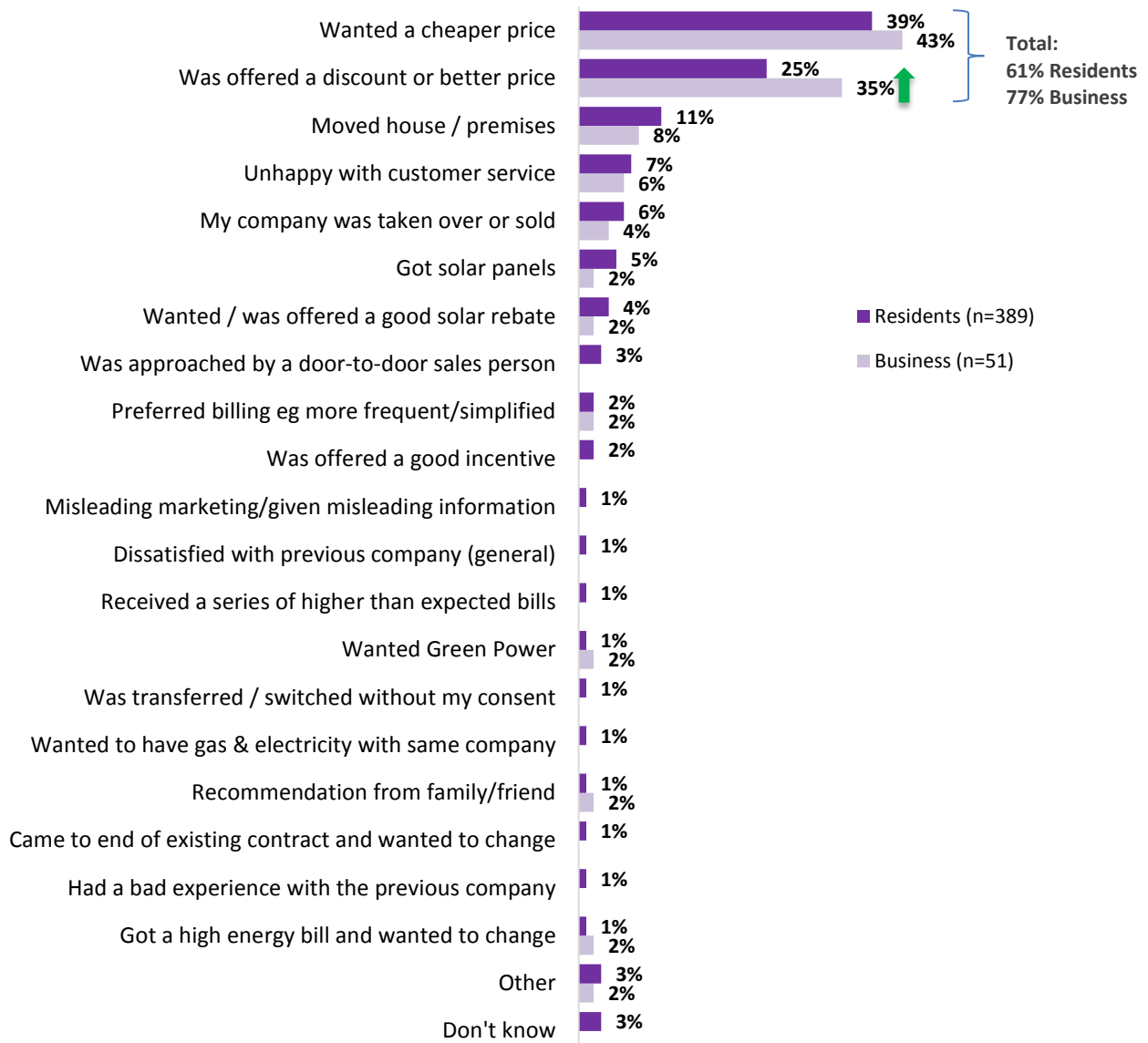
The drivers and triggers identified were similar to those mentioned in the forums. For electricity, the main reasons for switching were that consumers wanted a cheaper price (39% of residents, 43% of businesses) or they were offered a discount or better price (25% of residents, 35% of businesses). In total, 61% of residents and 76% of businesses that switched electricity company or plan were motivated by cheaper price. Note that businesses were significantly more likely than residents to say they switched after being offered a discount or better price. Earlier results saw that businesses had been approached by energy retailers less frequently than residential customers suggesting there may be value in more marketing in this area.

Other lower level reasons for switching were also consistent with the qualitative research and included moving house or premises (11%, 8%), they were unhappy with the customer service (7%, 6%) or the company they were with was taken over or sold (6%, 4%).

For gas, the main drivers for switching were wanting to find a cheaper price (37% of residents) or being offered a discount or better price (18%) – 53% in total. Lower level drivers were moving house (17%), being unhappy with customer service (10%), receiving a series of higher than expected bills (7%) or wanting to bundle electricity and gas (6%). Please note, the results for business consumers are not shown in this report due to the limited number of small gas users in southeast Queensland who actually changed company or plan (n=7).

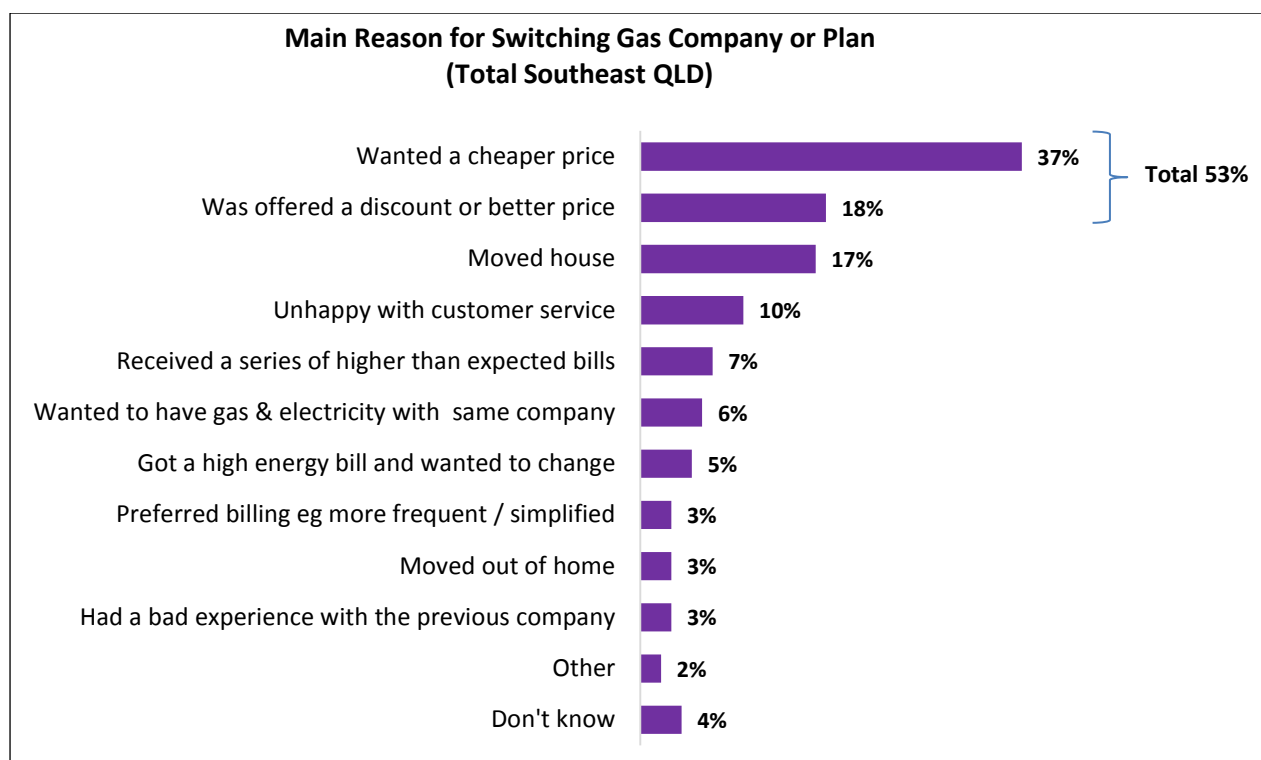
These results are similar to those in other jurisdictions and results in Brisbane and regional southeast Queensland were also similar.

Main Reason for Switching Electricity Company or Plan (Total Southeast QLD)



Base: Respondents who switched their electricity company or plan

Q22. The last time you switched, what was the main reason you changed your electricity company or plan? MULTIPLE RESPONSE



Base: Respondents who switched gas company or plan (Residents: n=38) NB: Business results not shown due to small sample size (n=7). / Q27. The last time you switched, what was the main reason you changed your gas company or plan? MULTIPLE RESPONSE

Reasons for not investigating offers or switching

This section of the report focuses on the barriers to investigating offers and switching. The results of the quantitative research are covered first, followed by a more in-depth analysis from the qualitative research.

In order to identify the barriers to switching provider or plan, survey respondents who had actively investigated options and offers they could potentially switch to but who had not switched in the past few years were asked what stopped them from switching. The results for the 36 residents who had are shown in the chart below. Business results are not shown as there were only 2 respondents in the survey who investigated options but did not switch.

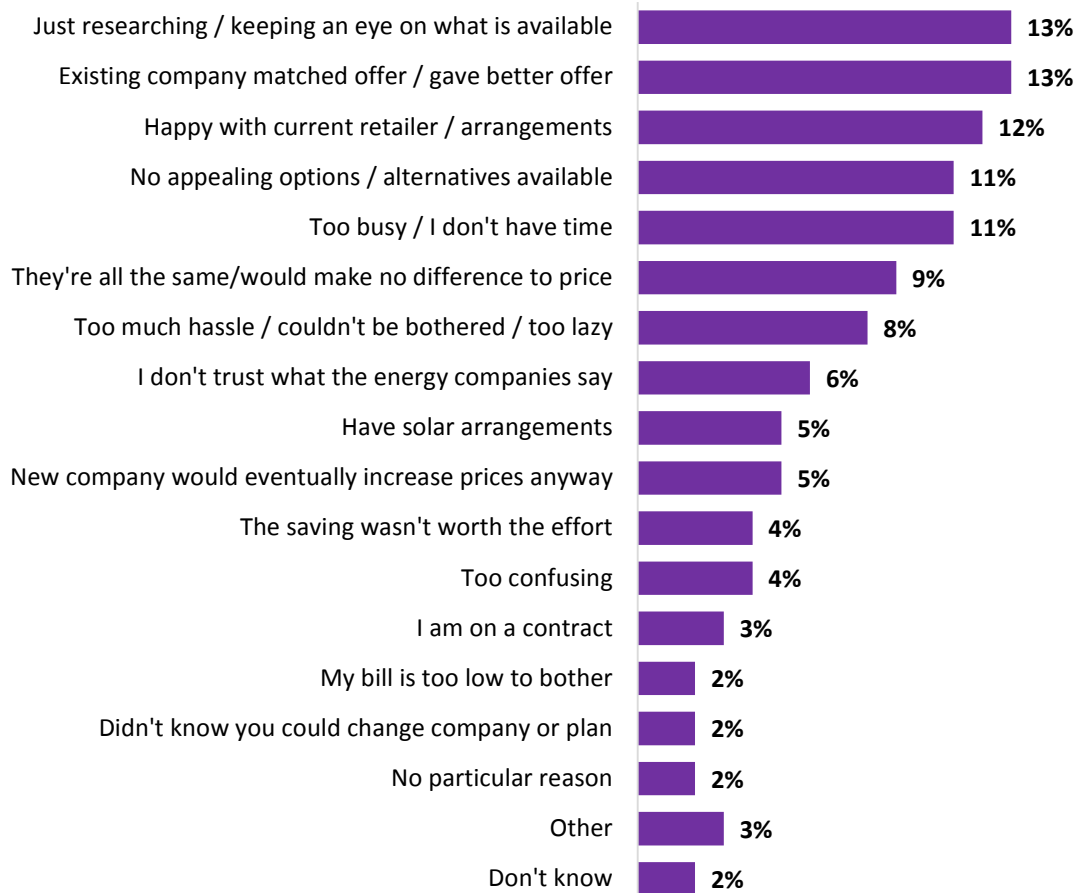
The main reasons that consumers started to investigate options but did not switch were:

- They were just doing research / keeping an eye on what was available (13%)
- Their existing company matched the offer (13%)
- They were happy with their current retailer or current arrangements (12%)
- They couldn't find any options that were more appealing than their current plan (11%)
- They were too busy / didn't have time (11%)
- They are all the same and switching would make no difference to the price (9%).

Those who hadn't investigated options or switched energy company or plan in the past five years (25% of residents and 16% of business consumers) were also asked the reasons for this.

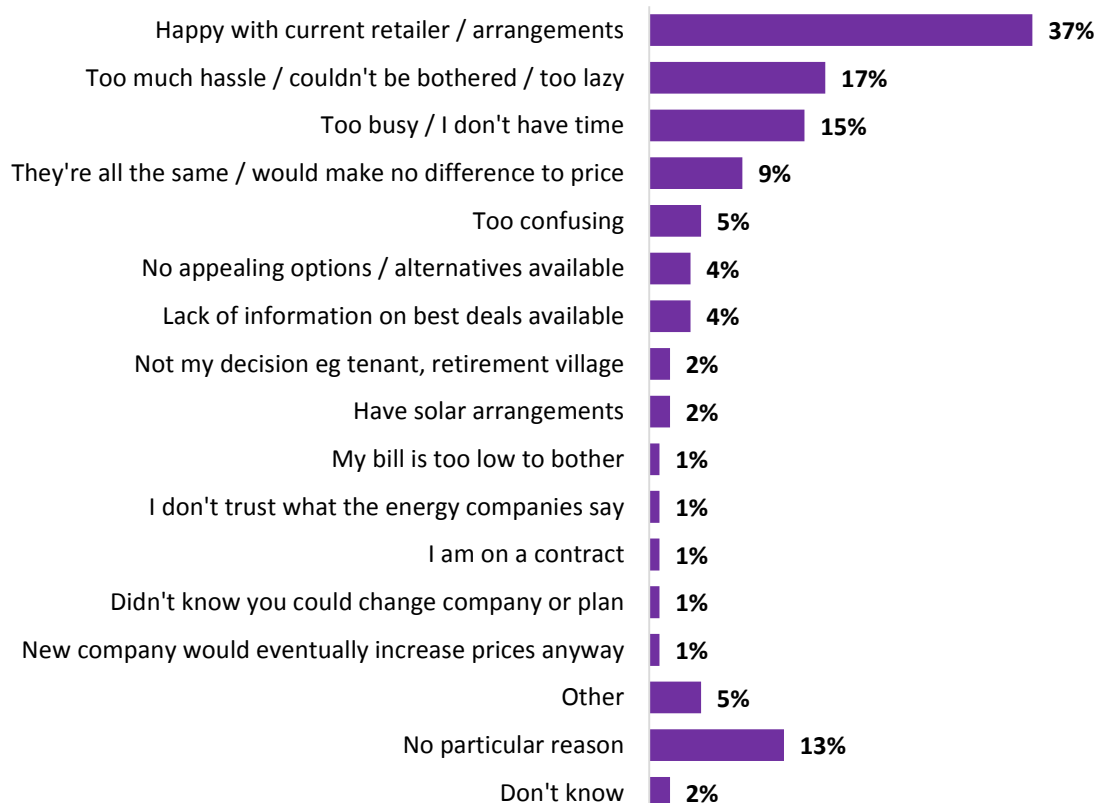
Among residents, the main reasons were they were happy with their current retailer or arrangements (37%), it was too much of a hassle, they couldn't be bothered or were too lazy (17%) or they were too busy or didn't have the time (15%). Other lower level reasons included feeling it would make no difference to the price I pay (9%) and it is too confusing (5%).

**Main Reason for Investigating Different Offers and Options But Not Changing
Energy Company or Plan (Total Southeast QLD)**



Base: Respondents who investigated options but hadn't changed their energy company (Residents: n=36) NB: Business results not shown due to small sample size (n=5). / Q32. And what was the main reason why you investigated different offers and options but haven't changed your energy company or plan in the last few years?
MULTIPLE RESPONSE

Main Reason for Not Investigating or for Not Changing Energy Company or Plan (Total Southeast QLD)



Base: Respondents who hadn't investigated options or changed their energy company (Residents: n=174) NB: Business results not shown due to small sample size (n=16). / Q33. Are there any reasons why you haven't investigated different options or why you haven't changed your energy company or plan in the last few years? MULTIPLE RESPONSE

The results from both the quantitative survey and qualitative forums suggest that the main barriers to consumer participation in the competitive energy market in southeast Queensland are inertia and disengagement. Consumers felt that they didn't really have any real incentive to switch, they couldn't really be bothered or didn't have the time. This is compounded by a lack of credible, independent information to assist them navigate the complexity of the offers available, and generally poor energy literacy. Distrust of energy companies also came through strongly in the more detailed discussions at the forums.

Unique to Queensland, substantial feed-in-tariffs are also working as a strong disincentive for those with access to solar power.

It is important to note that a barrier that was not mentioned by survey participants but which is evident in comparing the results from this jurisdiction to that of others is the lower level of retailer marketing activity.

The table below summarises the main barriers identified in the qualitative research to investigating different energy companies and plans with a view to switching. Note that many overlap. Each of these barriers is addressed in detail later within this section.

Barriers	What people say
Barrier A: No compelling value proposition	<ul style="list-style-type: none"> • I'm happy with my current retailer/arrangements, there is no reason to change • I don't think I'll save much money, they are all the same • My bill is too low to bother • I'd prefer to reduce usage rather than spend time searching
Barrier B: Mistrust of Energy Companies	<ul style="list-style-type: none"> • I don't trust what energy companies say • There are too many hidden fees and charges • They tell lies and make mistakes • Sales people use high pressure tactics and are often poorly trained • I am sceptical about signing up with smaller companies. • I prefer Australian-owned companies rather than ones from overseas
Barrier C: Disengagement	<ul style="list-style-type: none"> • Too much hassle, couldn't be bothered, too lazy • Too busy, I don't have the time
Barrier D: Complexity & Energy Literacy	<ul style="list-style-type: none"> • It's too complicated, there are too many options • Options are too difficult to compare • Dealing with overseas call centres is difficult • I don't know what plan I'm on at the moment or how my energy bill is calculated • I don't understand the information available • I'm not confident I know what to look for
Barrier E: Solar energy feed-in-tariffs	<ul style="list-style-type: none"> • I don't pay for much electricity so it's not worthwhile. • I'm on a good feed-in-tariff and wouldn't want to risk that.
Barrier F: Need for independent credible information/Lack of awareness of comparator site	<ul style="list-style-type: none"> • I don't know where I can find information I can trust • Lack of consistency in the way offers are described, which means you can't compare apples with apples • Energy companies can't provide comparative information. • It's too difficult to compare • Commercial comparative sites don't have all the info
Barrier G: Nature of competition	<ul style="list-style-type: none"> • My current retailer matched the price, so I didn't switch

The next section of the report provides more detail on each of the barrier categories identified earlier, with analysis based mainly on qualitative and quantitative results.

Barrier A: No compelling value proposition

The main overarching barrier identified in the qualitative research was a strong sense that it was not worth the time involved in investigating and switching energy company or plan as the savings would be minimal.

In the quantitative survey, 17% of residents who hadn't investigated offers or changed company or plan couldn't be bothered, 15% didn't have the time and 9% felt that all energy companies would be the same and switching would make no difference to price they paid. A further 1% felt their bill was too low to bother.

Many forum participants spoke about their lack of confidence that the savings they could make would be worthwhile. There was some discussion on how much it would be possible to save, with savings identified

ranging from 5 to 15 per cent. Most thought around 10 per cent and many felt this was not sufficient incentive to switch.

The value of the offers isn't big enough. It's not worth my energy and time. (Maroochydore)

Do I have the time to be on the phone for a few hours to save myself \$8 a quarter? (Brisbane, Higher Income)

Most of those who hadn't switched were often fairly happy with their existing company and either felt confident they were already getting a reasonable deal or didn't think they'd get a better deal. In the quantitative survey, 37% of those who hadn't investigated offers or changed company or plan mentioned this as a reason.

I could probably Google it, but I'm happy and I know through word of mouth that my power bill is pretty good. (Brisbane, Looked but Didn't Switch)

Our current company hasn't annoyed us enough to change. We're aware of different plans, but I'm not much interested in looking myself because I don't understand. Too much information and it's not clear. (Brisbane, Higher Income)

If you're satisfied with what you've got it is silly to go with someone else. (Maroochydore, Looked but Didn't Switch)

They've all got pros and cons. I've been with them for years. Humans make errors. Unless they do something really bad I won't change, like overcharging to the extreme without explaining it. (Brisbane, Switcher)

As detailed earlier, most participants' response to increasing energy bills is to change their behaviour to reduce energy consumption. In the qualitative research, this was by far the top-of-mind response to rising energy bills, with only a few people suggesting the option of switching energy companies or plans.

Barrier B: Mistrust of Energy Companies

In the quantitative survey, 6% of those who investigated options but didn't change, and 1% of those who hadn't investigated offers or changed company or plan, said they didn't trust what energy companies had to say. Another 5% of those who investigated but didn't switch, and another 1% of those who hadn't looked into it, thought the new company would eventually put up the prices anyway.

While mistrust of energy companies was not raised as a key barrier to investigating offers and switching in the quantitative research, when forum participants were asked to talk about their experiences in detail, suspicion about the trustworthiness of energy companies in southeast Queensland emerged as an important underlying issue. While this was sometimes driven by personal experience or word-of-mouth of billing or other issues, marketing practices such as door-knocking have also fuelled mistrust. There is also a widespread bias against smaller and/or foreign-owned energy companies.

In Brisbane, participants spoke about the fine print in energy contracts, and the pushy behaviour of door-knockers. Among both switchers and non-switchers, door-knockers were far more of a barrier than a driver to switching. Among non-switchers in Maroochydore, several people were strongly against them and said they would not switch to a company that sent doorknockers around.

The door-to-door salespeople say, 'show me your bill and I'll go better'. They've made me hesitant to try other sources of information. I don't like them...they knock at night when I want to relax. (Maroochydore, Non-Switcher)

The paper work they sent through outlined something different than they had said over the phone. (Maroochydore, Looked but Didn't Switch)

I got sick of people coming to the door at 6.30pm. I used to sign up as they are so forceful and it sounded like a better deal and I wanted to get rid of them but my wife would back out of it later. She's banned me from speaking to them. (Maroochydore, small business)

Once participants became more aware of the number of smaller energy companies operating in the market, there was some scepticism about signing up with an unknown entity. This was driven by a lack of understanding of the distinction between retailers and distributors and a sense that smaller companies were not necessarily legitimate or reliable.

It's better the devil you know. (Brisbane, Switcher)

I wouldn't contemplate any (of these other companies) at all. AGL has been around for a long time. I know the name. They've been good to us. (Maroochydore, small business)

I'd want someone who is financially reliable. The bigger players have more clout with generators. (Maroochydore, Looked but Didn't Switch)

One participant said they would be far more likely to try a smaller company they had not previously heard of if they knew a family member or friend had used them and were happy with them.

I don't trust them. They have to earn my trust. A referral would be good. (Brisbane, Switcher)

In Queensland, this suspicion of smaller companies extended to companies perceived as being foreign-owned. This was more pronounced in Queensland than in other states.

It is important that it's Australian. (Maroochydore, Looked but Didn't Switch)

Barrier C: Disengagement

In the forums, the sense of disengagement with energy markets appeared stronger in southeast Queensland than in other markets, with many indicating that they just couldn't be bothered or were too lazy to look into it.

This was strongly underpinned by the sense that there was no real value proposition and that they didn't know where they could get reliable information.

It was general laziness. There wasn't enough time or sufficient motivation to do it. It also seemed too complicated with too much fine print. But I might reconsider now that I know about the [Queensland Competition Authority] government website. (Brisbane, Non-Switcher)

In the quantitative survey, 17% of those who hadn't investigated offers or changed company or plan said it was too much of a hassle and a further 15% said they were too busy or didn't have time.

Barrier D: Complexity and Energy Literacy

The complexity of the different energy plans available was identified as a barrier to switching by 5% of those who hadn't investigated offers or changed company or plan in the quantitative survey and 4% of those who looked but didn't switch, but its importance as a barrier was much more evident in the qualitative research.

A third of the forum participants in Maroochydore and around one in ten in Brisbane felt that there were too many offers that were too complicated and confusing to understand and that the whole process was too time consuming and involved too much paperwork.

There is too much information but not the information you need. (Brisbane, Non-Switcher)

I'm bamboozled by all the options because I grew up with one supplier. I choose not to. (Brisbane)

I look at it but it's gobbledegook to me. (Brisbane, Higher Income)

The lack of easily understood information was also a key reason that those who investigated but ultimately did not change their provider or plan dropped out of the process.

Consistent with distrust of foreign-owned energy companies, many participants also mentioned that dealing with call centres staffed by people with English as a second language was difficult and frustrating, leading to miscommunication.

The sales people on the phone are hard to understand. Strong foreign accents and poor English skills means they don't understand the customer. (Brisbane, Looked but Didn't Switch)

Participants' lack of knowledge about energy pricing, their individual consumption and their current plan also contributes to their lack of confidence and willingness to engage in the energy market.

Barrier E: Solar energy feed-in-tariffs

Among those who have solar panels, solar energy feed-in-tariffs are a key barrier to market participation in southeast Queensland for two reasons. Firstly, the majority of those with solar panels have found that they have cut down the price of their electricity to such a degree that it really is not worth investigating whether they could save money by switching company. Secondly, those on high legacy solar feed-in-tariffs are worried that they would lose their current rate if they switch.

This was much more evident in the qualitative than in the quantitative research due to the deliberate over representation of consumers with solar panels in the forums. In the quantitative survey, just 5% of those who investigated options but didn't switch and 2% of those who hadn't investigated their options or switched mentioned this as a barrier.

I'm getting a really good rate – 50 cents for every kilowatt hour – that I sell back. I'm scared that if I switched companies or plans with my current provider, or even if I added more solar panels, then I might lose my current solar rebate. (Brisbane, Looked but Didn't Switch)

I was looking into other providers but decided to install solar panels to kill off the price increases that way. I'm now saving about \$150 a quarter as a result. (Maroochydore, Lower Income)

One of the reasons I haven't taken it further is because we have the solar panels. (Maroochydore, Looked but Didn't Switch)

Barrier F: Need for independent credible information/Lack of awareness of comparator site

Forum participants spoke of difficulty in accessing reliable, independent and easy-to-use information that enables consumers to compare offers. They identified provision of this information as the single initiative most likely to increase their confidence to engage in the market in the future. While the Queensland Competition Authority independent comparison site exists, lack of awareness about the site is a current barrier.

In the quantitative survey, while only 4% of those who hadn't investigated offers or changed company or plan said there was a lack of information on the best deals available, other responses such as 'too much hassle', 'no other options' and 'too confusing' also point to the lack of independent credible information as a barrier.

I don't really believe the comparison companies – they have their own clients and they would just mention those offers. (Maroochydore, Looked but Didn't Switch)

That's the difficult thing, you go to research it...you have to sort out exactly what they're offering. Cut to the chase and make it black and white. If there was a simple website that would be terrific. (Maroochydore, Non-Switcher)

Barrier G: Nature of Competition

Retention strategies by retailers, such as price matching, are in some instances encouraging customers to stay with their existing retailer are in some cases creating a barrier to investigating options with other retailers..

It appears that efforts by incumbent retailers to price match to keep customers acts as a barrier to those customers investigating options with other retailers.

It was just easier to stay. If Origin couldn't have matched the price I would have switched. (Brisbane, Switcher)

We'd just moved in and Origin explained that the previous tenant had been with them and that if we stayed with them they wouldn't charge a reconnection fee, which was what made us go with Origin. (Brisbane, Looked but Didn't Switch)

A counter-offer by an incumbent retailer was cited by 13% of quantitative survey respondents who had investigated but not ultimately switched as the reason they remained with their current energy company or plan.

Other barriers

Other barriers that were mentioned by just a few participants included:

- Low income – Some were concerned that the payment periods wouldn't marry up with their benefit payments if they switched and therefore they couldn't manage it.
- A few said they had no choice in their electricity and/or gas company as their entire apartment block had done a deal. One said they could choose their electricity provider but not their gas provider due to a centralised hot water system. In the quantitative survey, 2% of those who hadn't investigated options or switched said this was a barrier.

- A few were unsure of whether consumer protections would remain in place if they signed up to any new company.

Information gathering process and key sources of information

Consumers who had switched energy company or plan, or investigated but didn't switch, were asked about their information gathering process, and which information sources they found useful.

Consistent across both the qualitative and quantitative research, those who had switched electricity company or plan heavily relied on Google and general internet searches (22% of residents, 19% of businesses), door-to-door sales people (16% of residents, although this was significantly less for businesses: 2%), and word-of-mouth (16% including 9% who did not use any information sources plus 7% a friend or family member). Some 13% simply looked at the price or saving.

The qualitative research suggests that the initial impetus to look into switching came most usually from approaches from retailers either by phone or door-knocking, followed by discussions with family or friends.

I was rung by two companies and then went online to check out the offers. (Maroochydore, Lower Income)

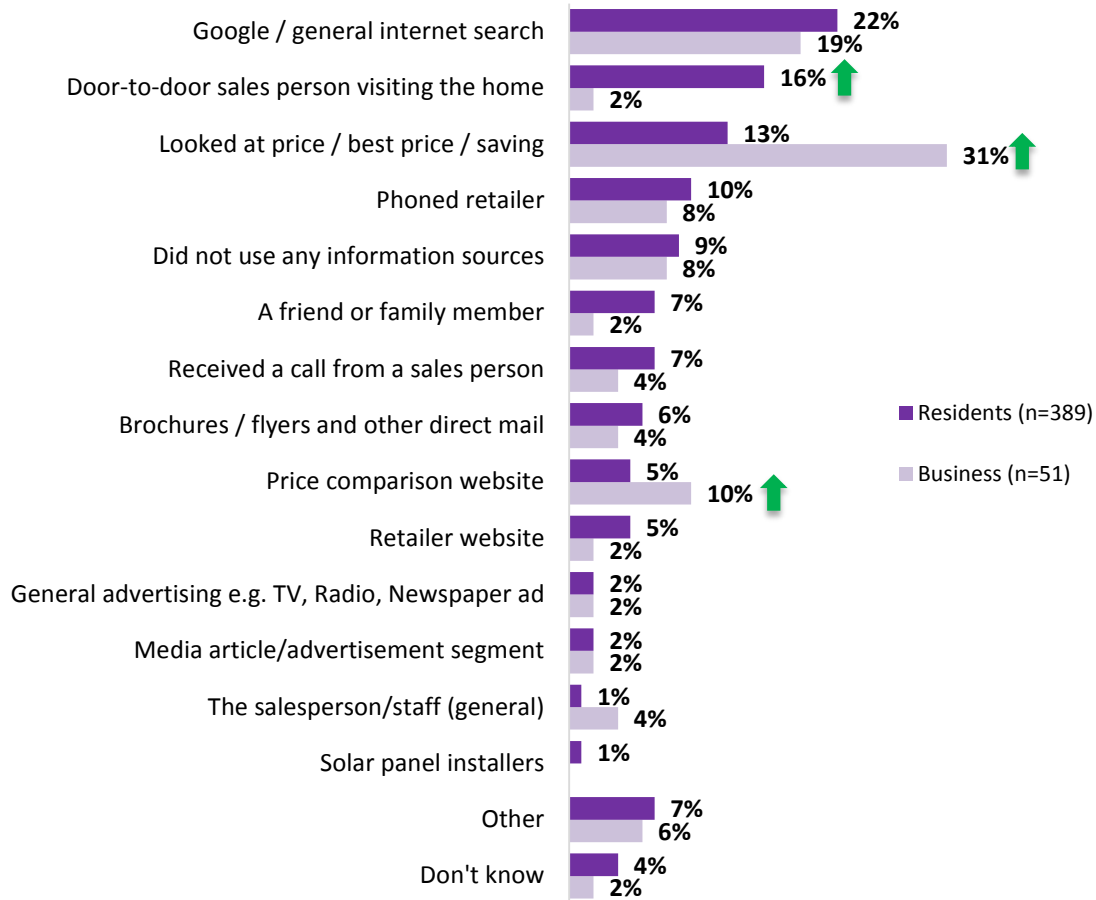
While door-knocking is also seen as a reason not to switch as there is little confidence in the information provided, it does appear to act as an effective trigger to encourage looking into switching.

While most used the Internet, some switchers simply telephoned one other energy company who they were aware of to see if they could offer a better price while a couple short-circuited the process by calling their own company and threatening to switch if they were not offered a better deal. One switcher had compared their own bill to their neighbour's bill, and then approached that retailer for the same offer.

As previously noted, participants' consideration set when investigating alternative energy companies and plans was relatively limited.

Those who had switched gas company or plan used similar information sources as those switching electricity company or plan: 24% of residents used Google and general internet searches, 13% got their information from door-to-door sales people and 11% simply looked at the price or saving amount.

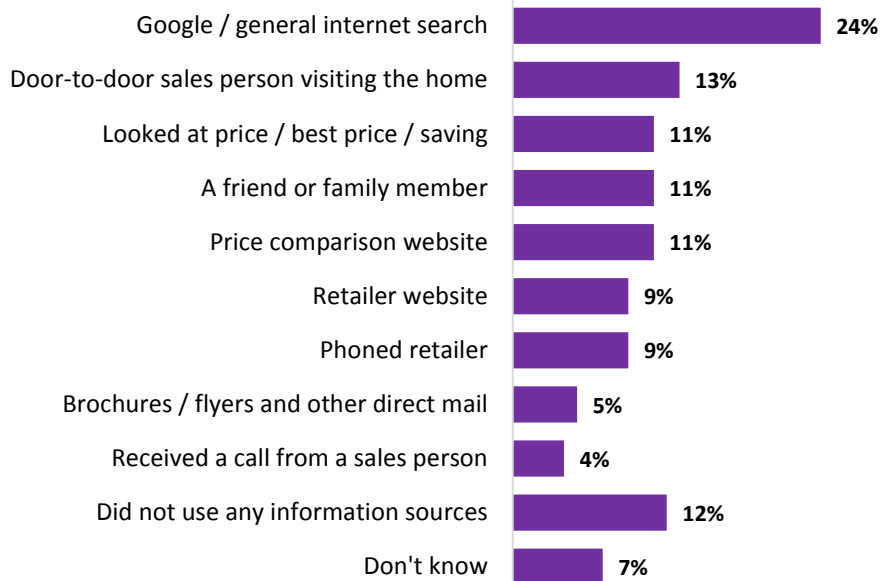
**Main Information Source Used to Change Electricity Company or Plan
(Total Southeast QLD)**



Base: Respondents who switched their electricity company or plan

Q23. The last time you changed your electricity company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE

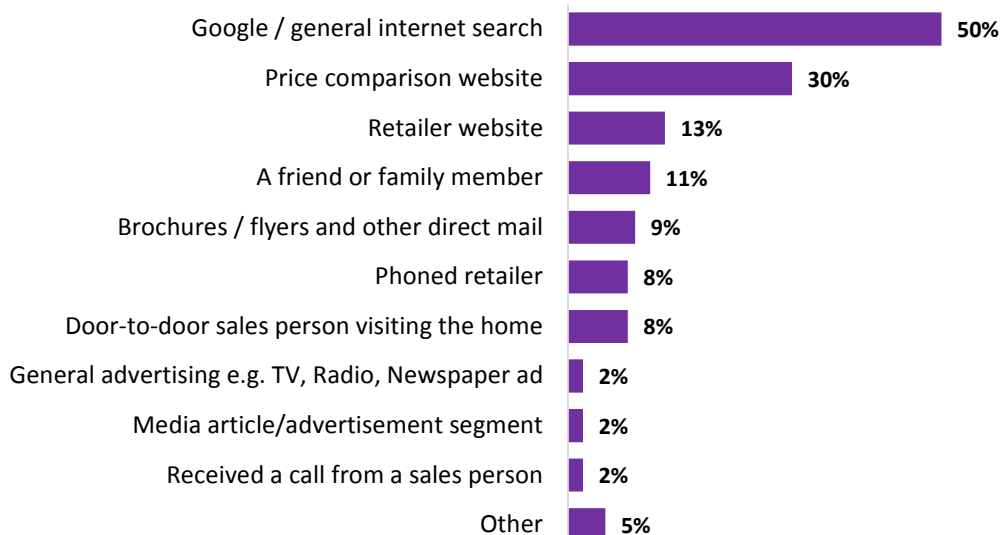
Main Information Source Used to Change Gas Company or Plan (Total Southeast QLD)



Base: Respondents who switched their gas company or plan (Residential: n=38) NB: Business results not shown due to small sample size (n=2) / Q28. The last time you changed your gas company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE

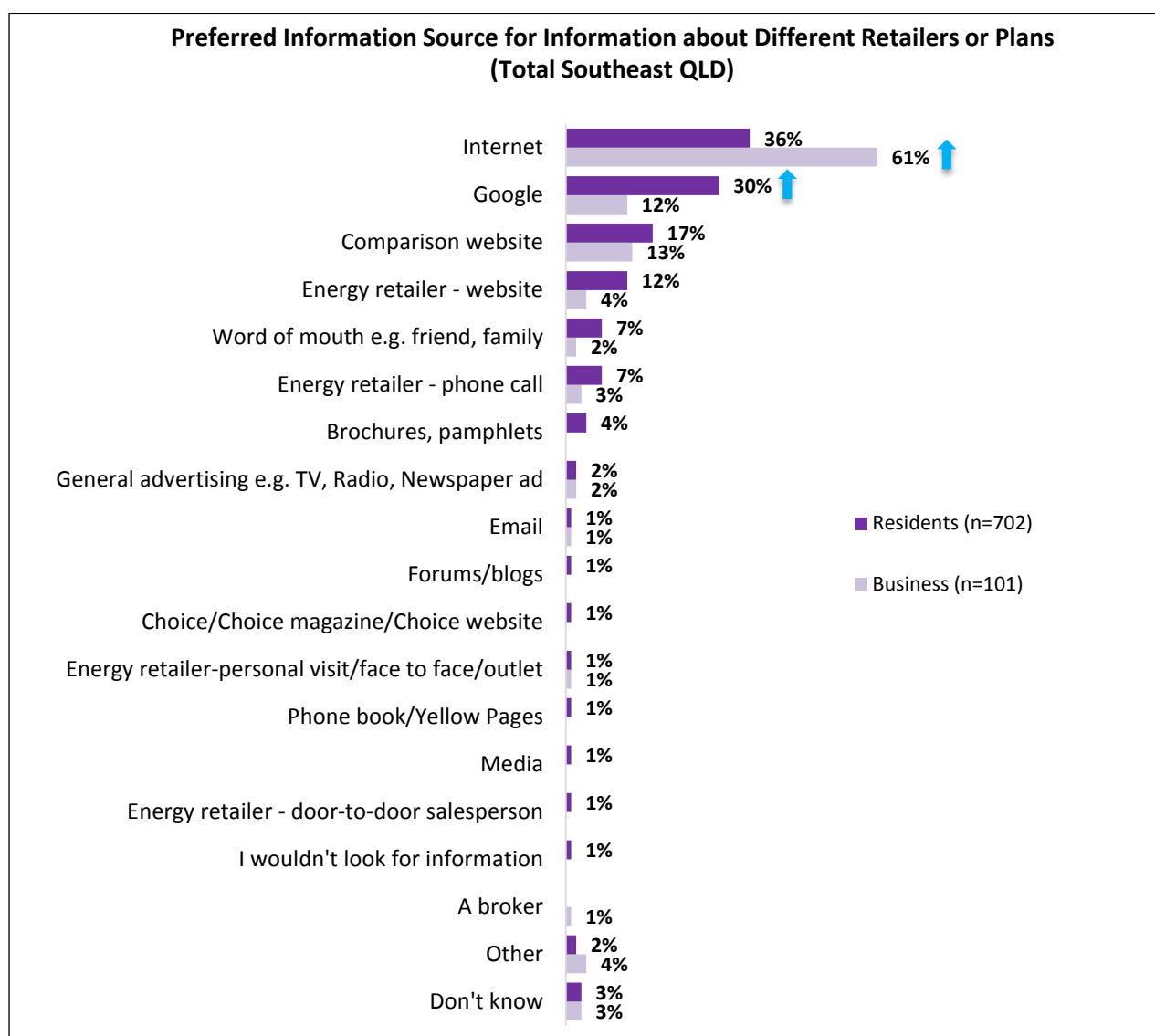
Among those who investigated offers or options but didn't switch company or plan, the main information sources were Google or general internet searches (50%) as well as price comparison websites (30%). Some consumers visited retailer websites (13%) or spoke with a friend or family member (11%).

Main Information Source Used When Investigating Offers or Options - Non Switchers (Total Southeast QLD)



Base: Respondents who investigated different offers or options they could switch to (Residential: n=36) NB: Business results not shown due to small sample size (n=5) / Q31. You mentioned you previously investigated different offers or options that you could switch to. What information sources did you use in your investigation? MULTIPLE RESPONSE

When it came to preferred sources for information about different energy retailers or plans, the most preferred were the internet (no further information provided: 36% of residents, 61% of small business consumers), Google (30% residents, 12% businesses) and comparison websites (17% residents, 13% businesses).



Base: All Respondents

Q37. If you wanted to look for information about different energy retailers or plans, what would be your most preferred method? MULTIPLE RESPONSE

The quantitative research shows that just 5% of residents and 10% of businesses looked at price comparison websites. When asked if they were aware of comparison websites that could help customers choose a good energy deal for their home, the vast majority of consumers in southeast Queensland were not aware of any (24% of residents, 51% of businesses) or didn't know (48% residents, 18% businesses). A further 7% of residents and 11% of business respondents said they were aware there were sites available but could not recall the name of any.

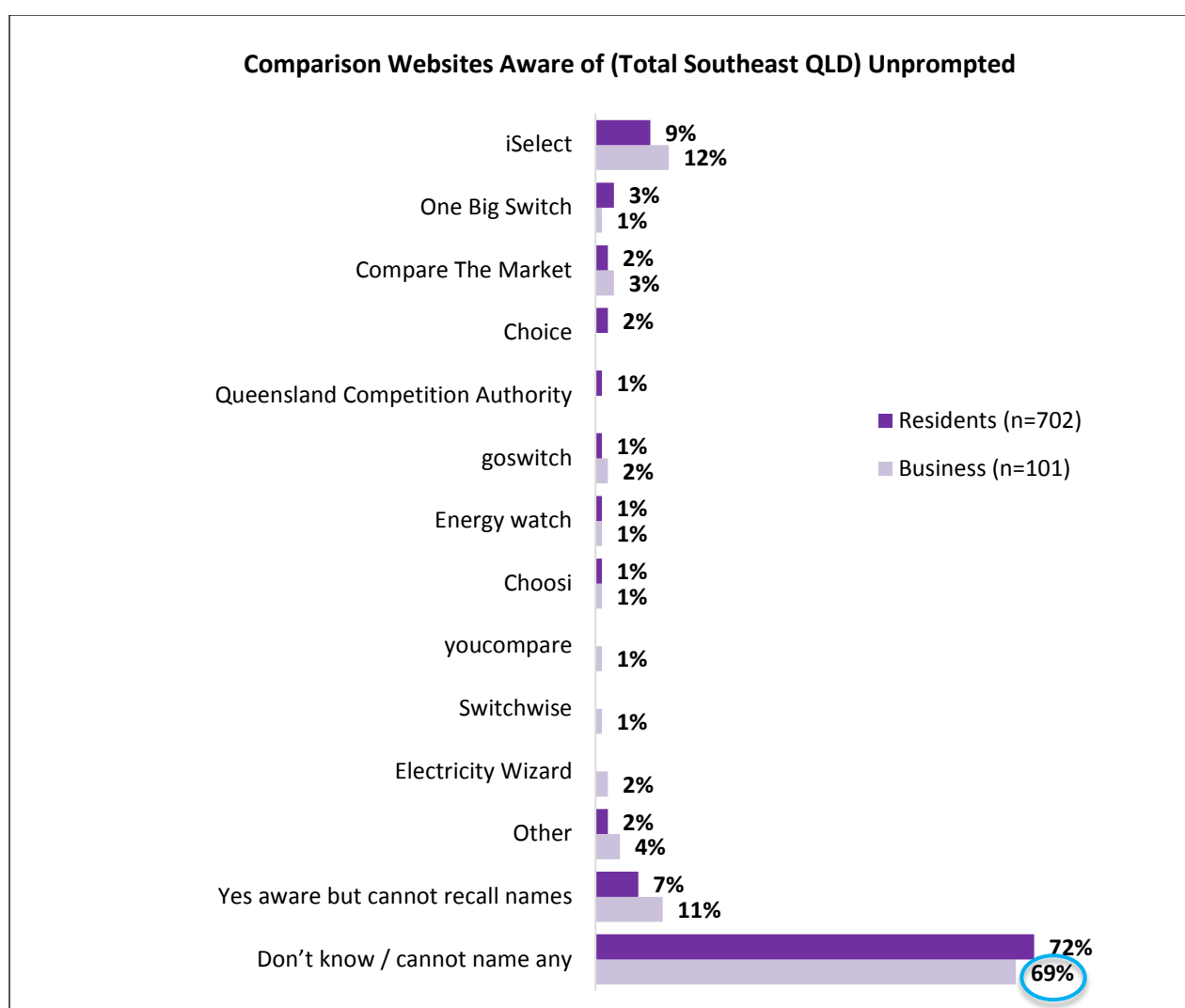
iSelect was the most commonly mentioned comparison website (9% residents, 12% businesses). A small proportion mentioned One Big Switch (3% residents, 1% businesses) and Compare the Market (2% residents, 3% businesses). Just 1% of residents and none of the business respondents mentioned the Queensland Competition Authority. None of the respondents mentioned the Queensland Competition

Authority's Price Comparator website unprompted, but when prompted, 12% of residents and 19% of small business consumers said they had heard of the site.

This was consistent with the forums, where participants were only able to name a number of commercial sites including GoSwitch, Choice, iSelect and Big Switch. Many could not remember which comparison site they actually used, and the Queensland Competition Authority website was mentioned by only two to three participants.

AGL and Origin came up on the top yellow box (sponsored ad). I wouldn't have gone to a company I didn't know. (Brisbane, Switcher)

The Queensland Government tariff comparison website was fairly good. It was easy to enter your information, and useful in saying what the options were with different companies. (Brisbane, Switcher)



Base: All Respondents

Q38. Are you aware of any comparison websites that can help customers choose a good energy deal for their home?

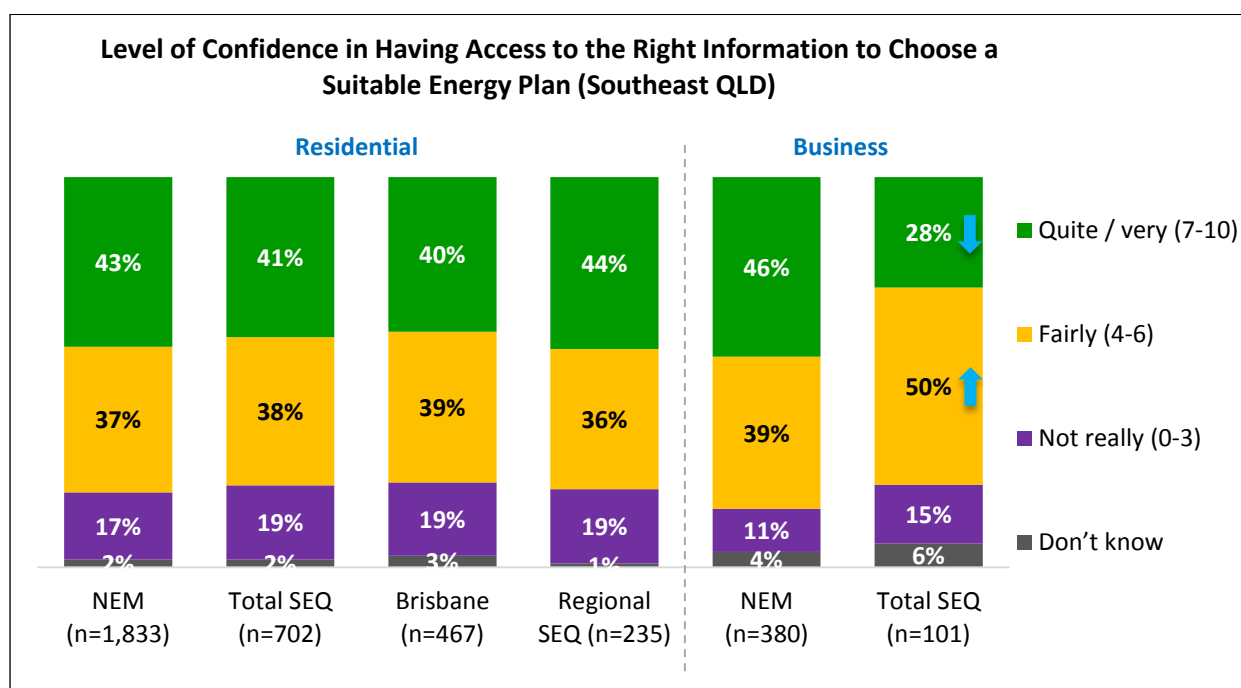
MULTIPLE RESPONSE

NB: the blue circle indicates that the result is significantly higher than the NEM average

Although the comparator sites provided information that was generally regarded as helpful, almost all participants felt they were unclear or incomplete in terms of providing the final price and terms and conditions, so Internet research was often followed by telephone calls to the retailers identified by the comparator sites to do a final check of details and make the actual switch.

The websites showed rates in comparison tables, including the base rate, but I still found it hard to get a sense of the final amount, so I ended up calling both companies and picked Origin because it was more responsive than AGL over the phone. (Brisbane, Switcher)

When asked how confident they were that they had access to the right information to choose a suitable energy plan, the majority of survey respondents were fairly or quite confident (38% of residents rated between 4 and 6 out of 10, and 41% rated 7 or more). Business respondents were significantly less likely to say they were quite or very confident (28%) compared to other jurisdictions. Business consumers in regional parts of southeast Queensland were even less confident with just 15% giving a rating of 7 or more out of 10 – where 10 meant they were extremely confident.

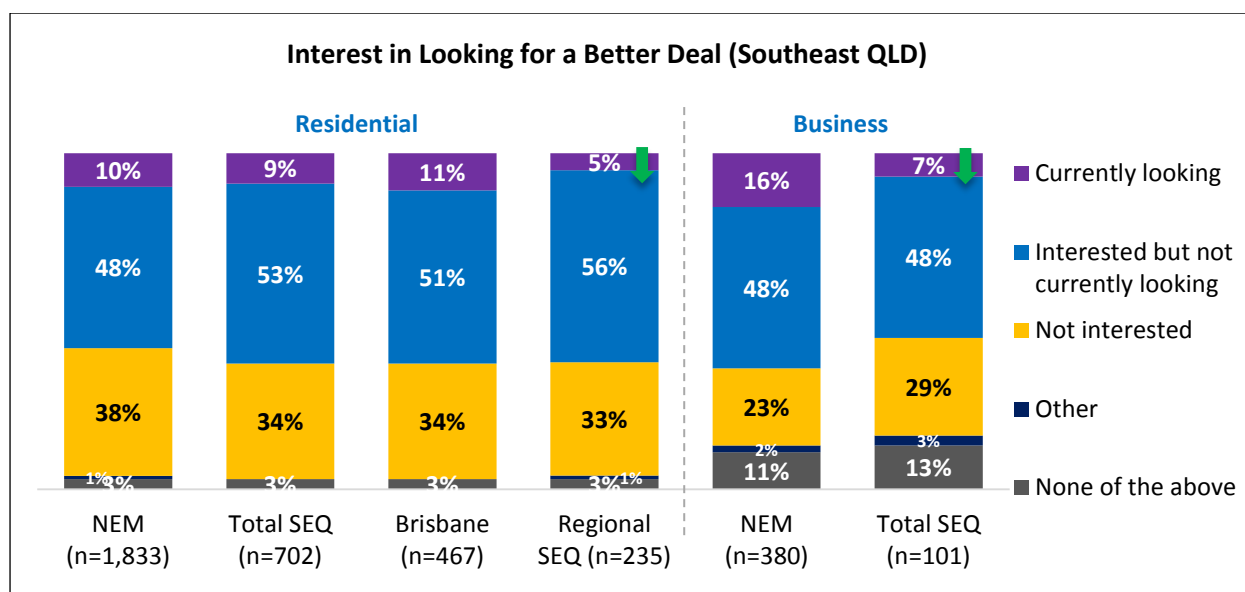


Base: All Respondents

Q36. How confident are you that you have access to the right information to choose an energy plan that suits your needs? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

Future switching intentions

When it came to looking for a better deal, around one in ten residents (9%) and 7% of businesses were currently looking. Around half (53% residents, 48% business) were interested in looking for a better deal but were not currently looking and a third of residents (34%) and three in ten businesses (29%) were simply not interested in looking for a better deal.

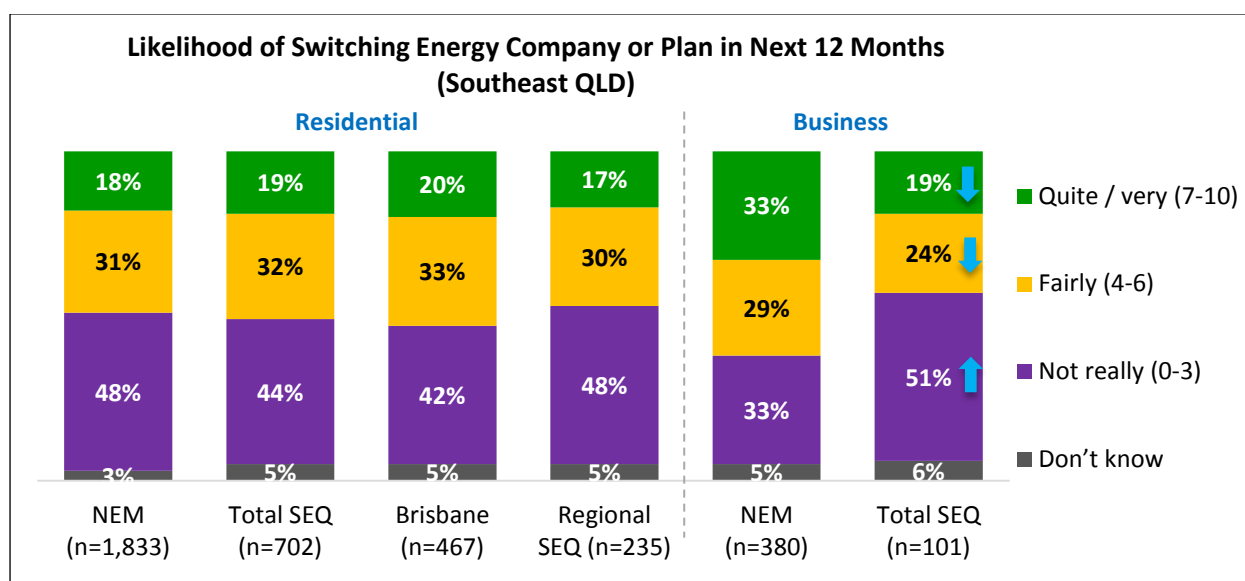


Base: All Respondents

Q34. When it comes to your household's energy company, which of the following statements is most applicable to your household?

When it came to future switching intentions, consumers generally felt it was not really likely or only fairly likely they would switch in the next 12 months. Just one in five residents and businesses (19%) indicated they were quite or very likely to switch (rating of 7 or more out of 10 where 10 meant extremely likely). Around a third of residential respondents (32%) and a quarter of businesses (24%) were fairly likely to switch (rating between 4 and 6), while 44% of residents and 51% of businesses thought it was not really likely they would switch (rating of 3 or less). Of note, 25% of residents and 16% businesses said they were not at all likely to switch – giving a rating of zero.

Businesses in the southeast Queensland were significantly less likely to switch energy company or plan in the next 12 months (51% saying not really likely) compared to those in other NEM jurisdictions.



Base: All Respondents

Q35. How likely are you to switch your energy company or plan in the next 12 months? Please use a scale where 0 is not at all likely, 5 is fairly and 10 is extremely likely?

The qualitative research suggests that the likelihood to switch or consider switching in the future is directly related to the perceived value in making a change and consumer confidence in being able to access easy to understand and credible independent information about the different offers available.

Among those who had switched in Brisbane, some felt that they would not look into it again simply because it was not sufficiently worthwhile. Others said they would look into it if they moved, if they got a really big bill or if they knew their contract was expiring.

As long as my power stays on I don't think it's worth it. (Brisbane, Switcher)

I would only change if there was a sudden increase. (Maroochydore, Switcher)

When I move I will investigate it. (Maroochydore, Switcher)

Some said they would be more likely to look into their options after attending the forum as they felt better informed, particularly after becoming aware of the independent government comparison website.

Initiatives likely to increase confidence in investigating alternative plans

While not intended to be a direct focus of this study, forum participants were clear that greater awareness of the Queensland Competition Authority comparison website would make them more confident and therefore more likely to investigate alternative energy companies or plans that could offer them a better deal. This was consistent across all segments and amongst those who had switched and not switched.

The comparison website is a good start. Getting to the apples to apples comparison. (Maroochydore, Higher Income)

The time commitment to find the best deal is one of the major barriers so anything that makes it easier would be good. (Brisbane, Switcher)

It's extremely good and I recommend people look at it because they don't have an axe to grind and they don't take a commission if people look at it and get a better price. (Brisbane, Lower Income)

As evident from the triggers and drivers of switching, knowing that they can potentially save a considerable amount of money by changing their energy company or plan and that the actual process of switching is relatively straight forward are important messages to communicate to consumers.

Other initiatives suggested included:

- A mobile, independent government service that travels into local communities and helps them find the right deals;
- One-on-one assistance for disadvantaged people to access the website and call retailers;
- Better education for consumers about electricity, particularly the supply chain costs, to improve energy literacy; and
- More information about how installing solar panels can save customers money.

4.3.3 Consumer Satisfaction with the Market

This section of the report examines:

- Satisfaction with current electricity and gas company;
- Perceptions of energy companies in general;
- Interactions with energy companies;
- Satisfaction with switching process and outcomes; and
- Satisfaction with the level of market choice.

Consumer satisfaction with their current energy company

Across both the qualitative and quantitative research, consumers were generally satisfied with their electricity retailer. In the quantitative research 26% of residents and 29% of businesses were very satisfied and 39% of residents and 33% of businesses were somewhat satisfied. Around a quarter were neither satisfied nor dissatisfied (23% of residents and 27% of businesses).

The overall quality of service provided by electricity companies was largely perceived as good or excellent (67% of residents and 67% of businesses giving a rating of 7 or more out of 10 where 10 meant excellent). Just 5% of residents and 4% of businesses thought it was poor. However, the overall value for money provided by electricity companies was rated somewhat lower (46% of residents and 48% of businesses giving a rating of 7 or more out of 10). This is not surprising given concerns around the future cost of energy.

Results were very consistent between those living in metropolitan and regional areas and between residents and businesses and were similar to those in other NEM jurisdictions.

In the qualitative research where a greater proportion of participants with solar panels were recruited, those with solar panels were more likely to be satisfied as they were receiving payments from their energy companies, though there was some dissatisfaction with more recent lower feed-in-tariffs.

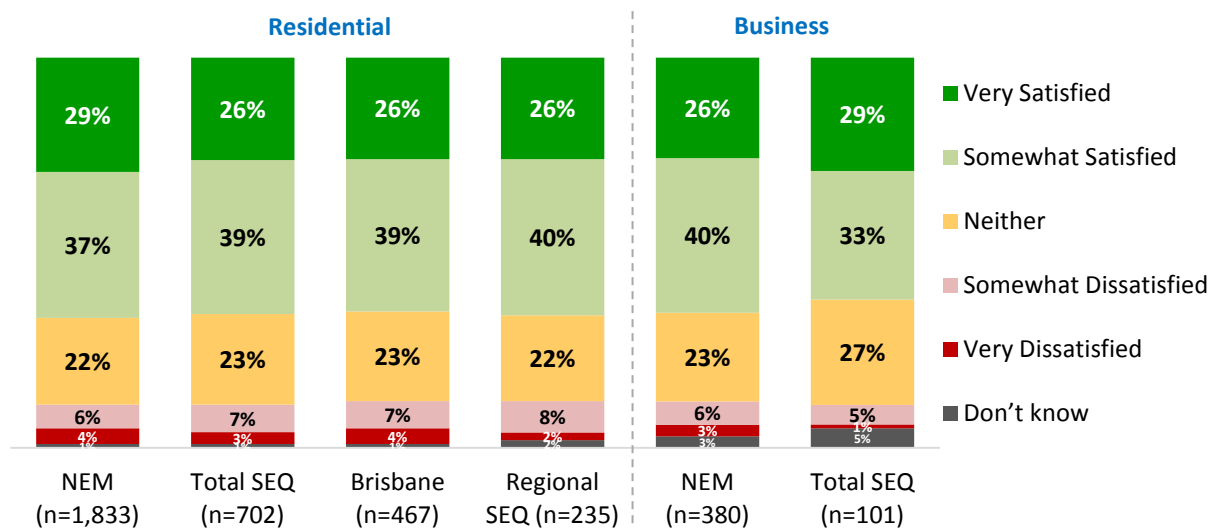
Most consumers in the qualitative research were quite ambivalent towards their energy company. They had few direct dealings with them and, as many participants did not distinguish between retailers and distributors, satisfaction was based largely on reliability of supply and not having had any particular issues.

[Electricity] It's there if I need it. They've quickly rectified problems. We look at our bill and think it's high but I guess I assume they're going to do the right thing because they're a company. They've done the right thing by us. (Brisbane, Higher Income)

Well I've never had any problem. Don't talk to them. If I ever needed to talk to them I got what I wanted. (Maroochydore, Lower Income)

I'm not satisfied totally but I've got no real issues. (Maroochydore, small business)

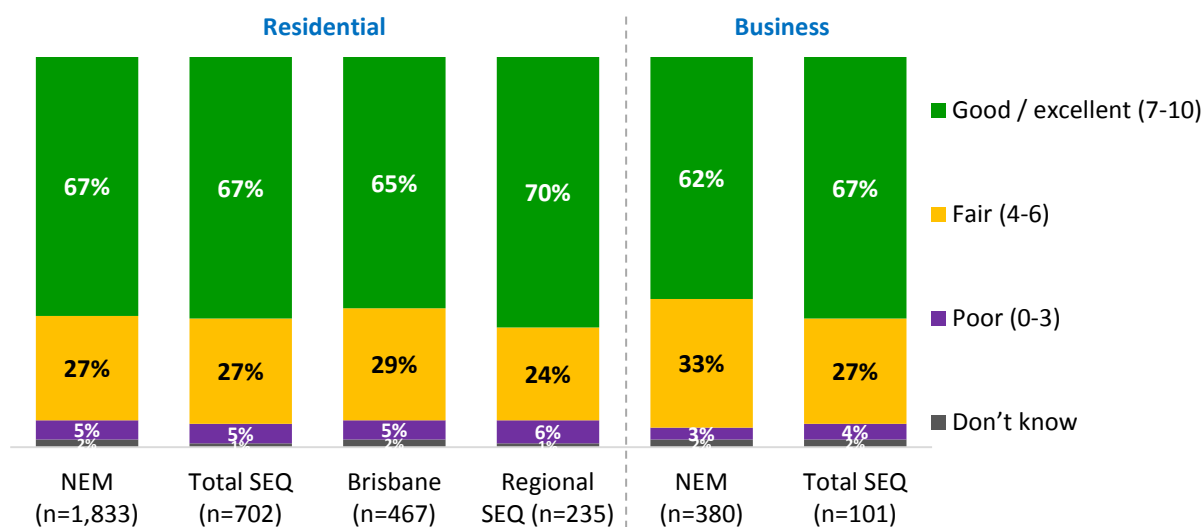
Satisfaction with Current Electricity Company (Southeast QLD)



Base: All Respondents

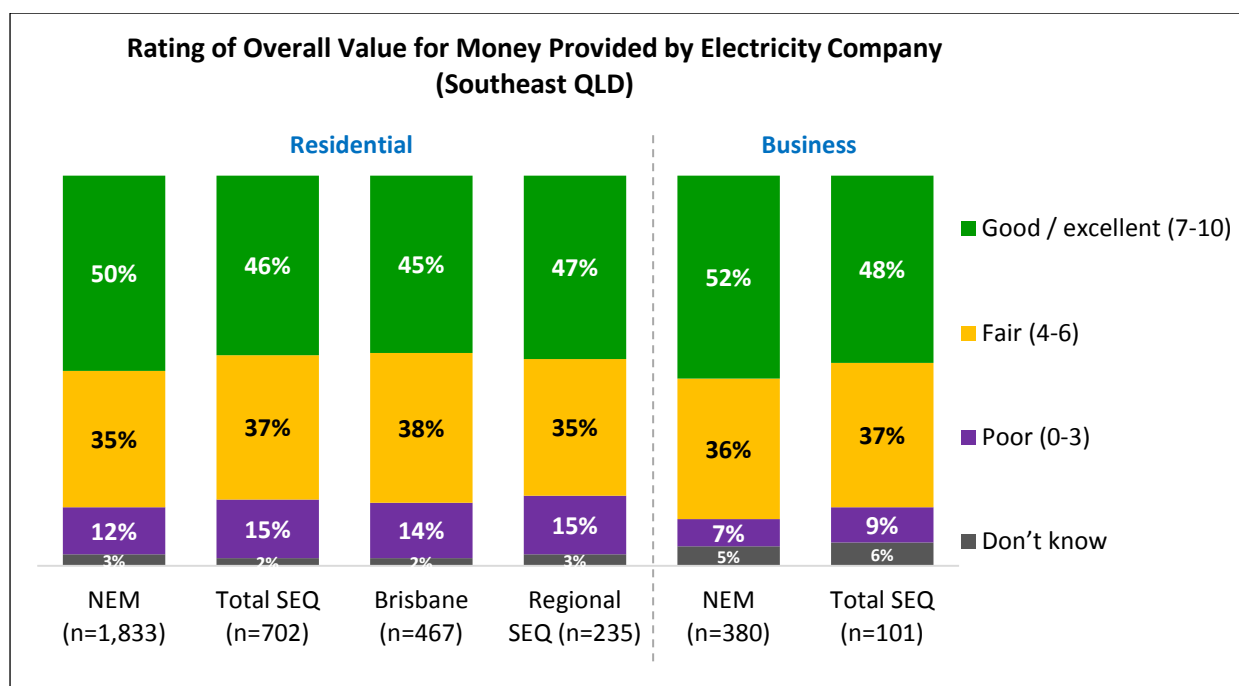
Q2. How satisfied are you with your current electricity company?

Rating of Overall Quality of Service Provided by Electricity Company (Southeast QLD)



Base: All Respondents

Q3. How would you rate the overall quality of service provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.



Base: All Respondents

Q4. How would you rate the overall value for money of the products and services provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Dissatisfaction with energy retailers tends to be based on billing issues or poor customer service experience as well as general concerns about rising prices, rather than reliability.

We have no control, no say in the price, and no protection if they push up the price. There's nothing we can do about it and that's really, really terrifying to me. (Brisbane, small business)

The electricity companies have been privatised to make money but it's an essential service...it's a necessity of life. (Brisbane, Lower Income)

The way they treat you. You're just a number that's it. You pay the bill. It's mostly their attitude. (Maroochydore, Lower Income)

Specific customer service issues mentioned in the forums included:

- Errors - Incorrect bills and account details, missing or late bills

They don't give you good service if you've got a problem with your account. They talk a different language. (Maroochydore, small business)

- Dishonesty/misrepresentation – primarily related to door-knockers

I will say negative because the salesperson oversold and made false claims. (Brisbane, Lower Income)

- Overcomplicated bills and poor service when queried

I got a five-page bill where it had been amended a million times. It was impossible to understand. I don't know if they intentionally bamboozle you. Debit, credit, debit, credit. They couldn't even

explain the bill when my husband called them. He got transferred to lots of different people...he was on the phone for a really long time. They had lots of excuses. (Maroochydore, Non-Switcher)

- Changing terms and conditions, such as removal of discounts

I had a 10% discount on the bill with Origin. After a year, discount disappeared. I rang them and they said, 'well if you want to go along and not receive a paper bill, we'll give you a 2% discount and we'll give you a 6% discount as well.' That is not the 10% discount I received earlier. (Brisbane, Higher Income)

- Marketing practices – e.g. best offers only available to new customers

I personally find it damn offensive when a company offers a new customer a bigger discount than an existing customer. There is no reward for loyalty. (Brisbane, Lower Income)

Other reasons for dissatisfaction with their energy company related to dissatisfaction with the energy market overall (see below).

Higher satisfaction with gas companies

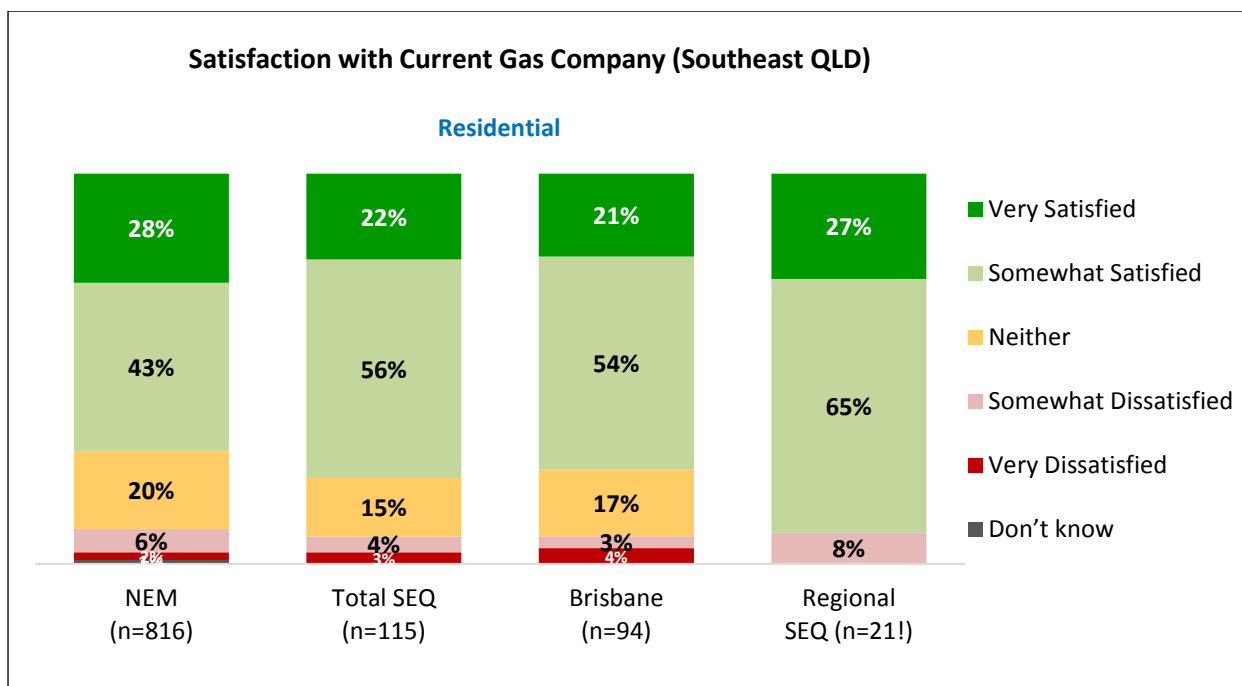
Quantitative research respondents tended to give higher ratings to their gas company than their electricity company. Just over three quarters of residents with mains connected gas were satisfied with their current gas company (78% very or somewhat satisfied). Around seven in ten rated the overall quality of service as good or excellent (71% rating 7 or more out of 10) and 55% rated the overall value for money provided as seven or more out of 10.

Although there was limited representation of gas users in the qualitative research (consistent with gas penetration levels in southeast Queensland), gas users not only expressed higher levels of satisfaction with their gas company, but also appeared more satisfied with their electricity company than other participants who only had electricity.

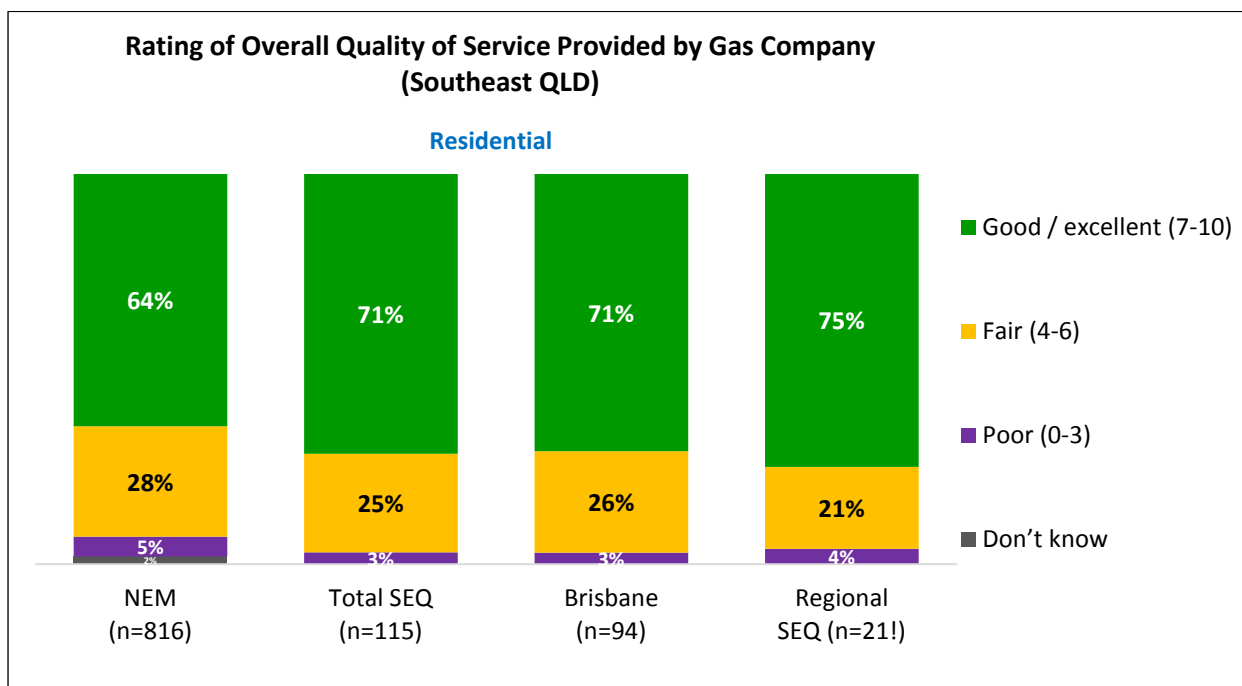
Those with gas were happy to have access to it, they had never experienced service interruptions or had any major issues with their gas company and they felt it was well-priced.

It's great, it's efficient, it's cheap, it's easy. (Brisbane, Gas User)

One participant would have liked to shop around for gas providers like she could for electricity providers but she lived in an apartment complex with a centralised hot water system run by AGL and had no choice of provider. She wasn't dissatisfied with AGL, but felt she may be able to get a better deal if she went elsewhere.

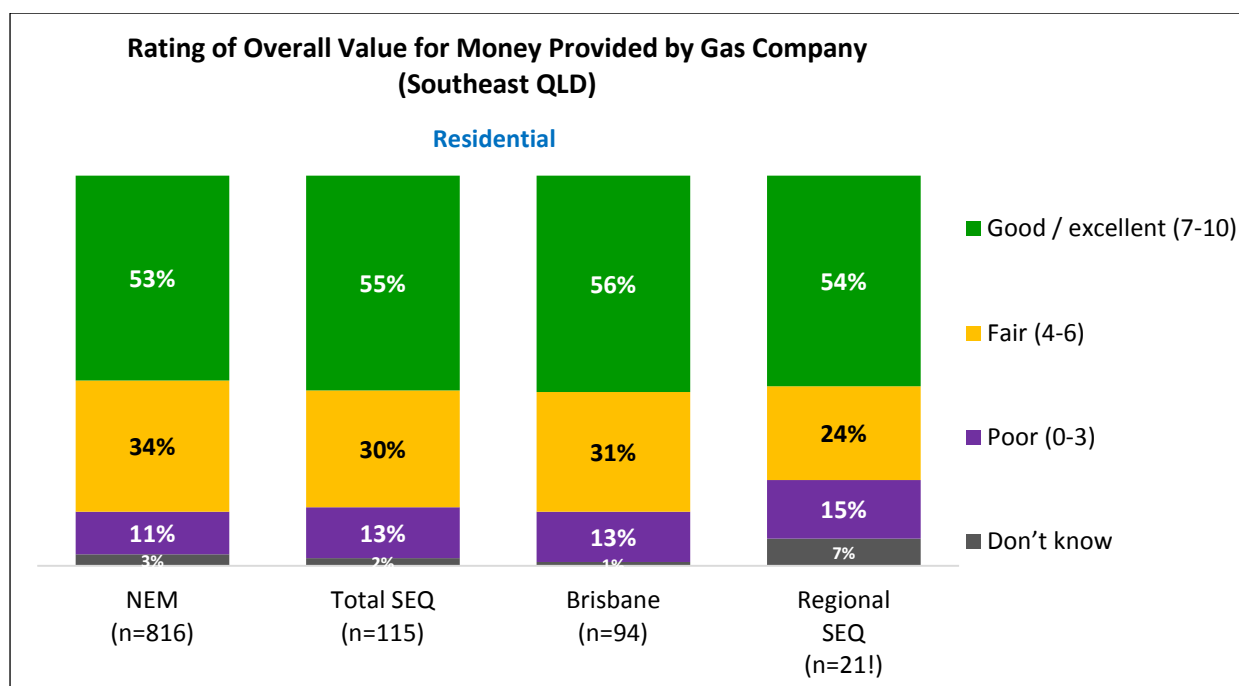


Base: Respondents who have mains connected gas (NB: Business not shown due to small sample size – n=7)
 Q7. How satisfied are you with your current gas company?



Base: Respondents who have mains connected gas (NB: Business not shown due to small sample size – n=7)
 Q8. How would you rate the overall quality of service provided by your gas company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Please note, the results of the business survey are not shown here due to the small number of business respondents who were connected to mains gas (n=7).



Base: Respondents who have mains connected gas (NB: Business not shown due to small sample size – n=7)
 Q9. How would you rate the overall value for money of the products and services provided by your gas company?
 Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

Perceptions of energy companies overall

Participants in the qualitative research tended to have more negative opinions of energy companies in general than they had of their own company. This is likely to be a reflection of their satisfaction with the actual service provided and dissatisfaction with rising electricity prices and the way energy companies price their services, market and communicate.

Many participants complained that energy companies don't offer their existing customers any benefit for loyalty and effectively force them to either threaten to leave or actually leave to get the same deal offered to new customers.

Underpinning this is some dissatisfaction with the nature of competition in southeast Queensland and implications that it has on individual consumers in the sense that they have to spend time wading through a morass of complicated information to make an informed choice and even then may not actually save any money.

They keep changing their name and to make you think they're a new company when they're not. (Brisbane, Lower Income)

Streams of people are knocking on my door trying to sell me electricity. When you ask what this means for me, they're very reluctant to give you clear answers on tariffs. Unless you're going to tell me what the price is going to be, I'm not going to deal with you. (Brisbane, Higher Income)

Cold callers are a bit suss. These guys don't have proper business cards. They don't look professional. They are often very young people. (Maroochydore, small business)

When asked about the attributes of good electricity companies in general, participants said they were characterised by offering lower prices (most important), offering good customer service with no major

issues, sending bills on time and offering loyalty incentives. Some consumers also felt that environmental performance is important.

Bad electricity companies, on the other hand, were defined as those that failed to send bills, overcharged on estimated bills, and had poor customer service that left you waiting on the phone or dealing with an offshore customer service that was hard to understand. Comments also suggested that participants did not want to connect to an energy company who they felt offered a less reliable service than others, meaning that response time to deal with blackouts would be slower.

I wouldn't use Dodo. I've heard diabolical feedback on them in an online forum related to call centre staff having very strong accents and this resulting in a lot of difficulty for each party understanding each other and communicating in general. (Brisbane, small business)

Participants generally associated these positives with larger more established companies like Origin and AGL and said they would prefer to keep their service with one of these firms, even though several said they had experienced service issues with them.

I don't like Origin because they never contacted me until I left. It's a big company attitude. It's all about the numbers. (Brisbane, Gas User)

We wouldn't use Origin after having experienced bad service. We were given the wrong information, they took ages to clarify and then didn't deliver on the discount that was promised, saying that the door to door representative made a mistake. (Brisbane, small business)

While some felt that smaller companies could potentially be more efficient and cheaper, most felt there was a higher risk of issues occurring with smaller companies, either in terms of reliability or poor customer service.

It's complicated to go away from a major company to get a better deal. You have issues with connections and disconnections. If something goes wrong you hope they can fix it. (Maroochy, small business)

Consumer concerns in the qualitative research were not limited to retailers. Dissatisfaction was also expressed regarding generation, distribution and the market in general, including:

- Not planning ahead for peaks;
- Failure to service their lines well enough – if trees make them fall down then this suggests the trees weren't cut back enough; and
- No clear strategy past coal.

It's a convoluted market. It's hard to work out who is actually supplying you electricity. (Brisbane, Gas User)

Interactions with energy companies

Forum participants reported that they have very little contact with their **own energy company** – electricity or gas – aside from paying the bill. For most consumers, this contact is enough.

I don't get anything else from them and I don't want anything else. (Brisbane, Gas User)

Those who wanted more communication from their energy company wanted it centred on getting a better price. In this context they were interested in ease of accessing information about discounts or being contacted by their retailer with information about discounts.

I've been with AGL for a few years – it would be nice for them to be proactive and say, 'Hey you're on this rate and your contract is about to come up, if you renew it, it will be at a good rate'. (Maroochydore, Higher Income)

In a few limited cases where an incumbent energy company had proactively contacted a customer offering deals the reaction was very positive.

Last time I heard from AGL they gave me a 10% discount for being loyal. If they're gonna ring me up and tell me there's a better deal then that's a good thing. Telstra would never do that. (Maroochydore, Lower Income)

Some had contacted their energy company in response to being door-knocked by another retailer to see if they would price match, others had called to access hardship provisions or pensioner discounts, to query a higher-than-usual bill or express concerns about exit fees or the removal of discounts, most often at the end of a contract. Moving house was another reason to contact an energy company.

Most were generally satisfied with the response they received from their energy company when they contacted them, though there were some complaints about the amount of time required to resolve a complaint via telephone.

Contact with **energy companies in general** was primarily (almost solely) via door-knocking or telephone canvassing.

Door knocking. Seems like a convention. You get a rush of them and then nothing. (Maroochydore, Lower Income)

Satisfaction with switching process and outcomes

Those who had switched electricity or gas company or plan were generally satisfied with the switching process. Three quarters of residents (75%) and nine in ten businesses (89%) surveyed were satisfied with the process of switching their electricity company or plan. Similarly, three quarters of residents who switched gas company or plan (73%) were satisfied with the switching process.

Switchers in the qualitative research who switched online, over the phone or via a door-knocker were also generally neutral or satisfied with the process, though their experience was directly related to the level of service they received.

It was much better and easier than expected. The hardest part was feeling confident enough that you had secured the best deal before signing up to a new contract. (Brisbane, Switcher)

However, the qualitative research suggests that there is considerably less satisfaction with the decision once the new retailer and/or plan is in place. Once they had switched, several participants in both forums subsequently switched back or went to a third retailer after experiencing higher than expected prices or poor customer service.

Once the contract had been signed the price changed. The pensioner subsidy wasn't paid. They don't deliver what they promise. They were no better than the others. (Brisbane, Switcher)

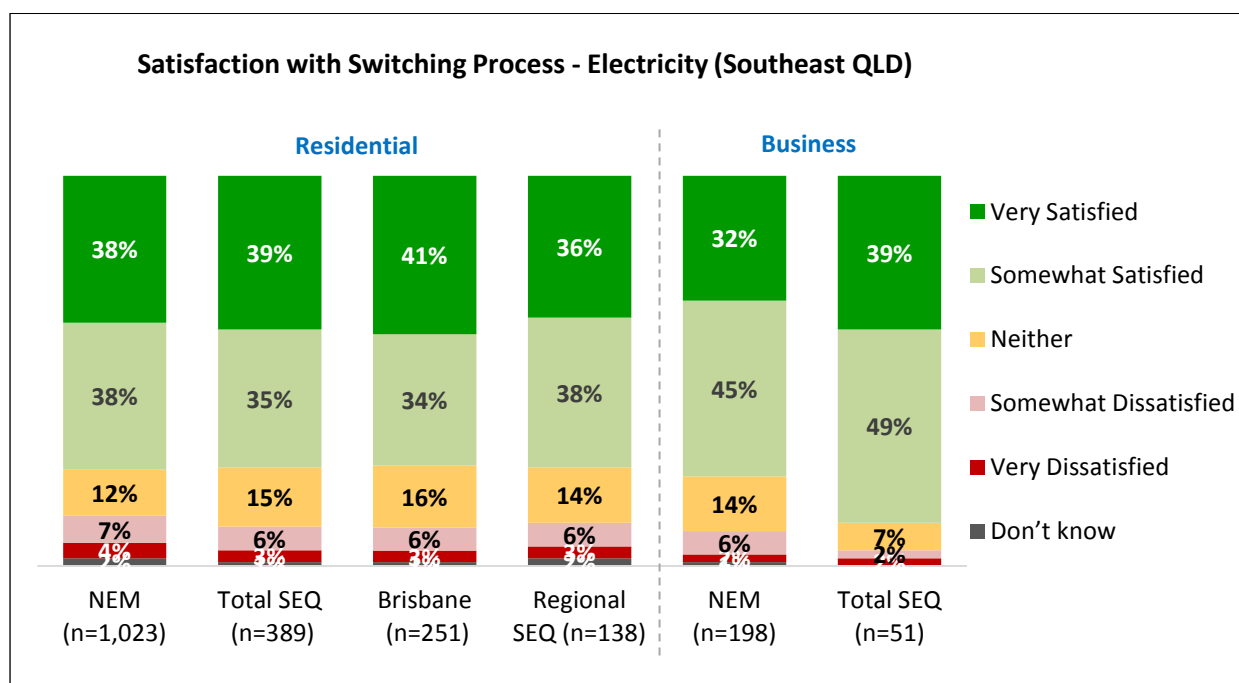
This is reinforced in the quantitative research where those who were very or somewhat dissatisfied with the switching process were asked for their reasons. Of the 9% of residents who were dissatisfied with the process of switching electricity company or plan, the main reasons were that they did not see any real savings or there were misleading discounts (28%), there were delays or the process took longer than they thought it should (20%), it was a complicated and messy process (15%), there were delays or errors in the billing (13%) or there were cancellation fees involved in switching (13%).

These experiences reinforce negative perceptions of energy companies and increase the barriers to future demand side participation.

Interestingly, those who dropped out of the switching process after investigating options, ultimately remaining on the same plan with their incumbent retailer, were more satisfied with their decision to stay than were those who ultimately switched.

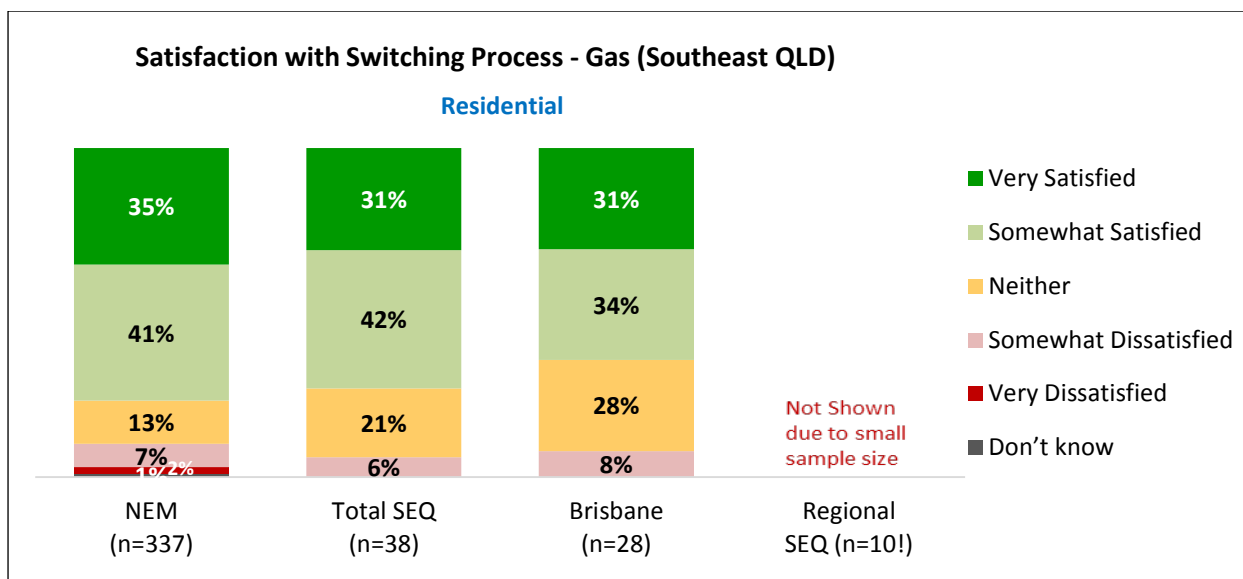
Yes – I've got no regrets. (Maroochydore, Looked but Didn't Switch)

Only two respondents in the survey were dissatisfied with the process of switching their gas company or plan. One thought it was too complicated and the other was unhappy with the cancellation fees involved.



Base: Respondents who switched their electricity company or plan

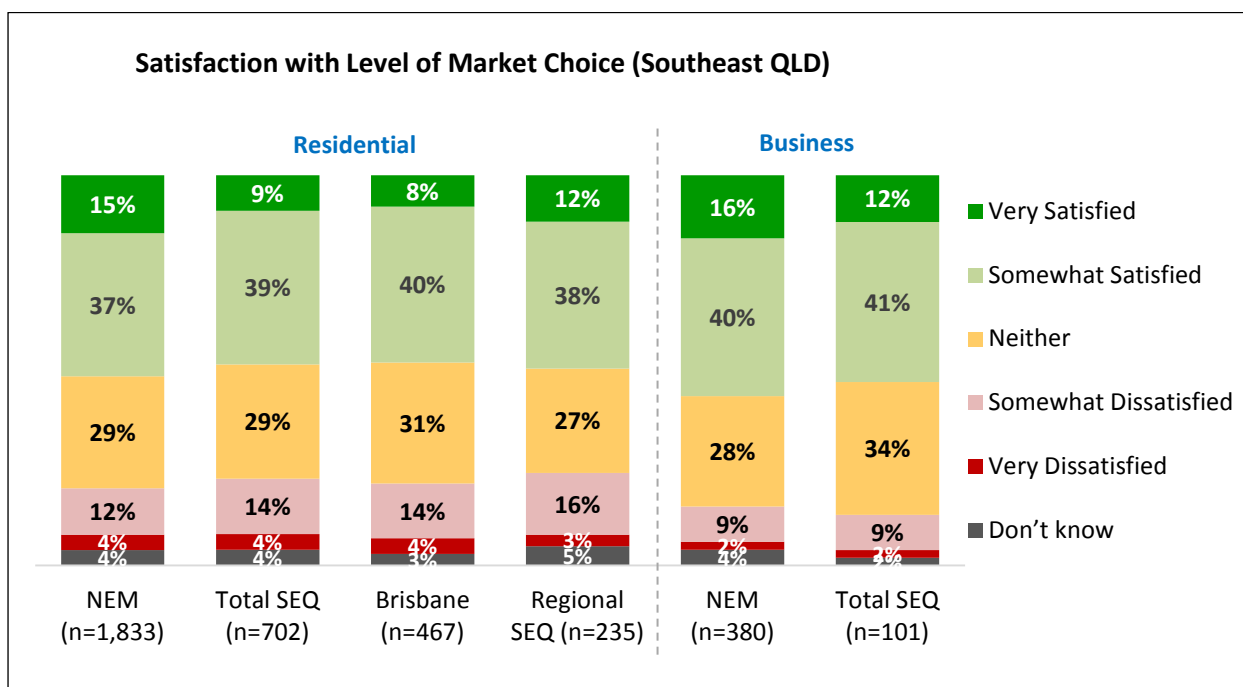
Q24. The last time you switched your electricity company or plan, how satisfied were you with the overall switching process?



Base: Respondents who switched gas company or plan. (NB: Business not shown due to small sample size – n=2)
 Q29. The last time you switched your gas company or plan, how satisfied were you with the overall switching process?

Satisfaction with the level of market choice

Respondents in the quantitative survey were asked how satisfied they were with the level of choice available to consumers in their state. Around one in ten respondents (9% of residents and 12% of businesses) were very satisfied with the level of choice and a further four in ten (39% of residents and 41% of businesses) were somewhat satisfied. A third were neither satisfied nor dissatisfied (29% of residents and 34% of businesses). However, around one in five residents (18%) and one in ten businesses (11%) were dissatisfied with the level of choice.



Base: All respondents
 Q16. When it comes to energy companies and energy plans, how satisfied are you with the level of choice available to consumers in your state [territory]?

While forum results were broadly consistent in terms of the broad mix of satisfaction levels, discussion suggested it was clear it was not a black-and-white issue and on balance, real satisfaction with the level of competition and choice was lower.

While participants had more choice than they had previously thought, most did not think that having additional companies to choose from actually helped them. They equated competition to improved price and service and saw little evidence of this.

Zero. There is no competition. The government controls things and the retailers have no control. No one else owns a power station except the State Government. (Maroochydore, Lower Income)

Nobody would offer you a discount if they could get away with not offering it. Retail markets. They're here to make money and to make as much as they possibly can. (Brisbane, Lower Income)

Its only there if you really push them. They're not really competing with each other. They're not actively fighting each other. You have to ring them. (Maroochydore, Higher Income)

There is a slight bit of difference in the offers, but not enough. (Brisbane, small business)

Some felt that competition would improve once the government removed all regulations.

It's not a truly competitive market until you remove all regulations. (Brisbane, Gas User)

Competition would increase once the next stage comes along. Then it would be true competition. Truer competition than having part of it set by the government. (Maroochydore, Higher Income)

Further, for many participants market choice is seen as a negative rather than positive development due to added confusion. This sentiment was most strongly expressed among lower income groups. Several commented that there are too many energy companies around since privatisation. They find it hard to get information they can trust and difficult to compare offers, and would rather 'set and forget' than shop around.

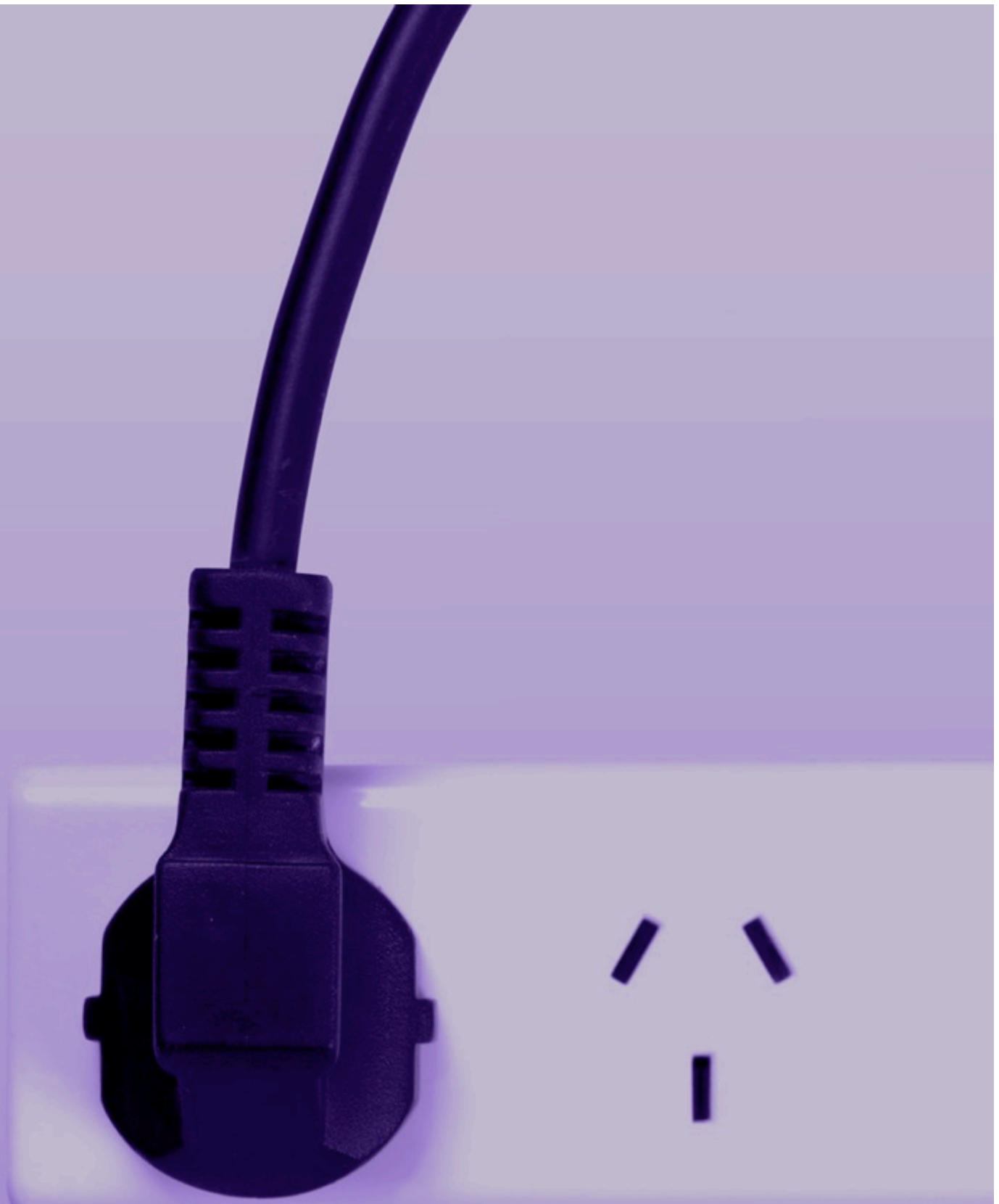
There are too many companies. It's too confusing when you're running a company. When you have a bigger company you can get someone else involved. (Maroochydore, Small business)

I don't like it. Far too confusing. The simplicity has gone from it. It catches too many people. (Brisbane, Lower Income)

The amount of paperwork that's involved for the everyday Australian. To have to do that every two years to get a better deal is ridiculous. (Brisbane, Lower Income)

I'd advocate solar communism. (Maroochydore, Higher Income)

Many commented improved communication about availability of the independent comparison website would assist in improving market competitiveness but added that until real savings are available, many will simply not be bothered looking into alternatives.



AUSTRALIAN CAPITAL TERRITORY

5. Australian Capital Territory

5.1 Executive Summary

Introduction

This chapter outlines Newgate Research's findings from qualitative and quantitative research conducted among small energy consumers in the Australian Capital Territory (ACT). The research was designed to assist the AEMC to develop a complete understanding of the retail energy market experience for residential and small business electricity and gas consumers as part of its nationwide review of competition in retail energy markets.

The qualitative research comprised a forum held in Canberra on 10 February 2014 with 14 residential and three small business consumers. The quantitative research involved a mix of telephone and online surveys with 152 residential consumers and 47 small business consumers. Residential consumers were defined as the person in the household who is the main or joint decision maker when it comes to choosing an energy company. Small business consumers were those whose quarterly electricity bill was less than \$6,000 and whose gas bill was less than \$3,750 per quarter. Please see the Methodology section starting on page 6 for more details.

This research is part of a broader project that includes South Australia, southeast Queensland and Victoria, and quantitative research in NSW.

Key Findings

- **Consumers in ACT were more likely to say they were satisfied with their electricity retailer than other jurisdictions in the NEM.** Most ACT consumers were generally satisfied with their electricity retailer, with three quarters of respondents (73% of residents and 75% of businesses) very or somewhat satisfied. Additionally, business consumers were significantly less likely to say they were dissatisfied. Satisfaction with gas retailers was similar with around seven in ten residential consumers (69%) somewhat or very satisfied with their gas retailer.
- **ACT consumer awareness that they have a choice in energy retailer was the lowest in the NEM, reflecting limited competition.** A large proportion of consumers did not know they had a choice in energy retailer with just over half (57%) of residents and nearly two thirds (63%) of small business consumers aware they could choose their electricity company. Just over one third (36%) knew they could choose their gas retailer. Similarly, awareness that they had a choice of energy plan, price structures, contract lengths and terms was significantly lower than in other NEM jurisdictions (57% residents, 62% small business consumers were aware).
- **Marketing activity was very low.** Just one in ten residents (10%) and four in ten small business consumers (41%) in the ACT had been approached by an energy company offering to sell them energy in the last twelve months.
- **Only one in ten had actively searched for an energy offer.** Only 10% of residential consumers and 6% of small business consumers had actively investigated different offers or options they could potentially switch to in the last 12 months.
- **Reported switching rates were also low.** In the past five years, around one quarter (27%) of residential consumers and one third of the small business consumers (36%) had changed their electricity company or plan at least once. Residents' gas switching rate was also low at 10%.

- **The main barriers to participation were satisfaction with current retailer and lack of knowledge of competition.** The quantitative research showed the main reason for not investigating offers or switching was being satisfied with the current retailer or arrangements (23%) while the qualitative research suggested that the main barrier was lack of knowledge of their options.
- **Levels of interest in looking for a better deal were on par with the rest of the NEM.** Around 6% of residential consumers said they were currently looking for a better deal, with 52% interested but not currently looking and 34% not interested. Amongst small businesses, 4% were currently looking, 39% were interested but not currently looking and half were not interested.
- **Around three quarters of residential and small business consumers were at least fairly confident they could access the right information to choose a suitable energy plan.** The majority of residential consumers were confident they have access to the right information to choose a suitable energy plan (35% quite or very confident, 36% fairly confident). Confidence levels were higher among small businesses with over half (52%) rating themselves as quite or very confident and almost one quarter (24%) as fairly confident. Despite this, the research results overall suggest that ACT consumers have low levels of knowledge of the options available to them.
- **Satisfaction with market choice was lower than other NEM jurisdictions.** About a third of residents (35%) and one in five businesses (22%) were dissatisfied with the level of choice available to them when it comes to energy companies and energy plans. A quarter (25% residents and 26% businesses) were somewhat satisfied. The qualitative research suggested that those who were dissatisfied with their level of choice were generally those who were aware of how much choice is available in other states or those who were dissatisfied with ActewAGL's customer service. Levels of satisfaction did increase when participants understood they did have a choice of company and plan but there was a strong sense that this needed to be far better communicated.

5.2 Summary of Market Context

Full retail competition for small electricity and gas consumers has been in place in the ACT for over 10 years, with consumers, able to access market offers as well as a regulated price for electricity set by the ACT Independent Pricing and Regulatory Commission, and a standard gas offer under the terms of the National Energy Retail Rules (since 1 July 2012).

In 2012/13, 81 per cent of electricity customers were on regulated tariffs and 80 per cent of gas customers were on a standard contract. Ninety-five per cent of customers were with the incumbent provider ActewAGL Retail, with only one other retailer, EnergyAustralia, as an alternative to the incumbent for residential customers.

Note that because there is only one other retailer active in the ACT residential market, and the incumbent retailer retains such a significant share of the market, there is less discussion on switching energy retailers in this chapter compared with others. Further, some quantitative results on switching found in other chapters of this report have been excluded due to small sample sizes.

The ACT adopted the National Energy Customer Framework on 1 July 2012, enabling ACT customers to use the Australian Energy Regulator's Energy Made Easy website to compare offers for both electricity and gas.

5.3 Key Findings

5.3.1 Energy Markets: Interest, Awareness and Knowledge

This section of the report examines:

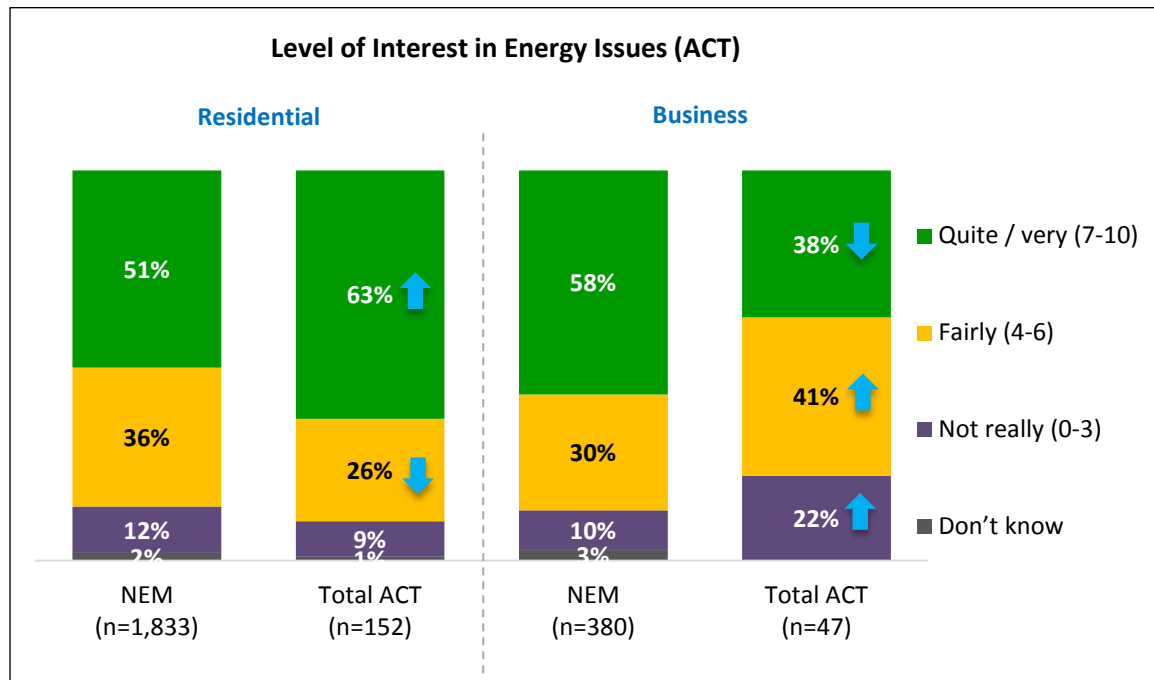
- Perceived energy issues and the level of interest in these issues;
- Knowledge of options available to consumers; and
- Consumer confidence in engaging with the market.

Energy issues and levels of interest

There were very high levels of interest in issues associated with energy in the ACT.

In the quantitative survey almost two thirds of residential consumers were quite or very interested (63% rating 7 or more out of 10, where 0 meant not at all and 10 meant extremely interested). Around a quarter were fairly interested (26% rating between 4 and 6) and just one in ten were not really interested (9% rating 3 or less). Residents in the ACT were significantly more interested in energy issues than in most other NEM jurisdictions.

By contrast, small business consumers in the ACT were significantly less interested in energy issues compared with residential consumers and small business consumers in other NEM jurisdictions – although they were still at least fairly interested overall. Four in ten were quite or very interested (38%), four in ten were fairly interested (41%) and just over one in five were not really interested (22%).



Base: All Respondents

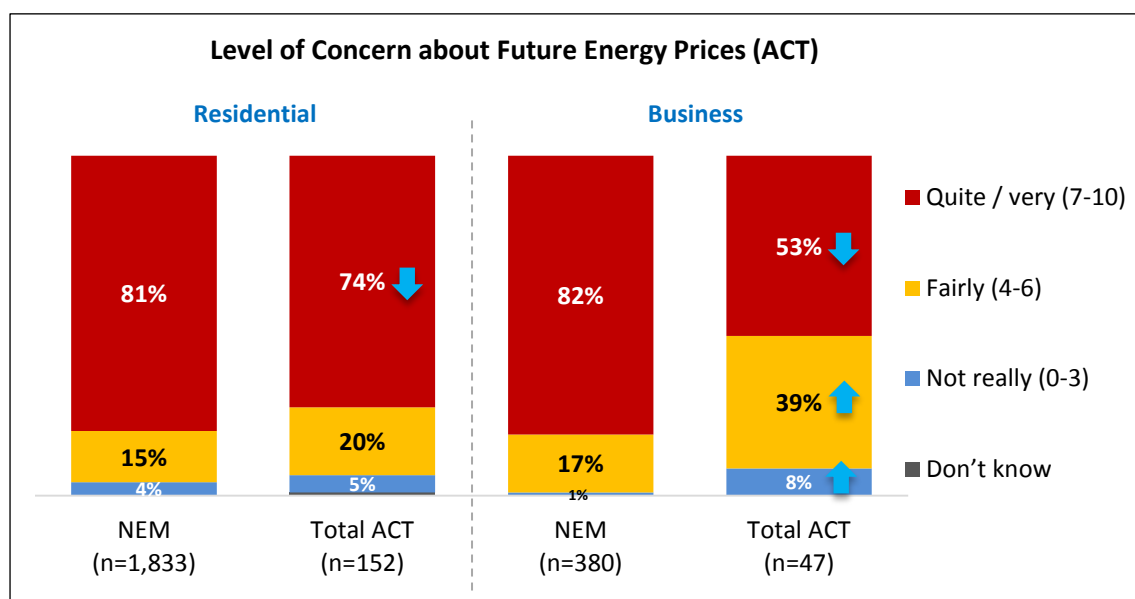
Q10: How interested would you say you are in issues associated with energy i.e. electricity and gas? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely interested.

NB: Arrows on the state total indicate that the result is significantly higher or lower than the NEM average. An arrow on a capital city or regional area result means that it is significantly higher or lower than the other region.

Consistent with these quantitative findings, when asked to rate their interest in issues to do with their energy bills, most forum participants rated themselves as ‘quite interested’ or ‘very interested’.

The rising cost of energy was at the top of the list of issues related to energy mentioned by participants in the Canberra forum. In the quantitative survey almost a quarter of residents (74%) were quite concerned about future energy prices, giving a concern rating of seven or more out of 10, where 10 was extremely concerned. A further one in five residents (20%) were fairly concerned (rating between 4 and 6). Small business consumers were significantly less concerned than residential consumers as well as small business consumers in other NEM jurisdictions however, the majority were still at least fairly concerned (53% were quite or very concerned and 39% were fairly concerned).

As was the case in most other jurisdictions, residents with higher electricity bills were significantly more concerned than those with lower bills (the average concern rating among those whose quarterly electricity bill was less than \$500 was 8.0 compared with 8.6 among those with a bill of \$500 or more).



Base: All Respondents

Q12. How concerned are you about future energy prices? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely concerned.

At the forum, almost everyone had noticed the prices going up and the majority said they had modified their behaviour to try to reduce their energy usage and save money. This included switching to LED light bulbs, turning off appliances at the wall and buying appliances with a good efficiency rating.

There were mixed opinions on the effectiveness of these behaviour changes. Of the two participants who had made a significant effort only one reported seeing an impact on his bill while the other gave up because of the inconvenience. Others who had made some effort were unsure what kind of impact it was having on their bill but felt it was the right thing to do.

ActewAGL installed some equipment but I've now disconnected it. The fluoro lights were not bright. There was a big power socket thing to disconnect your TV. It is set for three hours and always used to switch the TV off halfway through a movie. (Higher Income)

Ultimately turning off the lights works. (Lower Income)

Around half the participants had gas as well as electricity. They were generally more concerned about their electricity bills than their gas bills, saying their gas bill was lower and prices had not increased as

sharply. However those who used a lot of gas were still concerned about increasing gas prices and noted that it is hard to change behaviour and reduce gas usage, particularly in the cold winter months.

Gas is still pretty expensive. It's still creeping up. (Lower Income)

The gas cost is still high but I can't change whether I use it or not. I am a stay-at-home mother and I need it for cooking for my children and parents. (Lower Income)

We don't have a choice not to use gas. Canberra gets really cold. (Lower Income)

Other issues

Other lower level energy issues mentioned by just a few participants included:

- The need to spend money upgrading aging electricity infrastructure;
- 'Gold plating' of the network – note that while this term was used, most did not appear to know what it actually meant;
- Different forms of electricity generation – coal, solar, nuclear, hydro and geothermal;
- Australia's use of renewable resources, which is seen to be lagging behind that of Europe;
- The potential privatisation of electricity distribution businesses;
- Carbon tax;
- The end of high solar feed-in tariffs; and
- The fact that ActewAGL had planned to continue with a scheduled outage during a heat wave.

Knowledge of Energy Markets

Knowledge of bill components and how prices are set

Forum participants had fairly low-level knowledge about how their energy bill is calculated.

Around three quarters either knew that the unit of measurement for electricity was kilowatt-hours or recognised the term when it was mentioned. Far fewer were familiar with the unit of measurement for gas. None had any sense of how many kilowatt-hours of electricity or megajoules of gas they used each quarter with the exception of one lower income participant who monitored his weekly usage.

Virtually all higher income participants and a few lower income participants knew they paid a fixed service charge as well as a variable charge based on how much energy they used.

The three parts of my bill are the service charge, the consumption charge and GST. (Higher Income)

Participants had very little knowledge about their tariff structures. Most thought they paid one flat rate regardless of time of day with one describing a block tariff structure and one saying they had peak and off-peak rates. Most had little or no knowledge of smart meters.

I am charged a certain amount for the first bit of use and then it ticks over. (Higher Income)

I have two different meters. One for all the time and one for off-peak use, which is 10.00pm to 7.00am. It costs more to use during the day. (Higher Income)

I didn't know anything about my tariffs before now. (Higher Income)

A few higher income participants commented that their bills jump around a lot and that the differences in the way they use energy in summer and winter months does not seem to account for the shifts.

Awareness of Choice

Energy company

The majority of participants in the Canberra forum were not aware they had a choice of energy company. While some knew that historically there had been choice in the ACT and some had come from other states where they had a choice, the overall sense was that ActewAGL was the only option in the ACT. Most attributed this lack of choice to the small market.

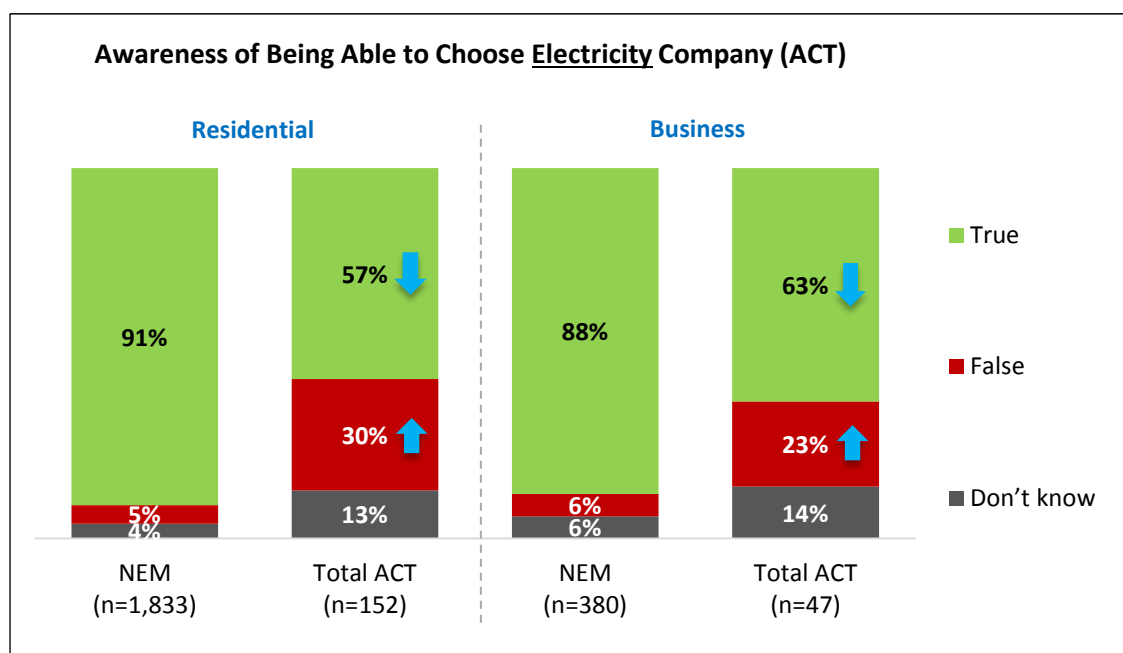
We don't have any choice. ActewAGL. That's all. (Higher Income)

Light or no light. They were the only options I have. (Lower Income)

I had no knowledge I could go elsewhere. (Higher Income)

I've been here 18 years and I've never heard of another company. (Higher Income)

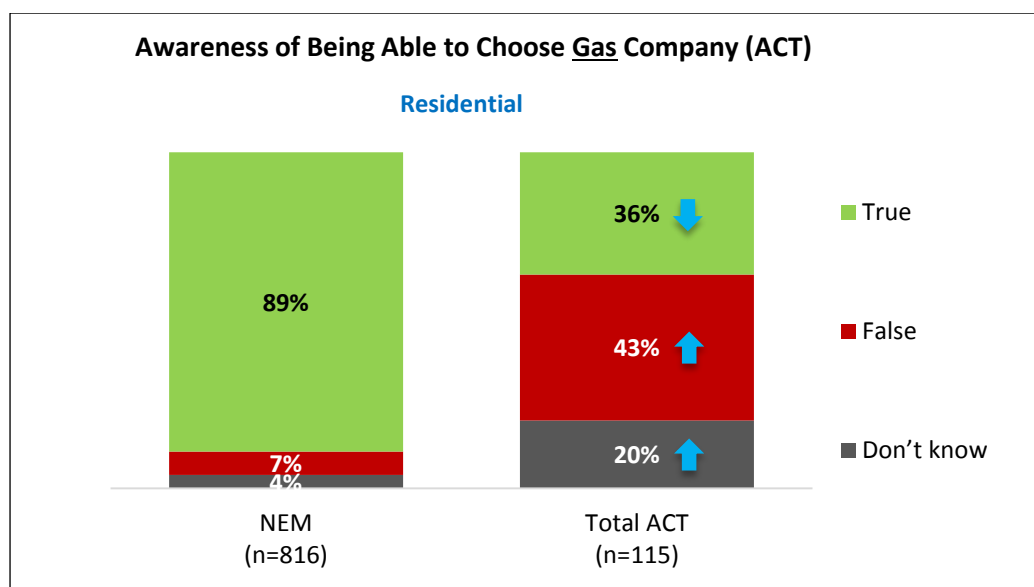
The quantitative research suggested that more than four in ten (43%) ACT residents either did not think they could choose their own electricity company (30%) or did not know if they could (13%), with nearly two thirds (63%) not aware they could choose their gas company. Considered in the context of the qualitative research it is likely that a proportion of the 57% who said they could choose their electricity company and 36% who said they could choose their gas company were taking a guess. Small businesses were also less likely to think they could choose their electricity company. Overall awareness of being able to choose their energy company was significantly lower in ACT compared with other NEM jurisdictions and reflects the limited competition in this area.



Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False.

a) Consumers in your state [territory] can choose their electricity company



Base: Respondents who have mains connected gas

Q13. Please tell me whether you think the following statements are True or False.

b) Consumers in your state [territory] can choose their gas company

When asked to name other energy companies that operate in the ACT a few guessed Country Energy, Origin Energy, ELGAS, Aurora, Southern Energy and TransAct. Three participants mentioned EnergyAustralia, which is the only other active energy company in the market at the moment, but it was clear they were guessing.

I haven't heard of them (EnergyAustralia). They must not be promoting their service. (Lower Income)

I'm not used to looking for options. I just can't be bothered. (Canberra)

When advised that another provider operated in the ACT there was a lot of surprise and disbelief among participants. They questioned whether it was true in practice or just in theory and several recounted how they had previously looked into the possibility of a different supplier but were told they could only use ActewAGL. One advised that he had contacted EnergyAustralia a couple of years ago and they had told him he had to go through ActewAGL.

I've researched it myself. It's ActewAGL or nothing. (Canberra)

We've been made aware tonight that we do have some options though I don't necessarily know if that's true because I rang an agent who said they could help lower your bill and they said, no, you're in the ACT, we can't help you. (Higher Income)

Six months ago I went to a comparison website and the only other option was Country Energy but they wouldn't even talk to me and said they were only supplying to Yass. It was on the website but they wouldn't go to my area and their prices weren't better. (Higher Income)

Further, when told that EnergyAustralia is the other company operating in the ACT it was apparent that many long-term Canberra residents had not heard of them.

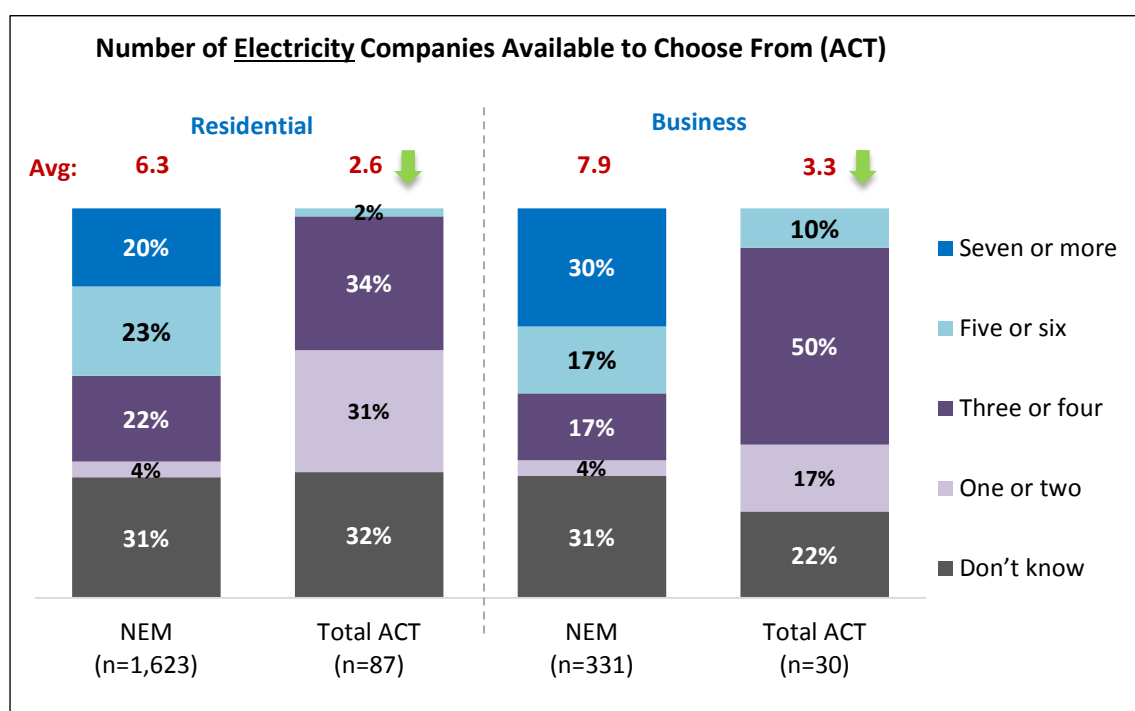
This is an epic fail for the other company. Do a ... mail out or something. (Higher Income)

I'm surprised that EnergyAustralia is so big. I've never heard of them. (Higher Income)

This level of uncertainty about the number of energy companies available to choose from was also evident in the quantitative survey.

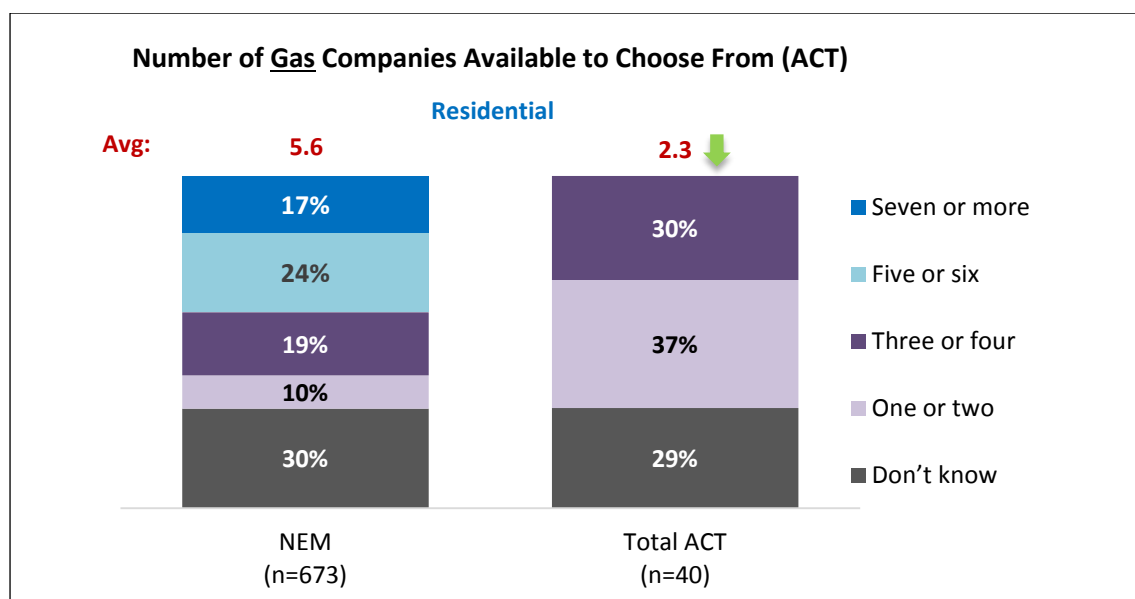
A third of residents said they didn't know how many electricity companies there were to choose from (32%). Three in ten said there were one or two (31%, only 6% said one company) and a third thought there were three or four electricity companies to choose from (34%). Similarly with gas, three in ten residents couldn't say how many companies there were to choose from (29%). Around four in ten thought there were one or two companies (37%, 17% said one and 20% said two) and three in ten (30%) thought there were three or four gas companies. On average, residents thought there were 2.6 electricity companies and 2.3 gas companies to choose from.

Small business consumers were more likely to think they had additional electricity companies to choose from. One in five respondents couldn't say how many electricity companies there were to choose from in the ACT (22%). Just under one in five said there were one or two (17%, just 3% said one) and half said three or four (50%). On average, small business consumers thought there were 3.3 electricity companies to choose from. The results for gas companies are not shown for businesses due to the small sample of businesses who had mains gas and were aware they could choose their gas company.



Base: Respondents who say they can choose their electricity company

Q14. As far as you're aware, how many different electricity companies are available for you to choose from in your state [territory]?



Base: Respondents who say they can choose their gas company (if they have mains connected gas) NB: Business data not shown due to small number of businesses in the sample who had mains connected gas and who were aware they could choose their gas company (n=3)

Q15. As far as you're aware, how many different gas companies are available for you to choose from in your state [territory]?

Energy plan

At the outset of the forum there was low awareness that each energy company offers a range of plans with different features, with most assuming that the basic choices were based around whether or not you have Green Energy and whether or not you bundle electricity, gas and others services together to get a discount. After the discussion about different types of tariffs, some suggested that this was another way in which plans could vary.

They asked me if I wanted to pay more for the Green Levy. I asked for the cheapest plan. Options were always going to cost me more money. (Higher Income)

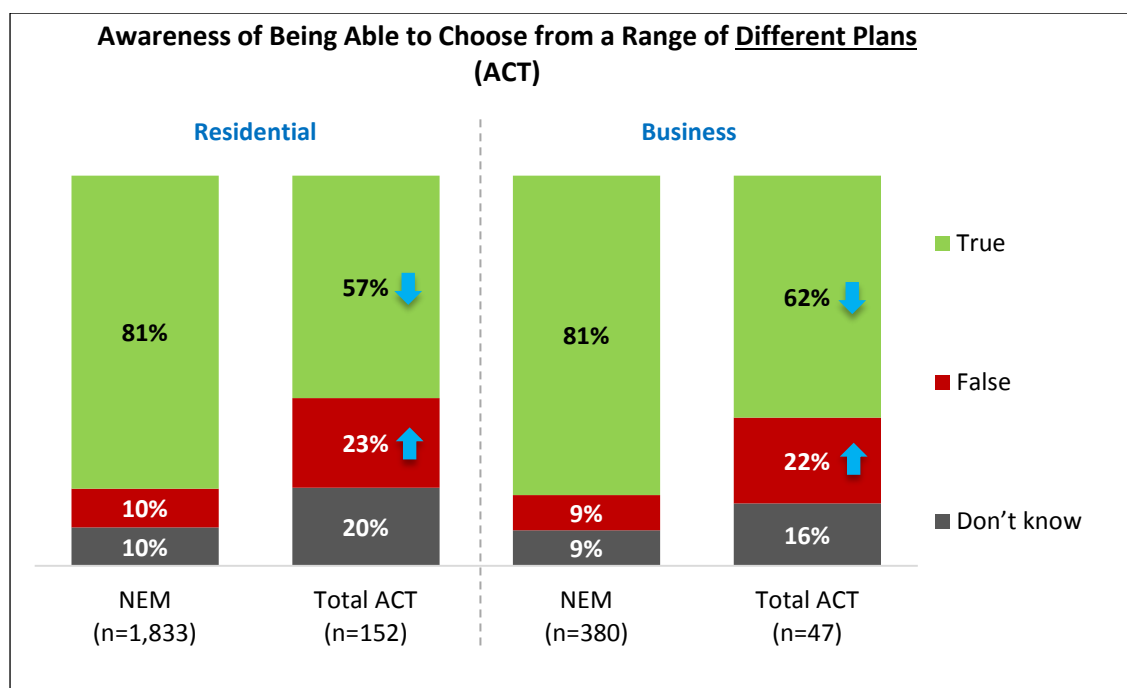
The small number of forum participants who were aware that energy companies offered a range of plans either previously lived in another state or had actively looked into ways to save money on their electricity bills and read about it on ActewAGL's website.

ActewAGL's only option for me to save money was to go to off-peak and stay up and use the dishwasher and washing machine late at night. (Higher Income)

Some commented that it was difficult to get information from ActewAGL about how to save money and whether other plans were available. Several said it was incumbent upon individuals to know the right questions to ask because the call centre wouldn't volunteer anything.

I didn't even know about smart meters or different tariffs initially. I had to ask the right questions. It was like pulling teeth to get information on how to save money. (Higher Income)

Consistent with the qualitative research, there was a lower level of awareness that consumers could choose from a range of different types of energy plans, price structures, contract lengths and terms than in other NEM jurisdictions with just 57% of residents and 62% of small business consumers in the survey aware. Around a quarter thought consumers couldn't choose (23% of residents and 22% of businesses) and one in five did not know (20% of residents and 16% of businesses).



Base: All Respondents

Q13. Please tell me whether you think the following statements are True or False.

c) Consumers in your state [territory] can choose from a range of different types of energy plans, price structures, contract lengths and terms

Price regulation

No participants were aware that they had a choice between a contract with a price determined by a regulator and a price determined by a retailer, and they didn't know which type of contract they were on.

Most guessed initially that the regulated rate would be best as the regulator would be looking out for the interests of consumers, with some lower income participants expressing relief that the industry is monitored. One higher income participant disagreed and suggested that competition is used to drive down prices and that market prices may actually be lower.

It's a no brainer that you'd go with the regulator because the regulator's not trying not make money. (Higher Income)

Oil prices go down but petrol prices never change. I'd imagine it's the same for electricity prices. (Higher Income)

Does the price change with global market changes? Does it change in response to coal exports and things like that? I don't even know what resources generate electricity in the ACT. I know it's not coal. Do we have coalmines in the ACT? Hydro maybe? (Higher Income)

Few were familiar with options to have different length contracts in the ACT although some knew it was possible in other markets. There was a sense that a longer contract could or should equate to getting a bonus for loyalty, but lower income participants were concerned that it would also come with an exit fee.

I've never heard anything about "lock in with us and we'll give you another option". They weren't real alternatives. (Higher Income)

EnergyAustralia used to give you discounts for longer contracts in NSW. (Higher Income)

There was little awareness of any discounts being available aside from a discount for bundling a range of different services including water, energy and internet with ActewAGL. One participant knew he received a discount for paying his bill on time.

They have different plans, I understand that, but they're not really choices. (Higher Income)

When it comes to incentives, one participant mentioned that ActewAGL offered a privilege card for restaurants but no others seemed aware of this. One complained that AGL offers Flybuys in other states but not in the ACT.

You can get Flybuys with AGL in any other state but not within the monopolistic ACT. It should be a matter for the ACCC. It's just that no one gets around to complaining to the ACCC. (Higher Income)

Note that one participant said that small business customers pay a lower rate than residential but the higher income participants checked their bills and found that the business' variable cost was higher.

Confidence

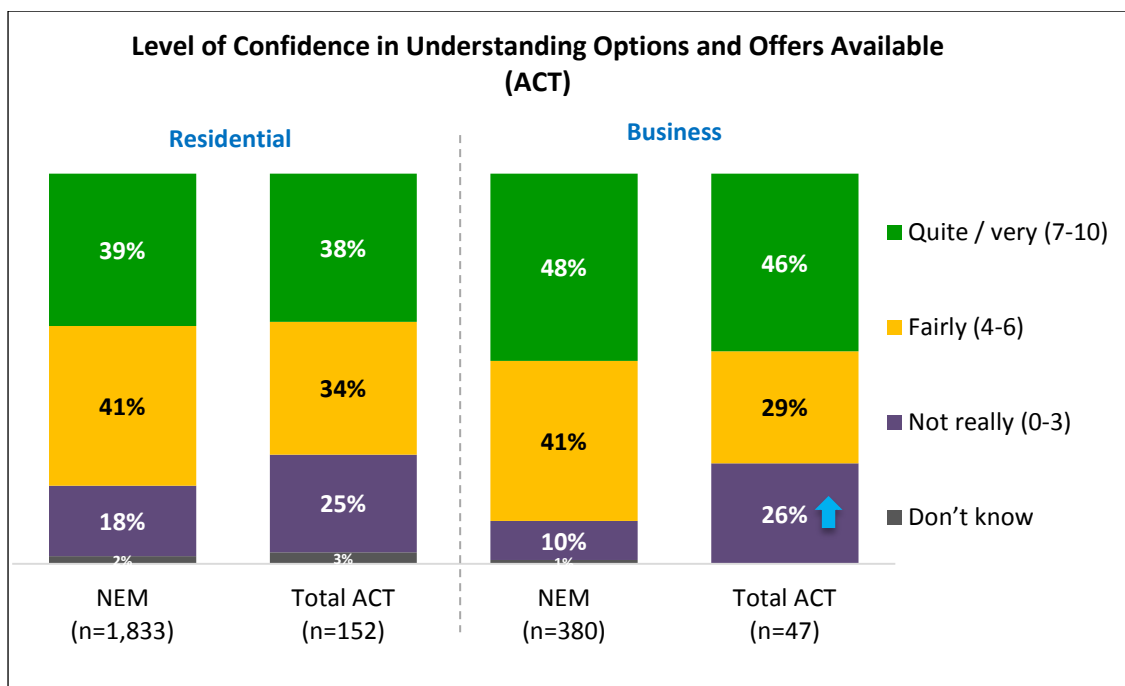
In the forums many participants rated their confidence in understanding the options and offers available to energy customers as very low, primarily because most had been under the misapprehension that ActewAGL was their only option when it came to their energy company.

I didn't know there was more than one energy company. I was told all we could get was ActewAGL. (Canberra)

I've lived here forever and thought ActewAGL was all we could get. I saw a 'Welcome to Canberra' ad sponsored by ActewAGL. (Canberra)

In the quantitative survey, confidence levels were quite mixed. Around four in ten residents (38%) and just under half the businesses (46%) were quite or very confident they understood the various options and offers available to energy customers in their territory. A third of residents (34%) and three in ten small business consumers (29%) were fairly confident and around a quarter (25% residents, 26% businesses) were not really confident.

Business consumers in the ACT were significantly more likely to say they were not really confident (rating of 3 or less) compared to other NEM jurisdictions. Although not statistically significant, residents in the ACT were also more likely to say they were not really confident compared to other states.



Base: All Respondents

Q11. And how confident are you that you understand the various options and product offers that are available to energy customers in your state [territory]? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

5.3.2 Switching Behaviour

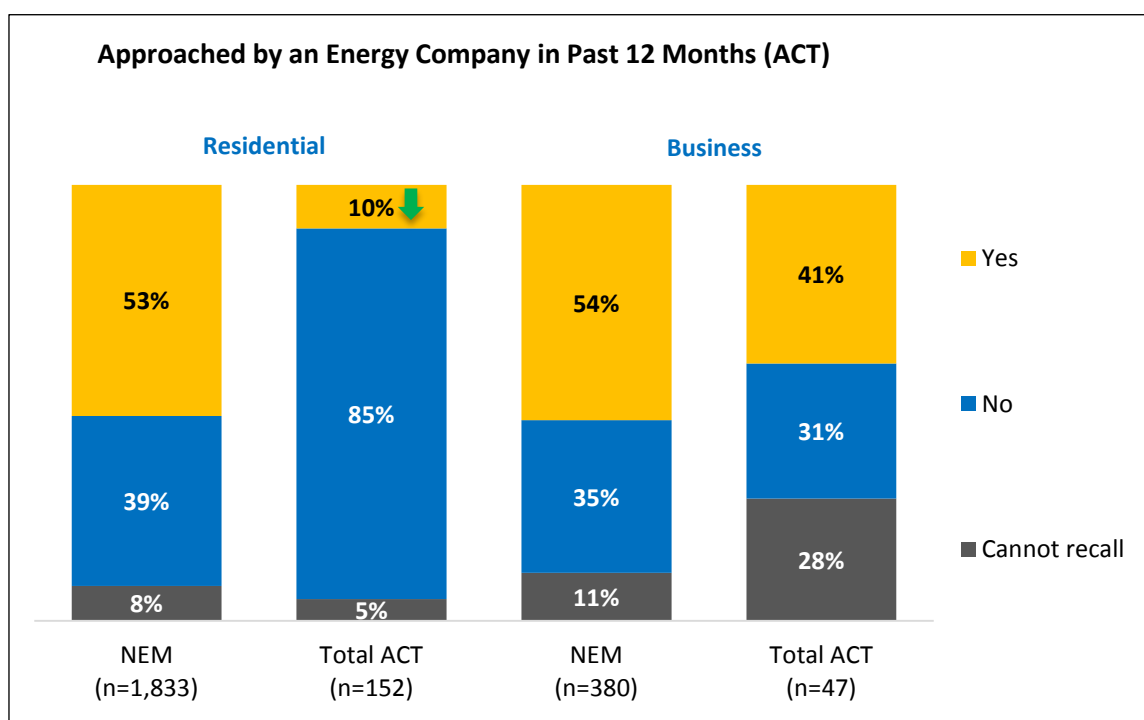
This section of the report examines:

- Past switching behaviour;
- Drivers and triggers to investigating offers and switching;
- Barriers or reasons for not investigating offers and switching;
- Information gathering process and key sources of information;
- Future switching intentions; and
- Initiatives likely to increase confidence in investigating alternative plans.

The qualitative research explored the different motivations and barriers among the small number of participants who had switched energy company or plan, those who investigated switching but ultimately did not, and those who have neither investigated nor switched.

Past switching behaviour

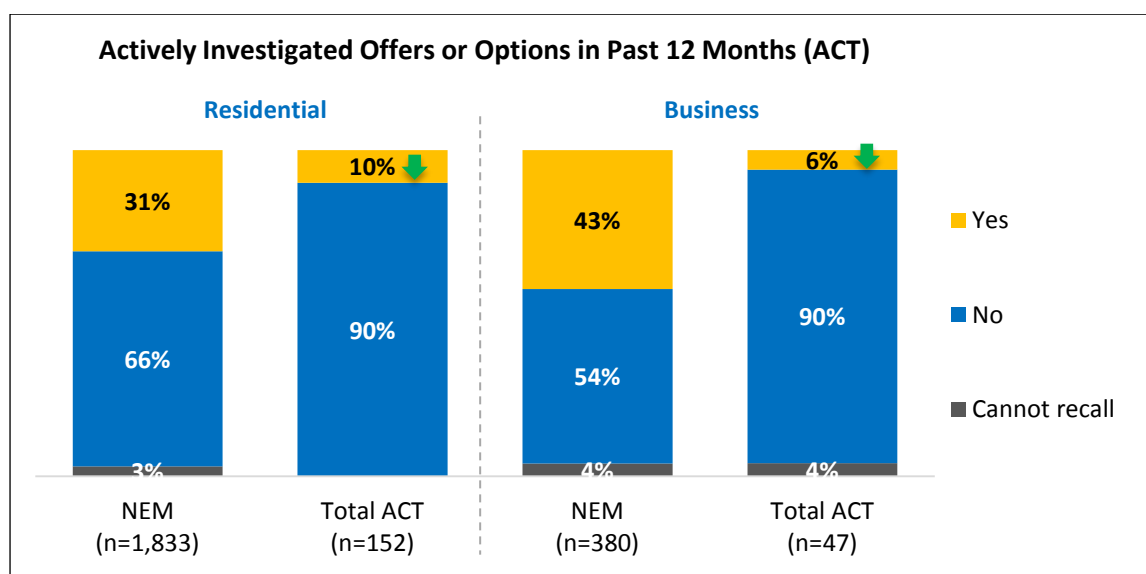
Just one in ten residents (10%) and four in ten small business consumers (41%) in the ACT had been approached by an energy company offering to sell them energy in the last twelve months. For residents, this was significantly lower than the NEM, reflecting the level of competition in the state. Given that marketing is such a key driver of awareness of choice and switching, there will need to be a significant increase in marketing activity, particularly among residents, in order to increase participation in the energy market



Base: All Respondents

Q18. In the past 12 months have you been approached by an energy company offering to sell you electricity or gas?

Consistent with past switching behaviours, only a small proportion of consumers (10% of residents and 6% of businesses) had actively investigated offers or options they could potentially switch to in the last 12 months. This was significantly lower than in other NEM jurisdictions.



Base: All Respondents

Q20. In the past 12 months, have you actively investigated different offers or options that you could potentially switch to?

Respondents were asked to indicate how many times they had switched their electricity or gas (if relevant) provider or plan in the past five years. In order to further understand consumers' propensity to switch, they were also asked how many times they had switched other service providers in the past five years. The table below shows the proportion of consumers who changed their service provider at least once in the past five years.

Consistent with the qualitative research, consumers in the ACT were less likely to have switched their energy company or plan compared with other NEM jurisdictions.

Provider (% switched at least once)	Residential		Business	
	NEM (n=1,833)	Total ACT (n=152)	NEM (n=380)	Total ACT (n=47)
Electricity Company	48%	16% ↓	47%	23% ↓
Electricity Plan	39%	21% ↓	39%	26% ↓
TOTAL Electricity	60%	27% ↓	56%	36% ↓
Gas Company	40%	9% ↓	Not shown due to small sample size (n=5)	
Gas Plan	30%	8% ↓		
TOTAL Gas	49%	10% ↓		
Car Insurance	37%	31%	Not asked of business consumers	
Mobile	32%	38%		
Internet	30%	35%		
Landline	22%	24%		
Home Insurance	22%	17%		
Bank	18%	16%		
Health Insurance	13%	10%		


Base: All Respondents

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company? / D7. In the last five years, how many times have you changed any of the following providers or companies with which you have products and services? MULTIPLE RESPONSE

Around 16% of residents had changed their electricity company in the last five years, with a total of 27% having changed their company or plan. Just 10% had changed their gas company or plan. Switching rates amongst business consumers were higher, with a total of 36% having changed their electricity company or plan.

By comparison, four in ten residential consumers (38%) had changed their mobile phone provider, a third had changed their internet provider (35%) and three in ten had changed their car insurance provider (31%) in the past five years.

The table below shows the average number of times consumers changed their energy company or plan in the past five years. Residential consumers who had switched tended to do so around 1.6 times on average for their electricity company and 1.3 times for their electricity plan.

Provider (Average number of switches)	Residential	
	NEM (n=773)	Total ACT (n=151)
Electricity Company	1.7	1.6
Electricity Plan	1.7	1.3 
Gas Company	1.7	Not shown due to small sample size (n=10)
Gas Plan	1.6	

Base: Respondents who had switched company or plan

Q17. In the past five years, how many times have you changed the following? Your electricity company? The electricity plan you were on with your existing company? Your gas company? The gas plan you were on with your existing company?

Drivers and triggers to investigating offers and switching

Both the qualitative and quantitative research suggest the main drivers to investigate switching are as follows.

- **Knowledge that they do have a choice.** This emerged very strongly in the forums with many saying they had learnt a lot of information during the session and would certainly be investigating their alternatives when they got home. Some forum participants said they had previously seen or heard an ad for another company or plan or for a comparison website or broker that made them aware that they had a choice and could potentially get a cheaper deal. However, during the course of their investigation virtually all had become convinced that they in fact did not have a choice and were ultimately directed back to ActewAGL.

I heard an ad flogging electricity deals and it jogged my memory that I had no options before. I rang and registered. The guy called me back and said he couldn't help me and that I had to stick with ActewAGL only. It could have been a NSW radio station I heard in Canberra. I've had the monopoly reinforced a few times and will be interested to go home from here and check it out. (Canberra)

- **Saving money.** In the quantitative survey around 41% said this was the main reason why they had switched electricity company or plan, with a quarter saying wanted a cheaper price (26%) and a further one in five (19%) saying they were offered a cheaper price or discount.

This year I lost my job and that prompted me to look at bill options. I worked with ActewAGL to do a financial plan with fortnightly payments and got a new cold water washing machine. (Lower Income)

- **Moving house** either from another state or within the ACT. A third of those who had switched electricity company or plan did so because they moved (32%). A further 3% changed when they moved out of the family home.
- **Solar panels or Green Energy.** In the quantitative study 10% who had switched company or plan said it was because they had got solar panels or Green Energy. It is most likely that these individuals had switched plans rather than company.
- They had a **negative experience** with their current provider and that prompted them to investigate alternatives. In the quantitative survey, just 4% of those who switched electricity company or plan did so because they were unhappy with the customer service. Although slightly lower, this was not statistically different to the NEM average (7%).

I had a bad monopoly experience and started to search but I found no other options, so just sucked it up. (Canberra)

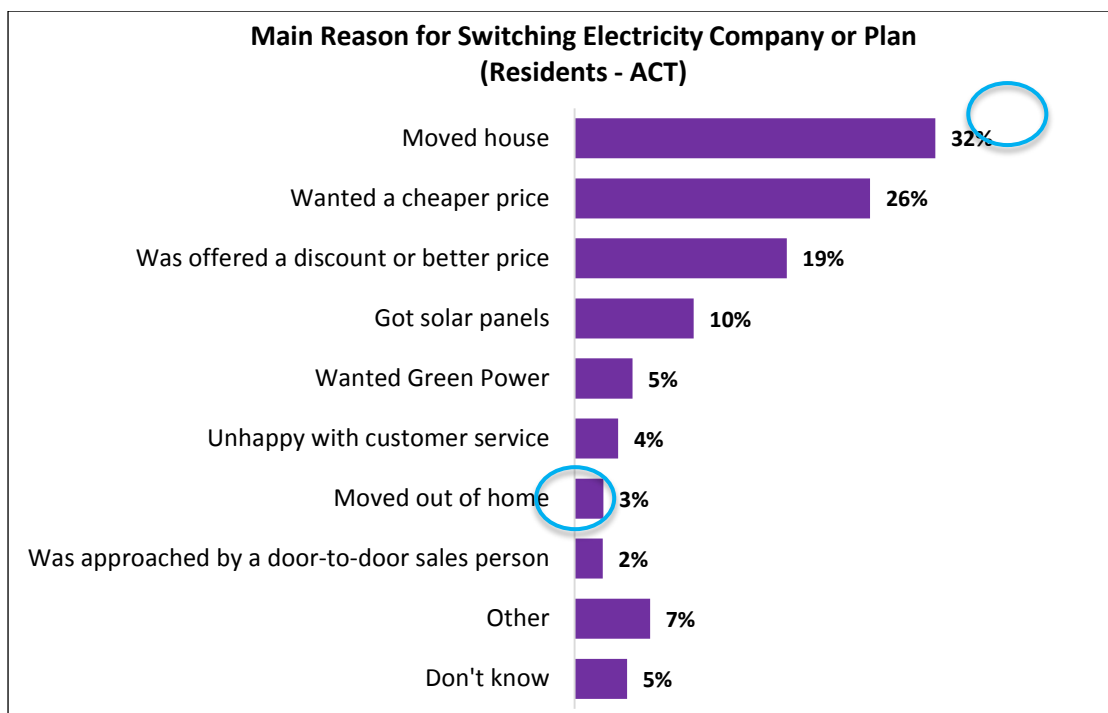
When forum participants were asked what factors they would take into account in making a decision about which energy company or plan to proceed with, cost was always the key factor. Other considerations included:

- Good customer service – particularly companies that are easy to get through to on the phone, promptly respond, are nice to deal with and any who proactively suggest ways to save money on their bills;
- Easy to understand communications materials;
- A range of plans that suits their households needs, such as solar or peak and off-peak;
- Discounts offered – for bundling gas and electricity, or paying on time;
- Fast and easy connections that can be arranged over the telephone;
- Potential for getting updates on how much energy they are using within the quarterly billing period;
- Confidence that the company is able to provide fast service if there is any problem with supply; and
- Solar rebates (for those who have solar panels).

My quarterly rebate for solar is the only thing that makes me happy. My gas is a lot. (Higher Income)

Through the course of the forum it was clear that the primary driver was knowing that they had a choice; most Canberra participants didn't know this and hearing this information made them want to explore their options.

The chart below shows the main reasons for switching electricity company or plan from the quantitative survey. The results for small business consumers and the reasons for switching gas company or plan are not shown in this report due to the low incidences in the survey.



Base: Respondents who switched their electricity company or plan. Residents (n=39)

Q22. The last time you switched, what was the main reason you changed your electricity company or plan? MULTIPLE RESPONSE

NB: the blue circles indicate that the results are significantly higher than the NEM average

Reasons for not investigating offers or switching

This section of the report focuses on the barriers or reasons for not investigating offers and switching.

In the quantitative survey, the main reasons for not investigating options or switching provider or plan was simply being happy with their current retailer or arrangements (23%). A further 18% said there was no real reason why they hadn't investigated options or switched. This was consistent with the NEM average.

In the forums, a lack of knowledge that they could change to a different energy company or plan was the main barrier to investigating energy plans and switching in Canberra. In the quantitative research, 19% of those who hadn't investigated their options or switched said it was because there were no other options or alternatives available – significantly more than the NEM average (5%). A further 4% said they didn't know they could change their company or plan.

I've read prices are going to go up. Well that sucks but there's nothing you can do about it. (Higher Income)

In the forums, despite most feeling neutral or mildly satisfied with their current company, there was interest in switching after hearing that they had a choice.

You get complacent. You just get used to what you know. (Canberra)

I didn't even realise I could choose. This is new to me. (Canberra)

I changed my mind. I was satisfied but now I'm not because of the strength of ActewAGL's monopoly. (Canberra)

Energy companies seem more like a cartel! (Canberra)

Once understanding that they do have a choice of provider, the other barriers were:

- A sense that it would take a lot of time and effort to be able to make an informed decision which probably wasn't worth it in the context of how much they could potentially save. In the quantitative research, 12% of those who hadn't investigated their options or switched said it was because they were too busy or didn't have time and 11% said it was too much hassle, they couldn't be bothered or were too lazy. A further 5% thought that all retailers would be the same and switching wouldn't make much difference to the price and 2% felt the saving wasn't worth the effort.

If you're bothered to sit down and learn about the units most will just shrug their shoulders and think, whatever. (Canberra)

- Perceived difficulty in accessing clear and easy to understand information from energy companies that they could trust. Many didn't know where to start looking for information or what questions to ask. In the quantitative research, 5% of those who hadn't investigated their options or switched said it was because there was a lack of information on the best deals available. A further 4% said it was too confusing.

Sometimes when you're comparing information it's hard to compare apples with apples. (Canberra)

I found that if I didn't ask the right question they weren't going to tell me. (Canberra)

I think I could [find the information online] but I don't know. (Canberra)

- Lack of familiarity with the other energy company in the market and lack of confidence that they can provide the same level of reliable service as ActewAGL. There was no awareness that ActewAGL is split into separate distribution and retail arms and, as a result, some felt that issues experienced by EnergyAustralia customers might not be rectified as quickly as those experienced by ActewAGL customers.

If you have heard of them there is comfort from the familiarity. (Lower Income)

If I have a problem will I be put at the bottom of the pile for not being with ActewAGL? (Lower Income)

EnergyAustralia might have a better deal but will anyone ever respond if I have a power outage? Service is very important. (Higher Income)

I need to change as soon as I get home (jokingly). I'd like to hear "they have response if something goes wrong with power". I know ActewAGL has it and I'm very happy with that response. Before I sign up for roadside assistance I need to know they have cars on the road. Can they respond? Do they own the lines, can they touch the lines? I need to know that can be serviced by another company. Do I get a service charge? (Canberra)

Others wanted to be sure that whatever company they signed up with was actually Australian and did not have an overseas call centre.

I'd be less likely to sign up with a company I hadn't heard of. I'd wonder why I hadn't heard of it. Other companies seem more familiar and reliable. (Lower Income)

I've shied away from overseas phone calls. I'm happy with the local people. I don't want to be with Canadian Power or anyone else who is taking profits out of the country. (Canberra)

- Reluctance to enter into a long-term contract or because they were on a contract. In the quantitative survey, 2% of those who had not investigated options or switched said the reason was because they were already on a contract.

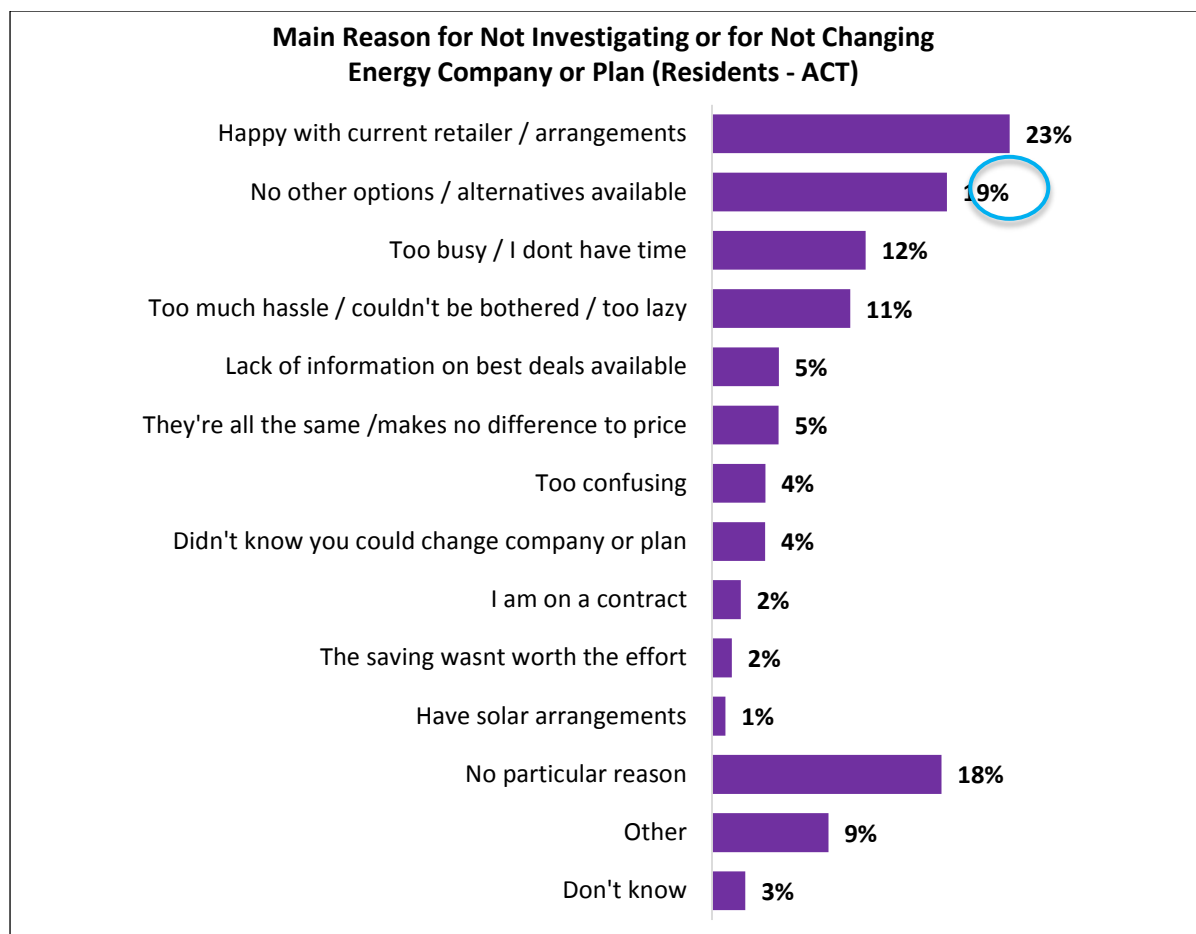
I'd have no hesitation to use EnergyAustralia unless I was tied by a contract. Then I would hesitate. (Higher Income)

I don't want to be tied down. (Higher Income)

- Concern over potentially losing their solar feed-in tariff. In the quantitative survey, this was mentioned by just 1% of those who had not investigated options or switched.

I typed in 'cheap power' on the Internet'. ActewAGL came up in the results with others. I've held back from making a decision because they said I could only get 6 cents per kWh. I'll take the best deal at the end of the day. I haven't gotten around to changing yet. I need to fight my way through the storm. I want off-peak and a good fit. (Canberra)

The following chart shows the main barriers for investigating options or switching energy company or plan from the quantitative survey. The results for small business consumers and the reasons for starting to look at options but not going ahead with the switch are not shown in this report due to the low incidences in the survey.



Base: Respondents who hadn't investigated options or changed their energy company (n=66) NB: Business responses not shown due to small sample size (n=16)

Q33. Are there any reasons why you haven't investigated different options or why you haven't changed your energy company or plan in the last few years? MULTIPLE RESPONSE

NB: the blue circle indicates that the result is significantly higher than the NEM average

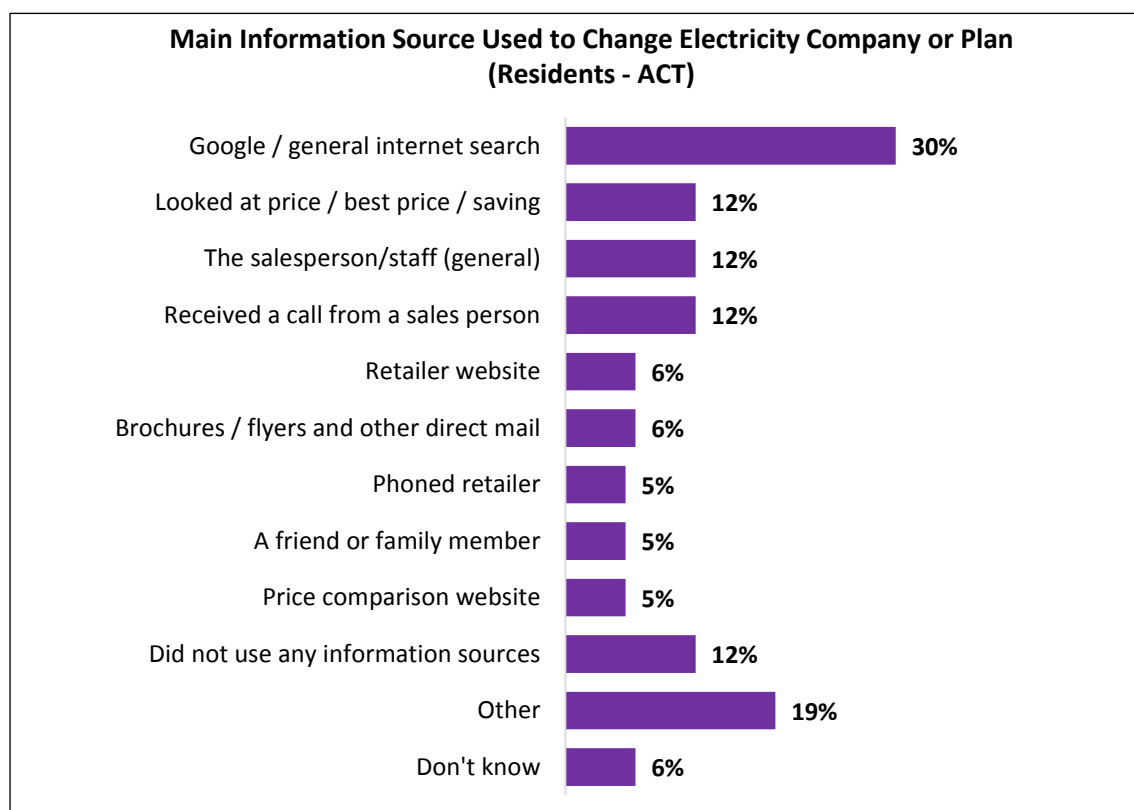
Information gathering process and key sources of information

Forum participants who had investigated switching had typically used commercial price comparison websites, looked at energy company's websites and telephoned energy companies directly. Some participants recalled seeing internet banner ads inviting people to compare different energy offers. One had gone into ActewAGL's office and another had heard a radio ad with the number for a broker. As previously noted, this investigation usually ended up at a dead end with no options available to people in their postcode.

I got my information from checking the website and going into the ActewAGL office in Civic... I have heard of comparison websites and seen some banner advertising online but I usually ignore them. I do remember seeing one about electricity. (Lower Income)

There was a billboard near Lake George saying you can switch. It didn't indicate a company. It just prompted people that an option to shop around was coming. (Higher Income)

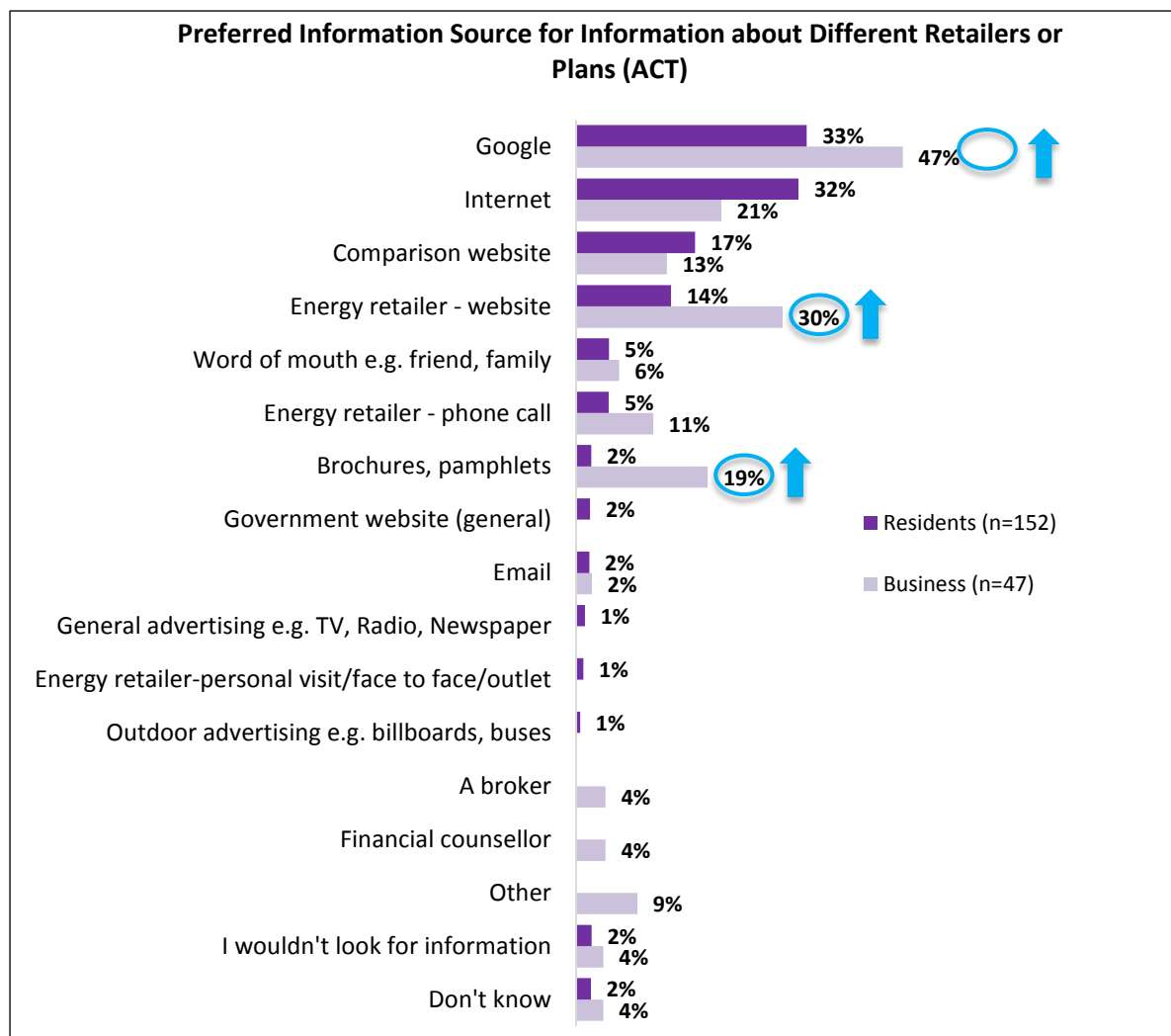
In the quantitative research, the main information source used when switching electricity company or plan was Google or general internet searches (30%). To a lesser extent, residential consumers just looked at the price or best saving (12%), spoke to sales people (no further information provided) (12%) or received a call from a sales person (12%).



Base: Respondents who switched their electricity company or plan. Residents (n=39) NB: Business not shown due to small sample size (n=17)

Q23. The last time you changed your electricity company or plan, what information sources helped with your decision to change? MULTIPLE RESPONSE

When it came to preferred sources for information about different energy retailers or plans, the most preferred were Google (33% residents, 47% businesses), the internet (no further information provided: 32% of residents, 21% of small business consumers), comparison websites (17% residents, 13% businesses) and energy retailer websites (14% residents, 30% businesses). Brochures and pamphlets were also popular among small business consumers (19%).

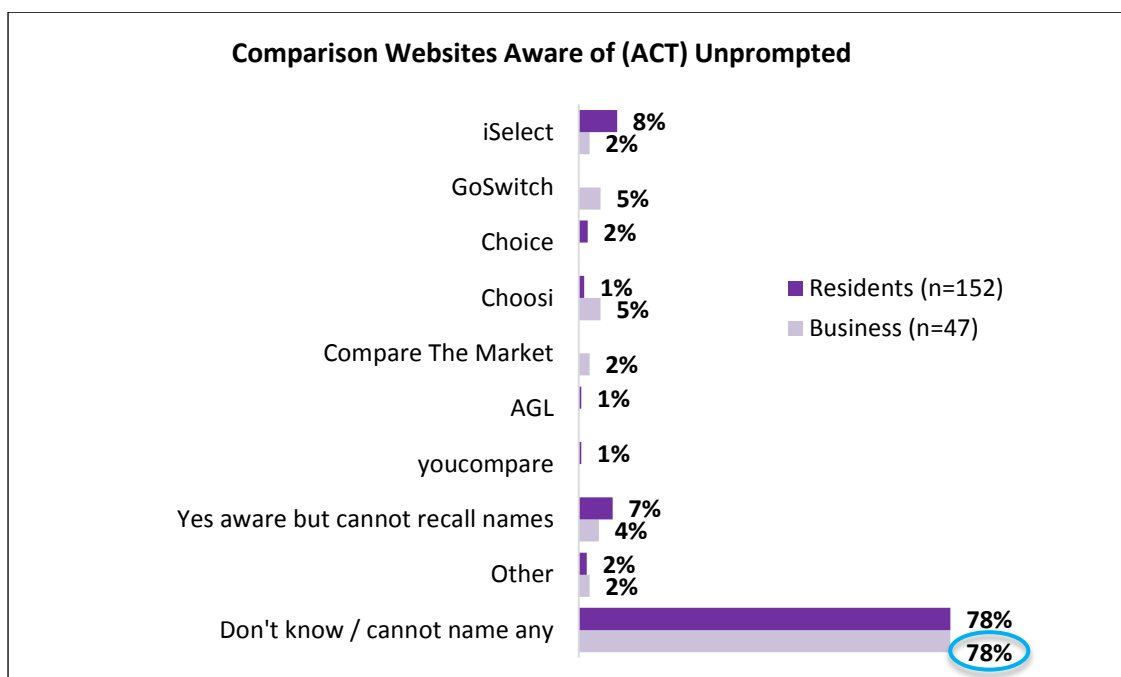


Base: All Respondents

Q37. If you wanted to look for information about different energy retailers or plans, what would be your most preferred method? MULTIPLE RESPONSE

NB: the blue circles indicate that the results are significantly higher than the NEM average

Survey respondents were asked if they were aware of comparison websites that could help customers choose a good energy deal for their home. The vast majority were not aware of any (78% of both residents and businesses). A further 7% of residents and 4% of business respondents said they were aware there were sites available but could not recall the name of any. Of those who could name a comparison site, iSelect was the most commonly mentioned (8% residents, 2% businesses) and a very small proportion mentioned GoSwitch (5% businesses), Choice (2% residents) and Choosi (1% residents, 5% businesses). No one mentioned the *energymadeeasy* website, but when prompted, 6% of residents and 10% of small business consumers said they had heard of the site.

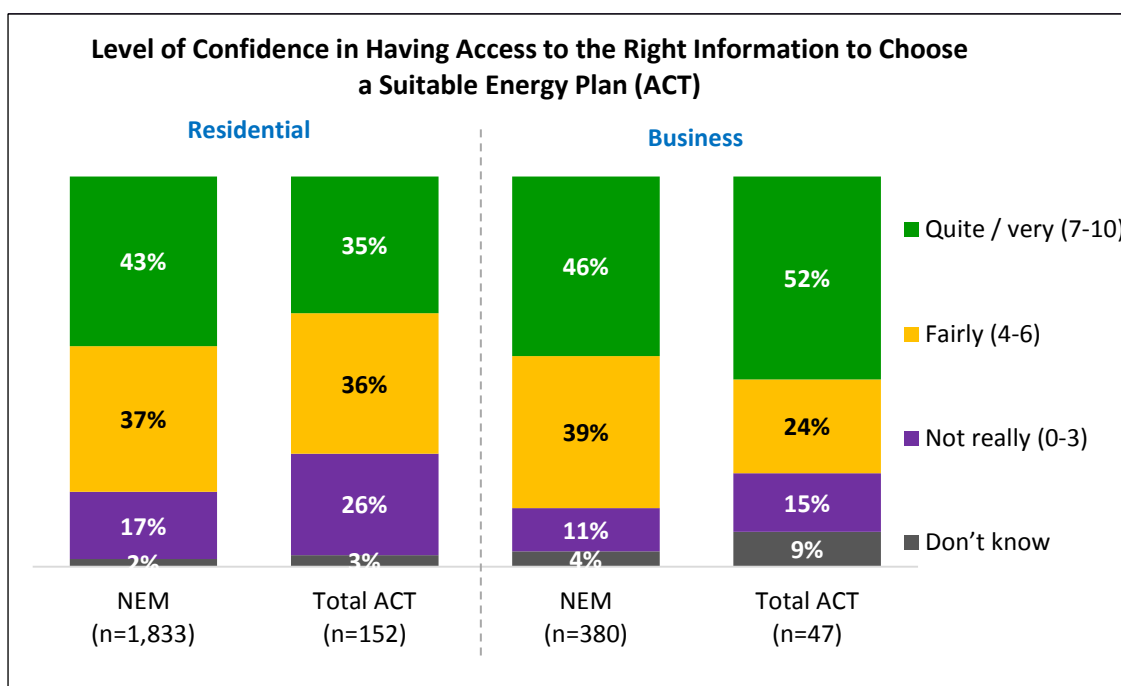


Base: All Respondents, MULTIPLE RESPONSE

Q38. Are you aware of any comparison websites that can help customers choose a good energy deal for their home?

NB: the blue circle indicates that the result is significantly higher than the NEM average

When asked how confident they were that they had access to the right information to choose a suitable energy plan, the majority of survey respondents were fairly or quite confident - 35% of residents and 52% of businesses gave a rating of 7 or more and 36% of residents and 24% of businesses gave a rating between 4 and 6 out of 10. However, a quarter of residents (26%) and around one in six businesses (15%) were not really confident that they had access to the right information to choose a suitable energy plan, giving a rating of 3 or less.

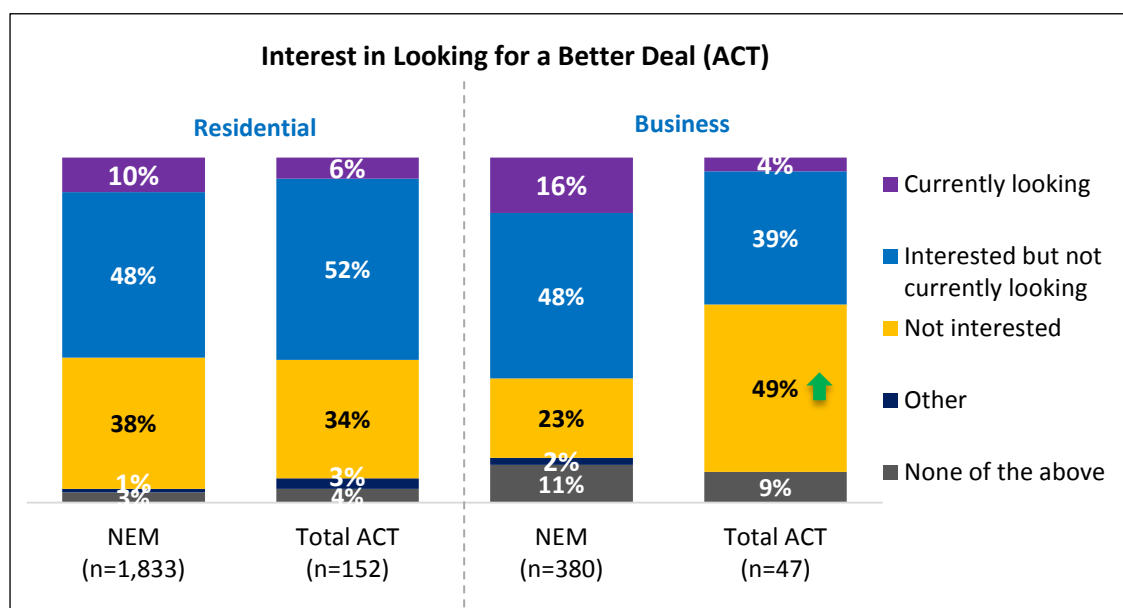


Base: All Respondents

Q36. How confident are you that you have access to the right information to choose an energy plan that suits your needs? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident?

Future switching intentions

When it came to looking for a better deal, around 6% of residents and 4% of businesses were currently looking. Around half the residents (52%) and four in ten businesses (39%) were interested in looking for a better deal but were not currently looking and a third of residents (34%) and half the businesses (50%) were simply not interested in looking for a better deal. While residents' results were fairly consistent with other NEM jurisdictions, a significantly higher proportion of small business consumers in the ACT were not interested in looking for a better deal.



Base: All Respondents

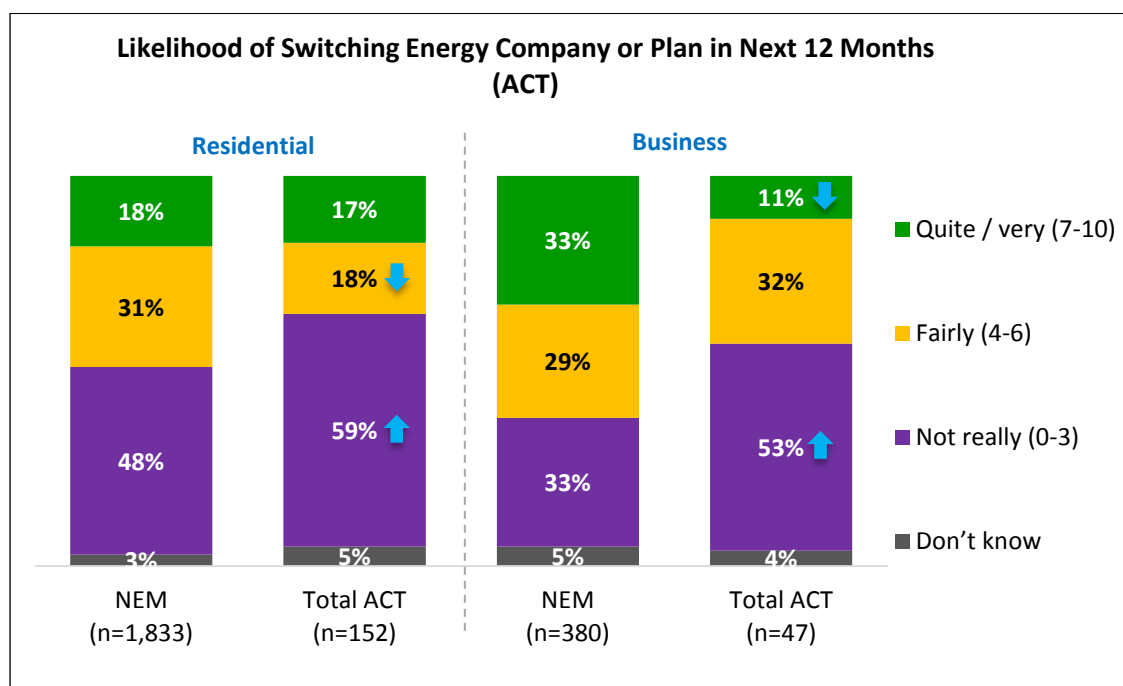
Q34. When it comes to your household's energy company, which of the following statements is most applicable to your household?

Consistent with past switching behaviours and intentions to seek out a better deal, when it came to future switching intentions, consumers generally felt it was not really likely that they would switch energy company or plan in the next 12 months. Overall, they were significantly less likely to switch energy company or plan compared to those in other NEM jurisdictions.

Less than one in five residents (17%) and one in ten businesses (11%) indicated they were quite or very likely to switch energy company or plan in the next 12 months (rating of 7 or more out of 10 where 10 meant extremely likely). Around one in five residential respondents (18%) and a third of businesses (32%) were fairly likely to switch (rating between 4 and 6), while 59% of residents and 53% of businesses thought it was not really likely they would switch (rating of 3 or less). Of note, 34% of residents and 22% of businesses said they were not at all likely to switch – giving a rating of zero. Awareness of being able to choose their energy company or plan was not a significant driver of future switching intentions.

Despite this, Canberra forum participants demonstrated a fair level of interest in investigating their options after hearing that they do have a choice in energy plan and to some extent company. There was more interest in alternative energy plans from ActewAGL, including bundling and peak/off peak, than switching companies.

Those who were not interested in looking into switching at the end of the forum generally felt the lack of choice in the ACT meant that it would be a waste of time and they wouldn't save much money.



Base: All Respondents

Q35. How likely are you to switch your energy company or plan in the next 12 months? Please use a scale where 0 is not at all likely, 5 is fairly and 10 is extremely likely?

Initiatives likely to increase confidence in investigating alternative plans

While not intended to be a direct focus of this study, forum participants said they felt that energy consumers in the ACT should be made aware that they do have a choice of plan and provider, could potentially save money and that they could go to the energymadeeasy website for independent comparison information.

I wanted a site like iSelect and now there is one. (Lower Income)

It's great to have a website but nobody knows about it. (Lower Income)

I found the website really interesting. I wish I knew about it earlier. Just noticed it's on a bill. (Higher Income)

There were mixed opinions on who should be responsible for this communication, with some saying it should come from the regulator or the ACT Government.

It's the regulator's role to tell us how to save. (Canberra)

The ACT Government has the responsibility to tell us there are options. (Canberra)

People are not used to looking for different electricity companies here because they've never been here. Maybe the ACT Government should get involved. (Canberra)

Others said it should be up to the competitor energy company, in this case EnergyAustralia, to be out marketing. Some added that they would prefer that any marketing tactics used not be too aggressive.

It's their business to make money. It's our business to save money. (Canberra)

It's not like the information is hiding, ActewAGL just has a higher profile here. (Canberra)

I'd like to hear there is another provider. (Canberra)

Some participants suggested that the forecasts for price rises to level off could actually help EnergyAustralia and any other new retailers in their marketing efforts and would help put downward pressure on prices for the benefit of all energy consumers across the state.

Some participants also said that energy companies should provide simple and clear information and not assume consumers have any understanding of energy issues. Some also felt there should be a standard way to show the various plans to enable easy comparison.

They have to put it on there as if you are dumb. It will save everyone heaps of time. They need to explain it as 'electricity for dummies'. But if you don't ask, then you won't get. They only offer you things if you say you're thinking about moving. (Canberra)

Supermarkets do the per gram rate. That would make it easier to compare across the board. (Canberra)

5.3.3 Consumer Satisfaction with the Market

This section of the report examines:

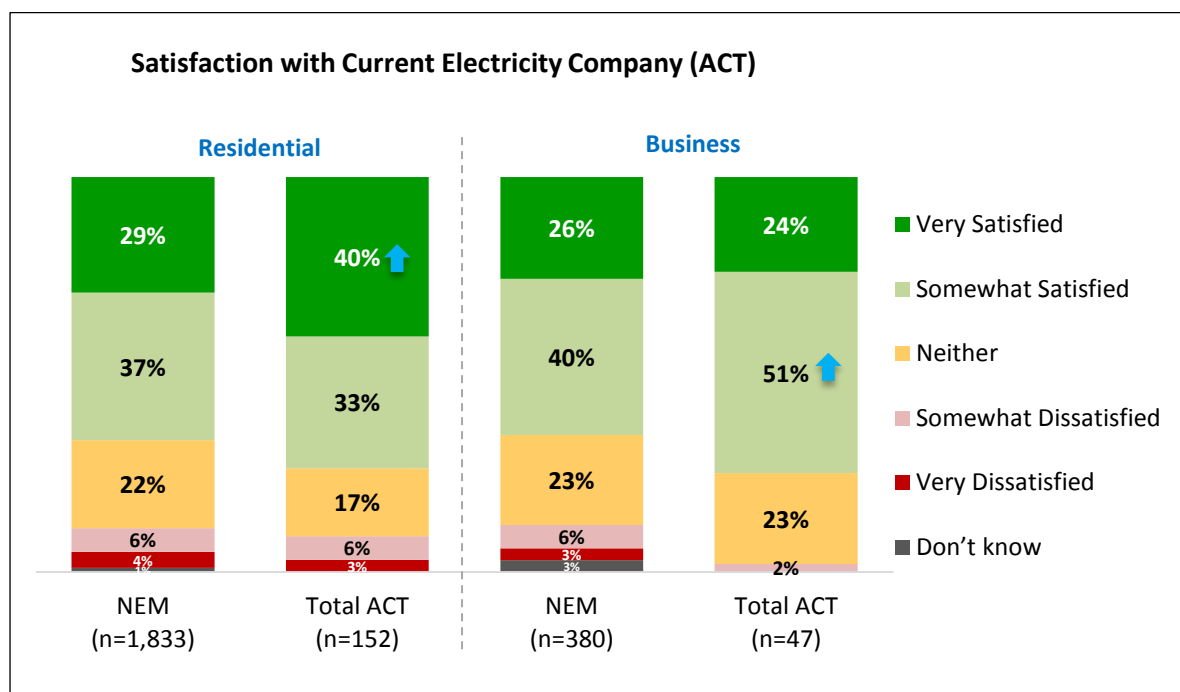
- Satisfaction with current electricity and gas company;
- Perceptions of energy companies in general;
- Interactions with energy companies;
- Satisfaction with switching process and outcomes; and
- Satisfaction with the level of market choice.

Consumer satisfaction with their current energy company

Across both the qualitative and quantitative research, consumers were generally satisfied with their electricity and gas retailers.

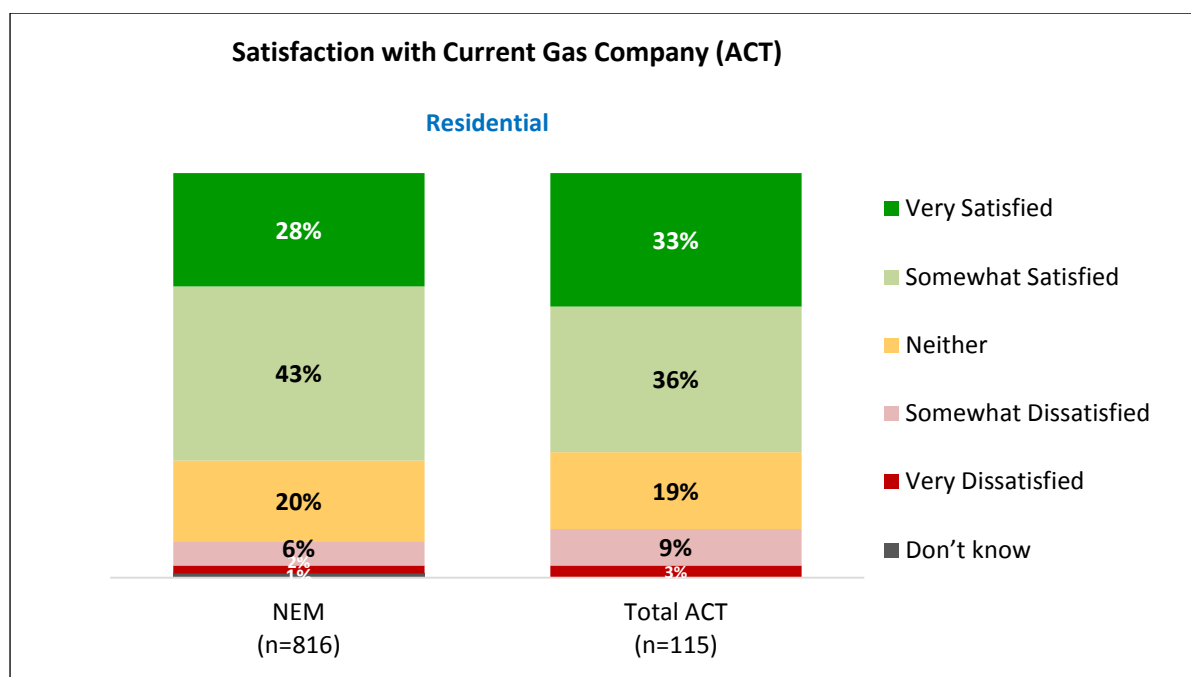
In the quantitative research, three quarters of respondents (73% of residents and 75% of businesses) were very or somewhat satisfied with their electricity retailer. Residents in the ACT were significantly more likely to say they were very satisfied compared with those in other NEM jurisdictions. Similarly, business consumers in the ACT were less likely to be dissatisfied and more likely to say they were somewhat satisfied. Around one in five (17% of residents and 23% of businesses) were neutral and just 10% or residents were somewhat or very dissatisfied with their electricity company.

Not surprisingly for the ACT, satisfaction with gas companies was fairly similar to that of electricity companies. Around seven in ten residential consumers (69%) were somewhat or very satisfied with their gas retailer, one five were neutral (19%) and just 12% were somewhat or very dissatisfied with their gas company.



Base: All Respondents

Q2. How satisfied are you with your current electricity company?



Base: Respondents who have mains connected gas

Q7. How satisfied are you with your current gas company? Business not shown (n=5)

These results were fairly consistent with the qualitative research.

I've never had to call them so they've never irritated me. It is what it is but if there were a choice to be made I'd be looking around for a better option. (Higher Income)

I've had no problems with supply. I've lived in Cambodia so think we should consider ourselves lucky. That said, I recently had a gas bill where the consumption charge was \$8.20 and the service charge was \$52.95... (Higher Income)

In the qualitative research, satisfaction with the energy company didn't generally come from their company doing anything that stood out. Rather, it came from them providing a minimum level of service with no issues and often, very little communication. Those who had lights that turned on and regular billing were satisfied – not necessarily positive but satisfied in the sense that their baseline needs were being met.

We don't get many outages. It just works. (Canberra)

Many participants had previously lived in other states so their level of satisfaction with their energy company in the ACT was viewed from within this prism. They had experienced choice and different energy companies vying for their business and, as they were generally not aware that they had a choice when it came to their energy company, they regretted that they had had to deal with what they described as a 'sluggish' and 'monopolistic' entity.

Many of the higher income participants were public servants whose roles were heavily focussed on accountability were somewhat incredulous that ActewAGL could get away with not providing better customer service.

A lot of us work for the public sector and it's all about accountability. They do things like letting the phone 'accidentally' get disconnected and fobbing people off. They are so large that accountability seems to be almost zero. (Higher Income)

It seems like a cartel. Prices are not really set by the free market. They have no real incentive to compete. We need more suppliers. (Higher Income)

They need to be a little bit more sympathetic and actually advise people. (Higher Income)

Specific elements of satisfaction with current energy companies are explored below (in broad descending order of importance):

- No significant issues with the supply or company.

I have no reason not to be satisfied. (Lower Income)

Unless you've got a problem you usually don't speak with your energy company. (Lower Income)

- Reliability of service, including no black outs or brown outs, or fast response times when there is an issue (although they generally did not realise this was the responsibility of distributors rather than retailers).

I'm very happy with the reliability. We don't have rolling blackouts like they do in Saudi Arabia. (Higher Income)

- Regular billing, and in some cases, arranged to suit the customer's preferences. For example, ActewAGL allows 'Evenpay' where customers can set an automatic direct debit every fortnight to help smooth out their energy bills.
- Good customer service, including accessing a 'real person' over the phone and speaking with someone who is friendly and knowledgeable.
- Good maintenance program, including being able to see workers "out and about" and in the new subdivisions infrastructure is being built underground. One participant said they were more satisfied with their electricity company than their gas company as they could appreciate that some of the money from their bill was being spent on line maintenance but that for gas, the pipes are underground and so don't need maintenance work, only the occasional emergency work. Note these comments demonstrate confusion between the retailer and the distributor; some participants didn't differentiate between the two.
- ActewAGL's magazine that is sent out with the bill contains discount vouchers. A few participants commented that they liked this and always read it while others couldn't remember receiving it and pointed out that ActewAGL were effectively charging them for it.

I absolutely love it. (Higher Income)

- ActewAGL is seen to be a 'Canberra' company because they have a local office and sponsor events and sports teams in the area.

They're taking our money so at least they're doing something good with it. (Lower Income)

ActewAGL pumps a lot of money back into the local community. (Lower Income)

It is important that they are a local identity. Workers are local. (Lower Income)

Dissatisfaction often stemmed from having a particular issue and therefore additional communication with their company. Either the issue or the poor customer service received during the resolution led customers

to feel more negatively and contributed to dissatisfaction. Specific elements of dissatisfaction with current energy companies are explored below (in broad descending order of importance):

- Lack of focus on customer service. Some spoke of the challenge of getting someone senior to return their phone calls, being ‘accidentally’ disconnected or hearing different stories from different staff members. One participant spoke of an incident where the automatic direct debit amount was set too high for his energy bill and despite having the historical data to prove this, he couldn’t get ActewAGL to agree to change the amount.

I wanted to firebomb them. I was very very angry. I thought about putting gas bottles in so I wouldn’t have to deal with them. I had no other supplier to go to. No-one senior there would address it and good luck with the ombudsman. (Higher Income)

I just want someone to give me a ‘little bit of love’. I don’t feel like they run any customer service because they don’t have to. (Higher Income)

They feel they don’t need to be courteous because they don’t have to. We’re in the public service. We don’t need to be courteous but we are... (Higher Income)

- Poor communication with customers. There were mentions of late delivery of newsletters containing important information and no correspondence about rate changes.
- They don’t offer information on how consumers can save money by changing plan unless they are asked a specific question about it. Plans were confusing and ActewAGL’s website ‘unhelpful’.

If you ask the right questions they’ll tell you how to save money. I was staying up late to put my washing machine and dishwasher on after 11.00pm. After daylight savings the time doesn’t change but they never mentioned that. (Higher Income)

- Poor and/or inefficient billing practices. Stories were told about bills being sent to the wrong address or being late. One participant received her bill nine months late and another was charged a late payment penalty for a direct debit payment that was rejected by the energy company.
- ActewAGL spends money from electricity bills sponsoring events all over Canberra.

ActewAGL is a monopoly but they sponsor events throughout Canberra and we’re meant to think they’re altruistic? I think that’s my electricity bill paying for that. You have no need to advertise, it’s a monopoly! (Higher Income)

Drivers of dissatisfaction in the industry more broadly include (in broad descending order of importance):

- The general rising cost of electricity, stemming from a lack of knowledge about the role the retailer plays in setting the price.

What do electricity companies do well? Take our money! (Lower Income)

- No real choice or ability for ACT residents to negotiate like in other states.

Coming from Sydney you could negotiate and ring other providers. Not here. I was told ‘That’s the price mate’ by ActewAGL. (Higher Income)

They’re a cartel. It feels like there’s a tacit agreement on prices between retailers. They don’t have a lot of incentive to compete. (Higher Income)

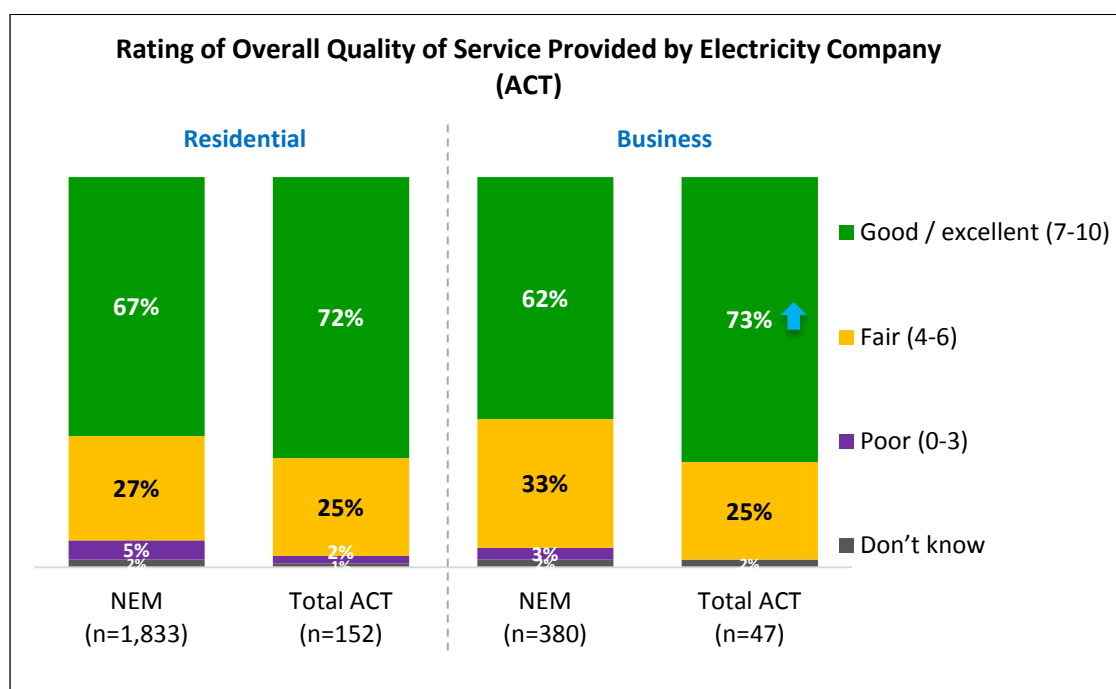
They need to get suppliers in here to make competition to bring down prices. (Higher Income)

- High gas service charge, particularly as the Federal Government paid to have gas pipes installed and that the only maintenance work required is emergency work. One woman said her gas service bill was \$52.95 and her consumption was \$8.28.

Once participants became aware they did have a choice of energy plan and an alternative energy supplier it appeared that their level of satisfaction with ActewAGL diminished somewhat as their expectations of it increased.

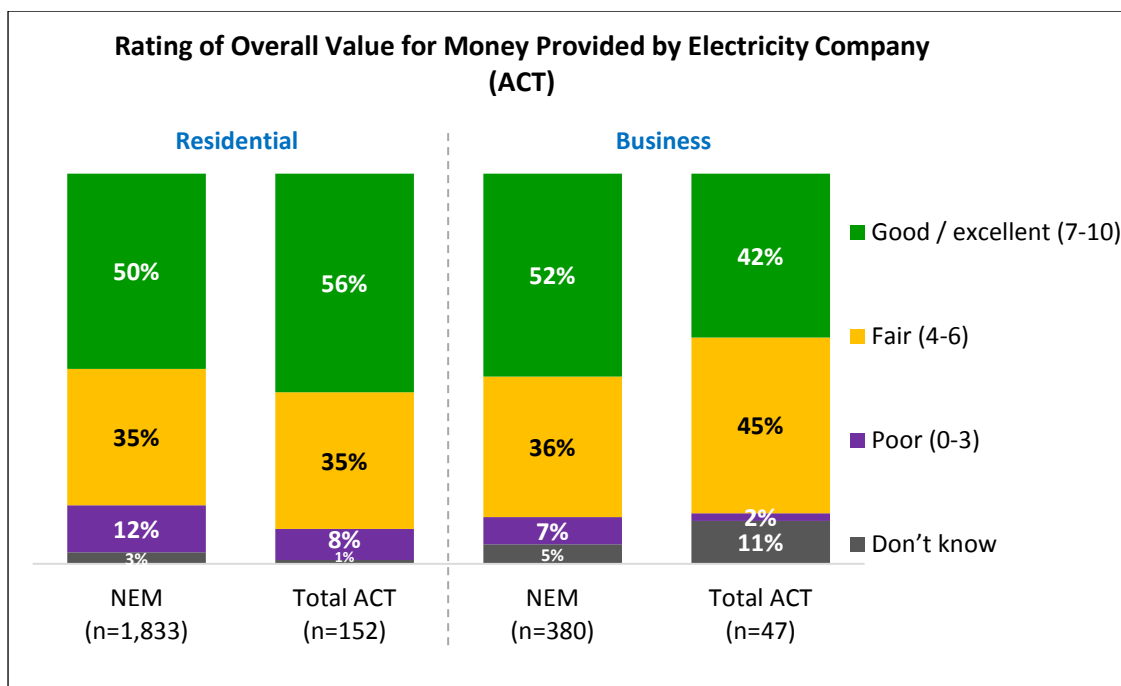
The overall quality of service provided by electricity companies was largely perceived as good or excellent (72% of residents and 73% of businesses giving a rating of 7 or more out of 10 where 10 meant excellent). Just 2% of residents thought it was poor (rating of 3 or less). Businesses in ACT were significantly more likely to rate the quality of service as good or excellent compared to other NEM jurisdictions.

Despite overall value for money being rated lower than quality of service, it was still seen as at least fair overall. Around half of the residents (56%) and four in ten businesses (42%) thought it was good or excellent (rating of 7 or more out of 10) and around a third of residents (35%) and 45% of businesses thought it was fair (rating between 4 and 6).



Base: All Respondents

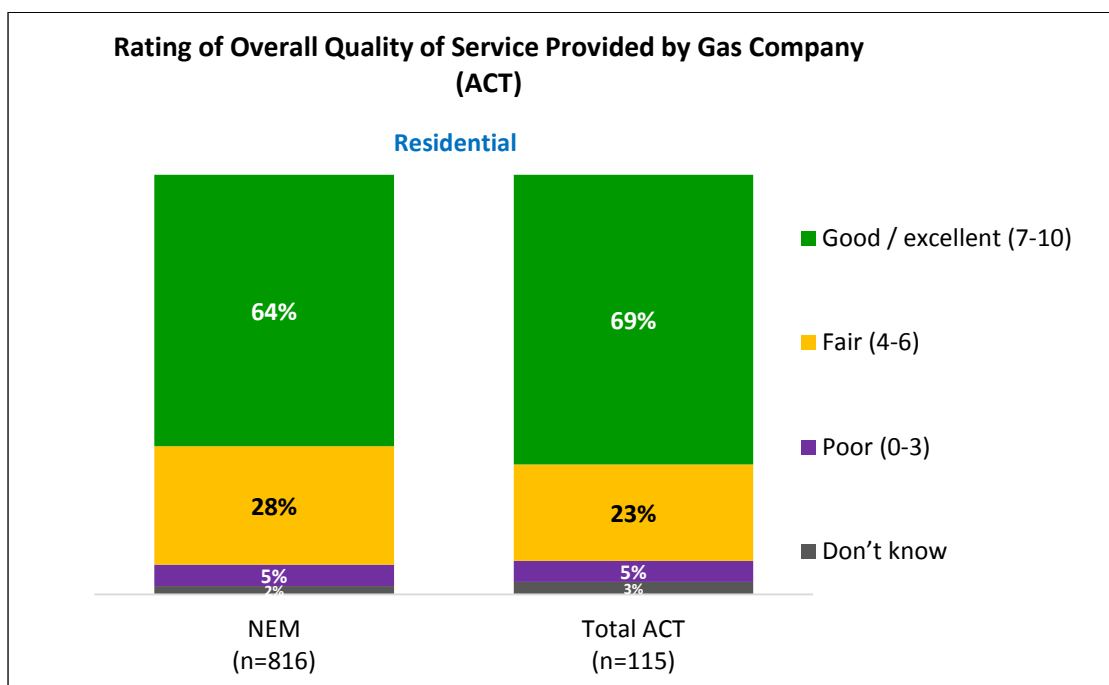
Q3. How would you rate the overall quality of service provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.



Base: All Respondents

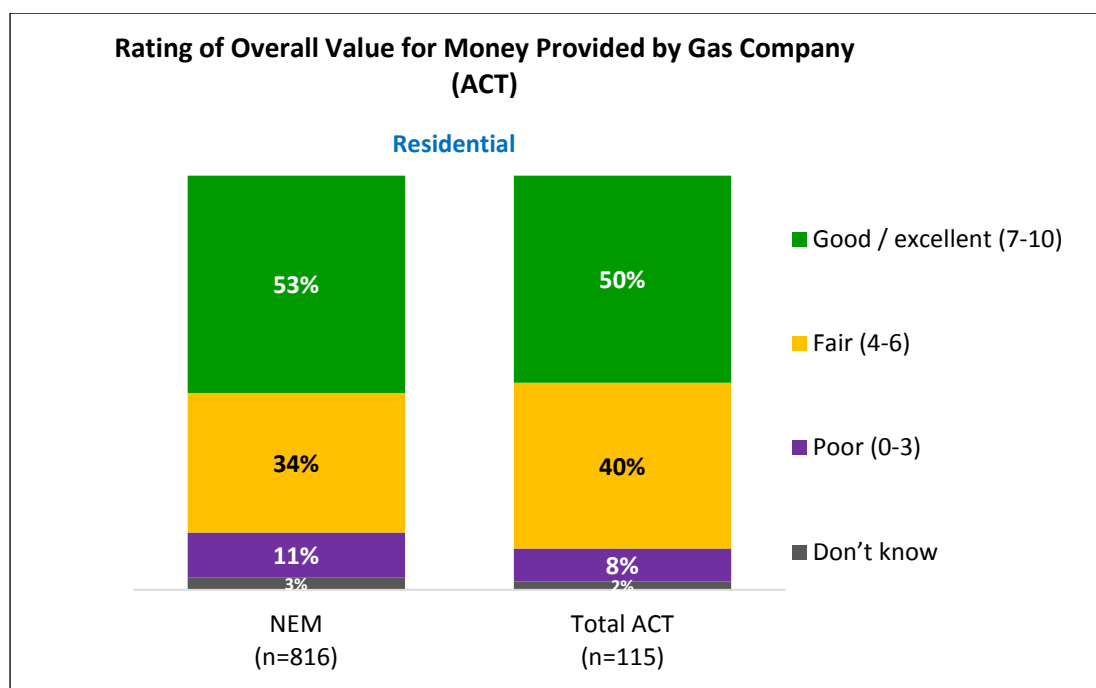
Q4. How would you rate the overall value for money of the products and services provided by your electricity company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent.

As was the case with electricity, the overall quality of service provided by gas companies was largely perceived as good or excellent (69% of residents gave a rating of 7 or more out of 10 where 10 meant excellent) and the overall value for money was seen as at least fair overall (50% gave a rating of 7 or more and 40% gave a rating between 4 and 6).



Base: Respondents who have mains connected gas

Q8. How would you rate the overall quality of service provided by your gas company? Please use a scale where 0 is very poor, 5 is fair and 10 is excellent. Business not shown (n=5)



Base: Respondents who have mains connected gas

Q9. How would you rate the overall value for money of the products and services provided by your gas company?

Please use a scale where 0 is very poor, 5 is fair and 10 is excellent. Business not shown (n=5)

Perceptions of energy companies overall

Because of the significant market share held by ActewAGL, this topic is examined in the previous section 'Customer satisfaction with their current energy company'.

Interactions with energy companies

Participants didn't generally have a lot of contact with their energy company and most were satisfied with that.

Contact from ActewAGL was primarily in the form of the bill with the occasional letter about rate increases and a few mentions of a magazine or newsletters.

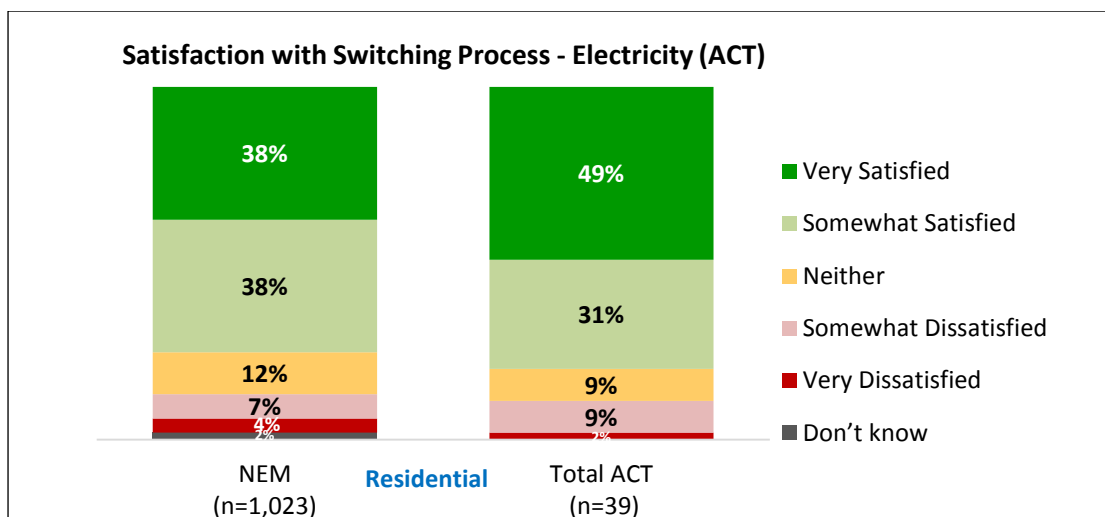
Participants typically only contact ActewAGL when they have a billing issue, want to change the way they pay their bill or move house. A couple contact ActewAGL to monitor their energy usage.

A few mentioned they would like energy companies to be more proactive in offering discounts to their existing customers.

In contrast to other states, there was no mention of doorknockers or shopping centre solicitations.

Satisfaction with switching process and outcomes

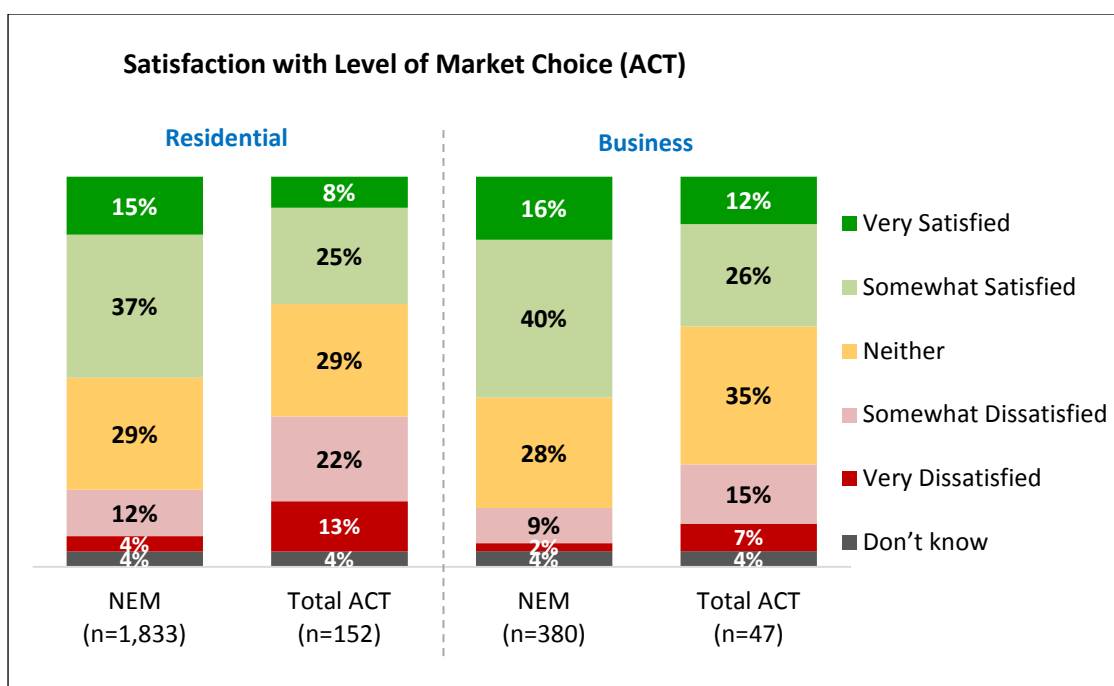
Those who had switched electricity company or plan were generally satisfied with the switching process. Eight in ten residents who had their electricity switched company or plan (80%) were somewhat or very satisfied with the process of switching. The results for businesses and satisfaction with the process of switching gas company or plan are not shown in this report due to low incidences in the survey.



Base: Respondents who switched their electricity company or plan / Q24. The last time you switched your electricity company or plan, how satisfied were you with the overall switching process?

Satisfaction with the level of market choice

Respondents in the quantitative survey were asked how satisfied they were with the level of choice available. Around one in ten respondents (8% of residents and 12% of businesses) were very satisfied with the level of choice and a quarter (25% residents and 26% businesses) were somewhat satisfied. One in three residents (29%) and a third of businesses (35%) were neither satisfied nor dissatisfied (29% residents, 34% businesses). However, a third of residents (35%) and one in five businesses (22%) were dissatisfied with the level of choice – significantly more than in other NEM jurisdictions.



Base: All respondents

Q16. When it comes to energy companies and energy plans, how satisfied are you with the level of choice available to consumers in your state [territory]?

The qualitative results provided insight into the reasons for these results. At the beginning of the Canberra forum most participants were satisfied with ActewAGL as their energy company. They were not perturbed by the lack of choice as they often did not know this was the way the market worked in other states.

Those who were dissatisfied with their level of choice of energy company in the ACT were primarily those who were aware that consumers had choice in other markets and those who were dissatisfied with ActewAGL's customer service and were keen to transfer their business to another company.

Throughout the course of discussion, however, satisfaction levels increased as participants understood that they did in fact have a choice of both company and plan. Although some wished there were more than just one other company operating in the ACT, they appreciated that they were living in a small market and that may be unrealistic. They felt that even one other alternative was useful and would hopefully help keep a lid on prices.

If there were genuine competition prices would come down. (Higher Income)

It's a shame there aren't more [energy companies] here. I guess the market isn't big enough. 350,000 people. Not worth it. (Higher Income)

There was general agreement that the choices available for ACT consumers need to be better communicated so that more people will actively investigate which options will suit the needs of their household.

Note that participants in this research in the ACT were unaware that they have the lowest prices in the National Electricity Market and that due to the way in which prices are currently regulated in the ACT, it is possible that prices would actually have to initially rise to allow new retailers to enter the market.

Respondent Profile

The following tables show the demographic profile of residents and businesses who completed the quantitative survey. Significant differences by jurisdiction are shown in blue (significantly higher) and red (significantly lower).

Residents

Jurisdiction		Total	ACT	NSW	SA	VIC	QLD
n=		1,833	152	325	327	327	702
Gender	Male	46%	44%	47%	32%	53%	38%
	Female	54%	56%	53%	68%	47%	62%
Age	18 to 29	15%	11%	14%	14%	15%	18%
	30 to 39	23%	18%	26%	19%	21%	21%
	40 to 49	22%	23%	22%	21%	23%	20%
	50 to 59	18%	19%	19%	23%	17%	18%
	60 or over	22%	30%	19%	23%	23%	23%
Electricity Company	Origin Energy	28%	1%	32%	19%	16%	49%
	AGL Energy	24%	2%	25%	43%	21%	22%
	Energy Australia	19%	8%	28%	11%	19%	6%
	Lumo Energy	4%	0%	1%	9%	7%	3%
	Simply Energy	4%	0%	1%	9%	9%	0%
	ActewAGL	3%	86%	3%	0%	1%	0%
	Red Energy	3%	0%	1%	0%	8%	0%
	Australian Power and Gas	2%	0%	2%	0%	4%	1%
	Alinta Energy	2%	0%	1%	2%	3%	0%
	Click Energy	1%	0%	0%	0%	1%	5%
	Ergon Energy	1%	0%	0%	0%	0%	5%
	Dodo Power and Gas	1%	0%	1%	0%	2%	0%
	Momentum Energy	1%	0%	0%	0%	2%	0%
	TruEnergy	1%	0%	0%	0%	1%	0%
	Power Direct	1%	0%	0%	1%	1%	1%
	Other	2%	0%	1%	1%	3%	3%
	Don't know	3%	3%	4%	3%	3%	3%
Mains Gas	Yes	53%	75%	45%	56%	82%	16%
	No	44%	20%	52%	42%	15%	81%
	Don't know	3%	4%	3%	2%	3%	3%
Gas Company	AGL Energy	34%	6%	52%	33%	24%	33%
	Origin Energy	22%	1%	20%	41%	17%	50%
	Energy Australia	18%	6%	16%	14%	22%	3%
	Simply Energy	5%	0%	0%	7%	9%	0%
	ActewAGL	4%	83%	5%	1%	0%	1%
	Lumo Energy	3%	0%	1%	0%	6%	0%
	Australian Power and Gas	3%	1%	2%	0%	5%	2%
	Red Energy	3%	0%	1%	0%	5%	0%
	Alinta Energy	1%	0%	2%	1%	1%	3%
	Dodo Power and Gas	1%	0%	0%	1%	2%	0%
	Tru Energy	1%	0%	0%	0%	1%	0%
	Other	1%	0%	0%	0%	1%	3%
	Don't know	4%	3%	3%	3%	6%	5%
Home Ownership	Paying off a mortgage	36%	31%	37%	35%	38%	34%
	Own outright	35%	38%	33%	36%	38%	31%
	Renting	29%	29%	30%	28%	24%	34%

Jurisdiction		Total	ACT	NSW	SA	VIC	QLD
n=		1,833	152	325	327	327	702
Number in Household	One or two	48%	54%	46%	51%	50%	50%
	Three or four	39%	34%	39%	41%	38%	39%
	Five or six	11%	12%	13%	7%	10%	10%
	Seven or more	2%	0%	1%	2%	2%	2%
Quarterly Bill Amount (Electricity)	Less than \$200	17%	17%	17%	19%	15%	23%
	\$200 - \$299	19%	17%	17%	17%	23%	19%
	\$300 - \$499	29%	25%	29%	27%	31%	30%
	\$500 - \$699	13%	10%	14%	14%	12%	11%
	\$700 or more	11%	12%	13%	14%	9%	9%
	Don't know	6%	13%	7%	3%	6%	5%
	Refused	4%	6%	4%	6%	5%	4%
Quarterly Bill Amount (Gas)	Less than \$100	20%	18%	16%	8%	25%	14%
	\$100 - \$199	30%	22%	27%	28%	32%	42%
	\$200 - \$299	22%	17%	29%	35%	15%	18%
	\$300 - \$399	10%	8%	11%	9%	9%	8%
	\$400 or more	8%	21%	7%	7%	8%	9%
	Don't know	7%	12%	6%	6%	7%	6%
	Refused	4%	1%	3%	6%	4%	2%
Solar Panels	Yes	21%	16%	17%	32%	17%	32%
	No	79%	83%	83%	67%	83%	68%
	Don't know	0%	1%	0%	1%	0%	1%
Smart Meter	Yes	34%	10%	15%	13%	76%	19%
	No	47%	67%	63%	67%	14%	58%
	Don't know	18%	23%	22%	20%	10%	23%
Internet Access	At home	91%	96%	90%	89%	91%	92%
	At work / school	47%	47%	47%	43%	48%	44%
	Mobile phone / laptop / device	62%	63%	61%	62%	61%	65%
	Elsewhere	3%	1%	4%	2%	1%	2%
	TOTAL with internet access	95%	100%	95%	93%	95%	97%
	None of the above	5%	0%	5%	7%	5%	3%
Comfort Using the Internet	Not really comfortable (0-3)	5%	1%	4%	6%	5%	6%
	Fairly comfortable (4-6)	13%	8%	13%	16%	15%	12%
	Quite / very comfortable (7-10)	79%	89%	80%	75%	78%	81%
	Don't know	2%	1%	3%	3%	2%	1%
Employment Status	Working full time	36%	39%	34%	30%	41%	34%
	Working part time	17%	10%	20%	16%	15%	14%
	Working casually	4%	2%	3%	5%	3%	5%
	Self-employed	5%	4%	4%	4%	6%	6%
	Unemployed	5%	4%	6%	1%	5%	6%
	Retired	19%	27%	19%	22%	18%	19%
	Student	4%	3%	4%	6%	4%	5%
	Home duties	8%	6%	8%	14%	5%	9%
	Other	3%	5%	3%	2%	3%	3%
Highest Level of Education	Primary school	1%	0%	1%	1%	1%	2%
	Secondary school	31%	20%	28%	35%	32%	32%
	College / TAFE	28%	22%	32%	28%	23%	29%
	Undergraduate degree	23%	26%	22%	23%	25%	22%
	Postgraduate degree	17%	31%	17%	13%	19%	15%

Small Business Consumers

Jurisdiction		Total	ACT	NSW	SA	VIC	QLD
n=		380	47	76	80	76	101
Gender	Male	46%	47%	49%	49%	49%	33%
	Female	54%	53%	51%	51%	51%	67%
Number of Employees	1	21%	24%	13%	25%	26%	29%
	2-19	48%	43%	51%	42%	46%	47%
	20-199	26%	27%	32%	29%	22%	19%
	200 or more	5%	6%	4%	4%	6%	5%
Industry	Professional, Scientific & Technical	23%	30%	28%	14%	21%	19%
	Retail Trade	13%	4%	15%	15%	11%	15%
	Admin & Support Services	9%	4%	8%	7%	15%	4%
	Construction	9%	9%	7%	10%	9%	11%
	Health Care & Social Assistance	8%	7%	7%	13%	8%	10%
	Manufacturing	7%	7%	7%	10%	8%	6%
	Financial & Insurance Services	6%	7%	7%	2%	5%	6%
	Agriculture, Forestry & Fishing	4%	8%	4%	12%	3%	2%
	Transport, Postal & Warehousing	4%	4%	3%	3%	4%	8%
	Accommodation & Food Services	3%	2%	1%	4%	4%	7%
	Rental, Hiring & Real Estate Services	3%	0%	1%	0%	6%	4%
	Wholesale Trade	3%	6%	4%	9%	1%	1%
Quarterly Bill Amount (Electricity)	Less than \$100	35%	34%	28%	43%	33%	48%
	\$100-\$199	11%	10%	13%	14%	6%	15%
	\$200-\$299	10%	20%	11%	10%	8%	11%
	\$300-\$399	10%	17%	14%	5%	7%	6%
	\$400-\$499	9%	9%	8%	6%	13%	7%
	\$500 or more	25%	10%	26%	22%	32%	13%
Mains Gas	Yes	42%	19%	37%	35%	69%	11%
	No	56%	79%	63%	58%	28%	83%
	Don't know	3%	2%	0%	8%	3%	6%
Quarterly Bill Amount (Gas)	Less than \$100	42%	55%	46%	38%	38%	46%
	\$100-\$199	12%	0%	4%	14%	18%	0%
	\$200-\$499	17%	0%	15%	11%	21%	9%
	\$500 or more	15%	10%	21%	15%	13%	0%
	Don't know	14%	34%	15%	22%	9%	45%
Electricity Company	AGL Energy	35%	2%	38%	44%	34%	26%
	Origin Energy	24%	8%	21%	25%	20%	39%
	Energy Australia	15%	12%	25%	8%	9%	5%
	Lumo Energy	3%	0%	0%	9%	5%	3%
	Momentum Energy	3%	0%	0%	3%	8%	1%
	Australian Power and Gas	2%	0%	2%	0%	1%	5%
	Simply Energy	2%	0%	1%	5%	4%	0%
	ActewAGL	2%	75%	0%	1%	1%	1%
	Red Energy	2%	0%	1%	0%	4%	0%
	Click Energy	2%	0%	0%	0%	3%	5%
	Power Direct	2%	0%	1%	2%	1%	2%
	BlueNRG	1%	0%	0%	0%	3%	1%
	Dodo Power and Gas	1%	0%	0%	0%	3%	0%
	Qenergy	1%	0%	1%	0%	0%	2%
	People Energy	1%	0%	0%	0%	3%	0%
	Ergon Energy	1%	0%	0%	0%	0%	4%
	Other	2%	0%	5%	1%	0%	2%
	Don't know	3%	2%	3%	3%	1%	4%

Jurisdiction		Total	ACT	NSW	SA	VIC	QLD
n=		380	47	76	80	76	101
Gas Company	AGL Energy	40%	19%	44%	32%	36%	71%
	Origin Energy	23%	0%	19%	42%	24%	29%
	Energy Australia	14%	0%	22%	10%	11%	0%
	Australian Power and Gas	6%	0%	10%	0%	4%	0%
	ActewAGL	4%	81%	5%	5%	2%	0%
	Simply Energy	4%	0%	0%	0%	6%	0%
	Lumo Energy	3%	0%	0%	6%	4%	0%
	Alinta Energy	3%	0%	0%	5%	4%	0%
	Dodo Power and Gas	2%	0%	0%	0%	4%	0%
	Red Energy	2%	0%	0%	0%	4%	0%
Premises Ownership	Own	53%	47%	51%	58%	59%	46%
	Leasing	45%	53%	45%	41%	41%	51%
	Other	2%	0%	4%	1%	0%	3%
Solar Panels	Yes	22%	21%	20%	27%	26%	19%
	No	76%	73%	77%	73%	72%	81%
	Don't know	2%	6%	3%	0%	1%	0%
Smart Meter	Yes	42%	21%	35%	16%	69%	28%
	No	45%	62%	53%	65%	25%	48%
	Don't know	13%	17%	11%	20%	7%	23%

Appendices

Forum Discussion Guide

Chair: Session Introduction and Initial
WELCOME AND INTRODUCTION
HANDSET VOTING QUESTIONS
Introductions and Table Discussion on Energy Issues and Satisfaction with
1. PARTICIPANT INTRODUCTIONS
2. ENERGY ISSUES <ul style="list-style-type: none"> Let's start with the big picture. Can you tell me what you have heard about energy issues lately, either in the media or just talking to family and friends? <ul style="list-style-type: none"> <i>Listen to where energy price rises, solar panels and smart meters fit into their hierarchy of concerns.</i> <i>(If price rises are mentioned)</i> How many of you have noticed prices rising? What have you done in response to these price rises? <i>Listen for changes in behaviour vs trying to get a cheaper deal</i> How much do you care about these issues? Which of them (if any) are most important to you? <i>[For those who have gas]</i> To what extent do these concerns apply to both gas and electricity or just one of them? <ul style="list-style-type: none"> In what way (if any) is gas different? Why?
3. SATISFACTION WITH ENERGY COMPANY <ul style="list-style-type: none"> Earlier we asked you how satisfied you are with your energy company? Who said - very satisfied, somewhat satisfied, neither, somewhat dissatisfied, very dissatisfied? <i>Show of hands.</i> <ul style="list-style-type: none"> For those of you who said you were satisfied – what makes you feel that way? For those of you are dissatisfied – what makes you feel that way? <i>Listen for what drives satisfaction and dissatisfaction eg have had no issues with reliability or billing, cheaper price, special offers etc</i> <i>Listen for differences between gas and electricity companies</i> Generally speaking, what do energy companies do well? And what do energy companies do poorly? <ul style="list-style-type: none"> Do you see any difference between gas and electricity companies? Tell me about the type of interactions you have with your energy company/s? <ul style="list-style-type: none"> Aside from sending you a bill, how frequently do you have contact, if at all? On what kinds of occasions or reasons have you contacted them? <i>Note, if they had a problem then listen/ask for the type of problem, who they contacted (eg energy company, ombudsman, etc), the extent to which it was</i>

resolved and the impact this problem has had or is likely to have on their future behaviour when it comes to investigating alternative energy plans and switching

- On what sort of occasions have they contacted you?
 - How did they contact you? What did you think of that interaction?

Exercise and Table Discussion on Market Knowledge

4. MARKET KNOWLEDGE

- How confident are you that you understand the various options and offers that are available to energy customers in [state/territory]? This includes electricity and gas.
- How confident are you that you have access to the right information to enable you to choose an energy plan that suits the needs of your household or small business?

- On what basis are consumers billed for their energy usage? What would you say are the main components or parts of your bill? *Prompt as needed.*
 - Are you aware that there is a fixed connection charge and variable usage or consumption charge?
- How much do you know about how your energy bill is calculated? Without looking at your bill, hands up who knows the unit of measurement for electricity usage? What about for gas usage?
 - *Clarify: The unit of measurement for electricity is kilowatt-hours, which is written as kWh. The unit of measurement for gas is megajoules, which is written as MJ.*
 - Who here has some sense of how many kilowatt-hours of electricity and megajoules of gas they use each quarter?
- What is your understanding of how energy prices are set?
 - How much control do you think energy companies have over the cost of providing energy and the prices they charge customers? Low, moderate or high?

Table Discussion on Awareness of Energy Companies and Plans

5. AWARENESS OF CHOICE – ENERGY COMPANIES

- In the earlier handset questions we asked if whether you think individual households have any choices when it comes to their energy company? What did you say? What sort of choices do they have?
- Before coming here tonight, who thought that they could choose their own energy company? *Hands up.*
 - Where did you get your information from?
- So that everyone is now on the same page, in this (state/territory) you can choose between different electricity and gas companies. Without saying anything out loud I'd like you each to fill in this worksheet listing all the companies that you think you could buy electricity from and those that you think you can buy gas from.
 - Let's start with your lists of electricity companies – can you call out how many names you have on your list? And for gas companies?
 - How many companies do you think sell both electricity and gas? How do you know this?
 - Which would you say are the major electricity companies in this area?
 - And which are the smaller ones? How did you hear about these

- companies?
 - And which would you say are the major gas companies in this area?
 - And which are the smaller ones? How did you hear about these companies?
- *Hand out a list of electricity and gas retailers offering plans in that area. Can you tick the ones you had heard of? How many of you knew that you could buy energy from each of these companies?*
 - What is your reaction to seeing this list?
 - Has seeing the list reminded you of any companies that you didn't think of before? Which ones? Any ideas on why you didn't think of them before?
 - Which ones have you never heard of before?
- How do you feel about each of these companies? *(Could do positive, negative or neutral rating for each on the list)*
 - Are there any companies you would not be comfortable using? What makes you feel this way?

6. AWARENESS OF CHOICE – ENERGY PLANS

- Before coming here, who thought that energy companies offer a range of different plans? *Hands up.*
 - Where did you get your information from?
- So just confirming that it is correct that energy companies offer a range of different plans. What are the ways in which these plans vary? *Listen to responses and then prompt. The options will be clarified later in the AEMC presentation.*
 - *(In NSW, ACT and QLD)* Are you aware that you have a choice between a contract with a price determined by the regulator and a contract with a price determined by a retailer?
 - *(In SA and VIC)* Are you aware that you have a choice between a standard contract where the price is set by the retailer but the terms and conditions are set out under the National Energy Retail Rules and a market contract where both the price and terms and conditions are set by the retailer.
 - Which of these sounds the most attractive? Why?
 - Are you aware that you can choose contracts that run for different time periods such as one year, two year, three year and evergreen? Evergreen means it is ongoing and there is no specified end date.
 - Some plans offer a range of different types of discounts. Have you heard of any of these? Which of them sound the most attractive to you?
 - Some plans offer incentives. Have you heard of any of these? Which of them sound the most attractive to you?

10 Minute Break

Break-Out Discussions on Switching Experiences

7. SWITCHING ACTIVITY

Which of the following statements best reflects your situation.

In the last two years...

1. I changed the plan I am on with my current energy company
2. I switched to a different energy company
3. I actively looked into changing my energy company or plan but did not switch
4. I have not actively looked into changing my energy company or plan

8. SEGMENT A: THOSE WHO SWITCHED

- *Brief assessment of situation at the table. Hands up.*
 - How many people here changed their electricity plan with their existing company? Which company was that with?
 - How many switched to another electricity company? Which company did you switch from and to?
 - How many have changed their gas plan with their existing company or switched to another gas company? Which company did you switch from and to?
 - And how many of you said earlier that you were satisfied with your energy company/s?
 - And how many of you said you were dissatisfied?
- What initially prompted you to actively look into a better plan?
- How did you go about making a decision?
 - *Listen to the way they explain it but don't force them to explain the decision in a rational way as not all decisions of this nature are made in this way. Ask probing questions about their information gathering and decision-making process.*
 - What information sources did you use? (eg Internet search, telephone an energy company, talk to family or friends etc)
 - Were you approached by an energy company? How many times would you say you were approached? By how many different companies? How did they make the approach? (ie by phone, door-to-door, mail etc)
 - (For those who switched companies) Did your original energy company try and persuade you to switch back to them?
 - How did they approach you? What did they say?
 - How did you react? Did you switch back?
 - How would you describe the information you found or were given?
 - To what extent was it clear and easy to understand? Why? Why not? What were the key issues?
 - Which pieces of information or information sources were the easiest to understand? Which were the most difficult to understand?
 - Which were most important to your decision?
 - What companies were in your consideration set? How did they get there? Were any companies definitely not in your consideration set? Why?
- Why did you ultimately decide to switch? What did the new company/plan offer you?
 - *Ask them to be as specific as possible eg lower price, certain incentives etc*
- How did you feel about the process of identifying the plan or company you wanted to switch to?
- How did you feel about the actual switching process itself? (ie when you telephoned the new company to sign up)
 - How did it compare with your expectations? Was it smoother or more difficult than you had anticipated? Did it take longer or was it faster than expected?
 - What was the hardest part about it? And the easiest?

- Are you satisfied with your decision to switch?
 - Was the outcome as had been promised/ as expected? Do you have any regrets?
- How long do you expect it will be before you look into changing plans or energy companies the next time? Why?
- Did the rate you pay per unit of energy you consume change after you joined the new energy company or plan?
 - If so:
 - Did you know this could happen at the time you had signed up? Had you read about it in your contract?
 - Did you do anything about it? Eg call your retailer?
 - Does this experience have any impact on whether or not you would switch company or plan in future?
 - If not:
 - Did you know this could happen? Had you read about it in your contract?
 - If it did happen would it surprise you? How do you think you would react? Would it have any impact on the likelihood of you switching company or plan in future?
- *Listen for whether experiences differed depending on whether it was gas or electricity and probe if required*
- *(If time permits) What, if anything, do you think would make it easier for people like you to change to an energy plan that better suits their needs?*
 - *Listen for any suggestions ranging from improving communications to changing processes.*

8. SEGMENT B: THOSE WHO ACTIVELY INVESTIGATED OPTIONS BUT DID NOT SWITCH

- Can I ask by going back to an earlier question about whether you are satisfied or dissatisfied with your energy company. How many of you said you were satisfied? How many dissatisfied? *(Hands up)*
 - Can you give me a recap on the main reasons for being satisfied?
 - And what are the mains reasons for being dissatisfied?
- What initially prompted you to actively look into a better plan?
- Can you tell us how you went about looking into it?
 - *Listen to the way they explain it but don't force them to explain the decision in a rational way as not all decisions of this nature are made in this way. Ask probing questions about their information gathering and decision-making process.*
 - What information sources did you use? *(eg Internet search, telephone an energy company, talk to family or friends etc)*
 - Were you approached by an energy company? How many times would you say you were approached? By how many different companies? How did they make the approach? *(ie by phone, door-to-door, mail etc)*
 - How would you describe the information you found or were given?
 - To what extent was it clear and easy to understand? Why? Why not? What were the key issues?
 - Which pieces of information or information sources were the easiest to understand? Which were the most difficult to understand?
 - Which were most important to your decision?
 - What companies were in your consideration set? How did they get there? Were any

companies definitely not in your consideration set? Why?

- Why did you ultimately decide not to switch or change the plan you are on with your existing company?
 - *Listen for the specific point at which they dropped out of the process*
- How much of a price difference would it take for you to seriously consider another energy company's offer?
- How did you feel about the process of identifying the plan or company you wanted to switch to?
- Are you satisfied with your decision not to switch? Do you have any regrets?
- How long do you expect it will be before you look into changing plans or energy companies the next time? Why?
- *Listen for whether experiences differed depending on whether it was gas or electricity and probe if required.*
- *(If time permits) What, if anything, do you think would make it easier for people like you to change to an energy plan that better suits their needs? Listen for any suggestions ranging from improving communications to changing processes.*

8. SEGMENT C: THOSE WHO HAVE NOT ACTIVELY LOOKED INTO SWITCHING

- We're going to be talking in a bit more detail about why you haven't actively looked into changing to a different electricity company or changing the plan you are on. Can I ask by going back to an earlier question about whether you are satisfied or dissatisfied with your energy company. How many of you said you were satisfied? How many dissatisfied? (*Hands up*)
 - Can you give me a recap on the main reasons for being satisfied?
 - And what are the main reasons for being dissatisfied?
- Have you had any specific negative experiences with energy companies? Or do you know people who have? What were they?
- Thinking back over the last year or two, how many of you were approached by an energy company trying to encourage you to switch your electricity or gas company, or both services?
 - How many different times would you say you were approached?
 - Was it by the same company or different companies? Which ones were they?
 - How did they make the approach? (*ie by phone, door-to-door, mail etc*)
 - Do you remember what they were offering you? What did they say?
 - How did you react? What did you do in response to their approach?
 - How did you feel about the experience?
 - How would you describe what they said and communications materials they provided? To what extent were they clear and easy to understand?
 - *Listen for whether experiences differed depending on whether it was gas or electricity and probe if required*
- So why do you think you haven't actively looked into changing to a different electricity company or changing the plan you were on with your existing company? What would you say are main barriers for you or other people like you?
 - *List barriers and get a rough sense of the hierarchy*

- How much of a price difference would it take for you to seriously consider another energy company's offer?
- What, if anything, do you think would make it easier for people like you to change to an energy plan that better suits their needs? *Listen for any suggestions ranging from improving communications to changing processes.*
- Having attended this forum today, do you think this is something you now might look into? Why? Why not? Please be honest with us as we're really interested in what motivates people to behave in certain ways.
 - *Probe for anything specific they have heard that would encourage them to look into it*
- If you were going to look into making a change:
 - How do you think you'd go about it? Where would you get your information?
 - Which companies would be in your consideration set? Why?

9. RECAP

- *Facilitator from each break-out discussion to stand-up and spend a few minutes summarising the key take-outs from their table to the room. If time permits, forum chair to check whether anyone from other tables have experienced any of these things.*

Quantitative Survey

AEMC Retail Competition Review CATI Version (Residential Survey)

Quotas (Res and Bus shown here)

All respondents to be the main or joint decision maker in their household when it comes to choosing their energy retailer.

Methodology	Res	Bus	Total
CATI	913	375	1,288
Online	912	-	912
Total	1,825	375	2,200

NB: Please aim for the quotas below within each type of method e.g. 72% of online respondents to be capital city, 28% regional etc.

Please note: location, gender / age quotas based on 2011 ABS Census data

Res/bus	VIC	NSW	ACT	SA	S/E QLD	Total
Residential	325	325	150	325	700	1,825
Small Business	75	75	50	75	100	375
Total	400	400	200	400	800	2,200

Location	VIC	NSW	ACT	SA	S/E QLD	Total
Capital city	300	254	200	308	533	1,595
Rest of region	100	146		92	267	605
Total	400	400	200	400	800	2,200

	VIC	NSW	ACT	SA	S/E QLD	Total
Has mains gas	Min 100	Min 100	Min 100	Min 100	Min 100	Min 100

Age / Gender (Res only)	Males	Females	Total
18-34	274	274	548
35-54	324	338	662
55+	291	324	615
Total	889	936	1,825

Business size (SME only)	Total
Less than 20	275
20-99	50
100-199	50
Total	375

Business Type (SME only)	Total
Construction	60
Professional, Scientific and Technical Services	44
Rental, Hiring and Real Estate Services	40
Agriculture, Forestry and Fishing	33
Financial and Insurance Services	29
Retail Trade	25
Transport, Postal and Warehousing	23
Health Care and Social Assistance	19
Manufacturing	15
Accommodation and Food Services	15
Administrative and Support Services	15
Wholesale Trade	14
Other	43
Total	375

Introduction

Good morning / afternoon / evening, my name is [SAY NAME] and I'm calling on behalf of Australian Fieldwork Solutions and Newgate Research, a market and social research company.

We're conducting a confidential and important survey on behalf of the Australian Energy Market Commission which advises governments on important energy matters that can affect consumers.

May I please speak with the person in the household who is 18 or over and who is mainly or jointly responsible for choosing the household's energy company?

REINTRODUCE IF NECESSARY

This survey is for research purposes only; we are not selling anything and it should only take about 20 minutes. Are you happy to go ahead? **IF YES, PROCEED. IF NO, SEEK AN APPOINTMENT TIME TO CALL BACK.**

SAY ONLY IF NECESSARY: Your responses will be treated in complete confidence. This is a completely confidential survey and none of your responses will be linked to you in any way. We are conducting the survey with a random sample of people across Australia, in accordance with the Privacy Act, which means your responses must be kept strictly confidential. **IF NECESSARY: Read out the Privacy Act [AFS TO INSERT]**

[**IF NECESSARY:** If you would like to check the bona fides of our research company and ensure we are not selling anything, you can call Surveyline on 1300 364 830. Surveyline is a national phone line that allows members of the public to check the bona fides of research companies.]

[**IF NECESSARY:** If you would like to call the Australian Energy Market Commission to verify this research you can call (02) 8296 7800 and ask to speak to Elisabeth Ross.]

NEW SCREEN - SAY TO ALL: During the course of this interview, my supervisor may listen in to check the quality of my work.

Screening / qualifier questions

I just have a few questions about you to make sure we are speaking with a good mix of people.

S1. Firstly, do you or does anyone in your immediate family work in any of the following?	1. Market or social research CLOSE 2. Advertising or the media CLOSE 3. The energy sector (electricity or gas) CLOSE 4. DNRO: None of these
S2. What is your postcode at home? CHECK QUOTAS	1. ____ ENTER POSTCODE AUTOCODE LOCATION,
S3. RECORD GENDER, CHECK QUOTAS	1. Male 2. Female

<p>S4. Are you aged under or over 40 years? And would that be...? ASK RELEVANT RANGES</p> <p>CHECK QUOTAS</p>	<ol style="list-style-type: none"> 1. Under 18 CLOSE 2. 18 to 24 3. 25 to 29 4. 30 to 34 5. 35 to 39 6. 40 to 44 7. 45 to 49 8. 50 to 54 9. 55 to 59 10. 60 to 64 11. 65 to 74 12. 75 or over 13. DNRO: REFUSED CLOSE
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CLOSING SPIEL: Thank you for your time today. We have already surveyed enough people with your characteristics, so that is all of my questions. I hope you can participate in another survey in future. If you wish to contact us for any reason, please call (03) 8789 4444.

Main Survey – About the home

Now for the main questions. We'll start with some questions about your energy company.

<p>Q1. What is the name of the company that supplies you with electricity?</p> <p>SINGLE RESPONSE, DO NOT READ OUT</p>	<ol style="list-style-type: none"> 1. ActewAGL 2. AGL Energy 3. Alinta Energy 4. Australian Power and Gas 5. BlueNRG 6. Click Energy 7. Diamond Energy 8. Dodo Power and Gas 9. Energy Australia 10. Ergon Energy 11. Lumo Energy 12. Momentum Energy 13. Neighbourhood Energy 14. Origin Energy 15. People Energy 16. Power Direct 17. Power Shop 18. Qenergy 19. Red Energy 20. Sanctuary Energy 21. Simply Energy 22. Other (specify)_____
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	23. Don't know
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Q2. And how satisfied are you with your current electricity company? SINGLE RESPONSE, READ OUT	1. Very satisfied 2. Somewhat satisfied 3. Neither satisfied nor dissatisfied 4. Somewhat dissatisfied 5. Very dissatisfied 6. Don't know
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Q3. How would you rate the overall quality of service provided by your <u>electricity company</u> ? Please use a scale where 0 means very poor, 5 is fair and 10 is excellent. SINGLE RESPONSE											
Very poor			Fair						Excellent		Don't Know
<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11

Q4. And using that same scale again, how would you rate the overall value for money of the products and services provided by your electricity company? REPEAT SCALE IF NECESSARY, SINGLE RESPONSE											
Very poor			Fair						Excellent		Don't Know
<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11

Q5. Does your home currently have <u>piped</u> natural gas and by that I mean mains connected gas, not bottled gas? SINGLE RESPONSE	1. Yes 2. No 3. Don't know
--	----------------------------------

IF HAS GAS CONNECTED (Q5=1)

Q6. What is the name of the company that supplies you with mains connected gas? SINGLE RESPONSE	1. ActewAGL Retail 2. AGL Energy 3. Alinta Energy 4. Australian Power and Gas 5. Dodo Power and Gas 6. Energy Australia 7. Lumo Energy 8. Origin Energy 9. Red Energy 10. Simply Energy 11. Other (specify) _____ 12. Don't know
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Q7. How satisfied are you with your current gas company? SINGLE RESPONSE, READ OUT	1. Very satisfied 2. Somewhat satisfied 3. Neither satisfied nor dissatisfied 4. Somewhat dissatisfied 5. Very dissatisfied 6. Don't know
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Q8. How would you rate the overall quality of service provided by your <u>gas company</u> ? Please use a scale where 0 means very poor, 5 is fair and 10 is excellent. SINGLE RESPONSE												
Very poor			Fair						Excellent			Don't Know
<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11	

Q9. Using the same scale, how would you rate the overall value for money of the products and services provided by your gas company? REPEAT IF NECESSARY												
Very poor			Fair						Excellent			Don't Know
<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11	

Interest and Knowledge

ASK ALL

Q10. How interested would you say you are in issues associated with energy, and by that I mean electricity and gas? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely interested. IF NECESSARY: Gas refers to mains connected gas and not bottled gas SINGLE RESPONSE												
Not at all interested			Fairly Interested						Extremely interested			Don't Know
<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11	

Q11. And how confident are you that you understand the various options and product offers that are available to energy customers in your state [if ACT] or territory? Please use a scale where 0 is not at all confident, 5 is fairly and 10 is extremely confident? REPEAT SCALE IF NECESSARY, SINGLE RESPONSE												
Not at all confident			Fairly Confident						Extremely confident			Don't Know
<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11	

Q12. How concerned are you about future energy prices? Please use a scale where 0 means not at all, 5 is fairly and 10 is extremely concerned. SINGLE RESPONSE											
---	--	--	--	--	--	--	--	--	--	--	--

Not at all concerned			Fairly concerned						Extremely concerned		Don't Know
<input type="checkbox"/> ⁰	<input type="checkbox"/> ¹	<input type="checkbox"/> ²	<input type="checkbox"/> ³	<input type="checkbox"/> ⁴	<input type="checkbox"/> ⁵	<input type="checkbox"/> ⁶	<input type="checkbox"/> ⁷	<input type="checkbox"/> ⁸	<input type="checkbox"/> ⁹	<input type="checkbox"/> ¹⁰	<input type="checkbox"/> ¹¹

Q13. Please tell me whether you think the following statements are True or False. Firstly, ... READ NEXT ITEM			
RANDOMISE ITEMS. SINGLE RESPONSE PER ITEM	True	False	Don't know
a. Consumers in your state [if ACT] or territory can choose their electricity company	1	2	3
b. IF HAS GAS (Q5=1) Consumers in your state [if ACT] or territory can choose their gas company	1	2	3
c. Consumers in your state [if ACT] or territory can choose from a range of different types of energy plans, price structures, contract lengths and terms	1	2	3

ASK IF Q13A = TRUE

Q14. As far as you're aware, how many different <u>electricity</u> companies are available for you to choose from in your state [if ACT] or territory? IF NECESSARY: your best guess is fine DO NOT READ OUT	1. None / didn't realise you could choose 2. __ ALLOW 1 TO 99 3. Don't know
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ASK IF Q13B = TRUE

Q15. As far as you're aware, how many different <u>gas</u> companies are available for you to choose from in your state or territory? IF NECESSARY: your best guess is fine DO NOT READ OUT	1. None / didn't realise you could choose 2. __ ALLOW 1 TO 99 3. Don't know
---	--

ASK ALL

Q16. When it comes to energy companies and energy plans, how satisfied are you with the level of choice available to consumers in your state [if ACT] or territory? SINGLE RESPONSE, READ OUT	1. Very satisfied 2. Somewhat satisfied 3. Neither satisfied nor dissatisfied 4. Somewhat dissatisfied 5. Very dissatisfied 6. Don't know
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Switching behaviours

ASK ALL

Q17. In the past five years, how many times have you changed the following?	1. Your electricity <u>company</u> __ 2. The electricity <u>plan</u> you were on
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<p>READ OUT FOR EACH ITEM, ALLOW NUMERIC RESPONSE BETWEEN 0 AND 99, INCLUDE N/A and D/K</p>	<p>with your existing company _ _</p> <p>3. IF HAS GAS (Q5=1) Your gas company _ _</p> <p>4. IF HAS GAS (Q5=1) The gas <u>plan</u> you were on with your existing company _ _</p>
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<p>Q18. In the past 12 months, have you been approached by an energy company offering to sell you electricity or gas? DO NOT READ OUT</p>	<p>1. Yes</p> <p>2. No</p> <p>3. Cannot recall</p>
---	--

ASK IF Q18=1

<p>Q19. How many different companies would you say have approached you in the past 12 months offering to sell you electricity or gas?</p>	<p>1. _ _ _ ALLOW 0 TO 99</p> <p>2. Cannot recall</p>
---	--

ASK ALL

<p>Q20. In the past 12 months, have <u>you actively</u> investigated different offers or options that you could potentially switch to?</p>	<p>1. Yes</p> <p>2. No</p> <p>3. Don't know</p>
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ASK IF SWITCHED ELECTRICITY COMPANY (Q17 CODE 1 > 0)

<p>Q21. You mentioned you changed your electricity company in the past few years. Which company did you switch from?</p> <p>IF NECESSARY: the last time that you switched</p> <p>SINGLE RESPONSE, DO NOT READ OUT</p>	<p>1. ActewAGL</p> <p>2. AGL Energy</p> <p>3. Alinta Energy</p> <p>4. Australian Power and Gas</p> <p>5. BlueNRG</p> <p>6. Click Energy</p> <p>7. Diamond Energy</p> <p>8. Dodo Power and Gas</p> <p>9. Energy Australia</p> <p>10. Ergon Energy</p> <p>11. Lumo Energy</p> <p>12. Momentum Energy</p> <p>13. Neighbourhood Energy</p> <p>14. Origin Energy</p> <p>15. People Energy</p> <p>16. Power Direct</p> <p>17. Power Shop</p> <p>18. Qenergy</p> <p>19. Red Energy</p>
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	20. Sanctuary Energy 21. Simply Energy 22. Other (specify) _____ 23. Don't know 24. Cannot recall
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ASK IF SWITCHED ELECTRICITY COMPANY OR PLAN (Q17 CODE 1 > 0 or Q17 CODE 2 > 0)

<p>Q22. The last time you switched, what was the main reason you changed your <u>electricity</u> company or plan?</p> <p>Any other reasons?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p> <p>MULTIPLE RESPONSE OK</p>	1. Wanted a cheaper price 2. Was offered a discount or better price 3. Was offered a good incentive 4. Was approached by a door-to-door sales person 5. Was approached over the phone 6. Got a high energy bill and wanted to change 7. Had a bad experience with the previous company 8. Came to the end of my existing contract and wanted to change 9. Moved house 10. Moved out of home 11. Unhappy with customer service 12. Recommendation from a consumer organisation 13. Recommendation from family/friend 14. Wanted to have gas and electricity with the same company 15. Heard of a good comparison website 16. Got a smart meter so moved to a time of use tariff 17. Got solar panels 18. Was transferred / switched without my consent 19. Wanted Green Power 20. My company was taken over or sold 21. Received a series of higher than expected bills 22. Dissatisfied with previous company (general) 25. Wanted / was offered a good solar rebate 23. Other (specify) _____ 24. Don't know
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<p>Q23. The last time you changed your <u>electricity</u> company or plan, what information sources helped with your decision to change? Any others?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p>	1. Did not use any information sources 2. Door-to-door sales person visiting the home 3. Received a call from a sales person 4. Phoned retailer 5. Brochures / flyers and other direct mail 6. Google / general internet search 7. Retailer website 8. Price comparison website (specify) _____ 9. A friend or family member
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MULTIPLE RESPONSE OK	10. Media article/advertisement segment 11. General advertising e.g. TV, Radio, Newspaper advertisement 12. Outdoor advertising e.g. billboards, buses 13. Financial counsellor 14. Community support organisation 15. Looked at price / best price / saving 18. A broker 16. Other (specify) _____ 17. Don't know
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Q24. The last time you switched your <u>electricity</u> company or plan, how satisfied were you with the overall switching process? SINGLE RESPONSE, READ OUT	1. Very satisfied 2. Somewhat satisfied 3. Neither satisfied nor dissatisfied 4. Somewhat dissatisfied 5. Very dissatisfied 6. Don't know
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ASK IF DISSATISFIED (Q24=4 OR 5)

Q25. What were the main reasons why you were dissatisfied with the switching process? RECORD VERBATIM	OPEN ENDED RESPONSE
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ASK IF SWITCHED GAS COMPANY (Q17 CODE 3 > 0)

Q26. You mentioned you changed your gas company in the past few years? Which company did you switch from? IF NECESSARY: the last time that you switched SINGLE RESPONSE, DO NOT READ OUT	1. ActewAGL Retail 2. AGL Energy 3. Alinta Energy 4. Australian Power and Gas 5. Dodo Power and Gas 6. Energy Australia 7. Lumo Energy 8. Origin Energy 9. Red Energy 10. Simply Energy 11. Other (specify) _____ 12. Don't know 13. Cannot recall
--	--

ASK IF SWITCHED GAS COMPANY OR PLAN (Q17 CODE 3 > 0 or Q17 CODE 4 > 0)

Q27. The last time you switched, what was the main reason you	1. Wanted a cheaper price 2. Was offered a discount or better price
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<p>changed your <u>gas</u> company or plan?</p> <p>Any other reasons?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p> <p>MULTIPLE RESPONSE OK</p>	<ol style="list-style-type: none"> 3. Was offered a good incentive 4. Was approached by a door-to-door sales person 5. Was approached over the phone 6. Got a high energy bill and wanted to change 7. Had a bad experience with the previous company 8. Came to the end of my existing contract and wanted to change 9. Moved house 10. Moved out of home 11. Unhappy with customer service 12. Recommendation from a consumer organisation 13. Recommendation from family/friend 14. Wanted to have gas and electricity with the same company 15. Heard of a good comparison website 16. Got a smart meter so moved to a time of use tariff 17. Got solar panels 18. Was transferred / switched without my consent 19. Wanted Green Power 20. My company was taken over or sold 21. Received a series of higher than expected bills 22. Dissatisfied with previous company (general) 23. Other (specify)_____ 24. Don't know
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<p>Q28. The last time you changed your <u>gas</u> company or plan, what information sources helped with your decision to change? Any others?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p> <p>MULTIPLE RESPONSE OK</p>	<ol style="list-style-type: none"> 1. Did not use any information sources 2. Door-to-door sales person visiting the home 3. Received a call from a sales person 4. Phoned retailer 5. Brochures / flyers and other direct mail 6. Google / general internet search 7. Retailer website 8. Price comparison website (specify)_____ 9. A friend or family member 10. Media article/advertisement segment 11. General advertising e.g. TV, Radio, Newspaper advertisement 12. Outdoor advertising e.g. billboards, buses 13. Financial counsellor 14. Community support organisation 15. Looked at price / best price / saving 16. A broker 17. Other (specify)_____ 18. Don't know
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Q29. The last time you switched your <u>gas</u> company or plan, how satisfied were you with the overall switching process? SINGLE RESPONSE, READ OUT	<ol style="list-style-type: none"> 1. Very satisfied 2. Somewhat satisfied 3. Neither satisfied nor dissatisfied 4. Somewhat dissatisfied 5. Very dissatisfied 6. Don't know
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ASK IF DISSATISFIED (Q29=4 OR 5)

Q30. What were the main reasons why you were dissatisfied with the switching process? RECORD VERBATIM	OPEN ENDED RESPONSE
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ASK IF NOT SWITCHED BUT INVESTIGATED OPTIONS (Q17 ALL CODES 1-4=0 AND Q20 =1)

<p>Q31. You mentioned you previously investigated different offers or options that you could potentially switch to.</p> <p>What information sources did you use in your investigation?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p> <p>MULTIPLE RESPONSE OK</p>	<ol style="list-style-type: none"> 1. Did not use any information sources 2. Door-to-door sales person visiting the home 3. Received a call from a sales person 4. Phoned retailer 5. Brochures / flyers and other direct mail 6. Google / general internet search 7. Retailer website 8. Price comparison website (specify)_____ 9. A friend or family member 10. Media article/advertisement segment 11. General advertising e.g. TV, Radio, Newspaper advertisement 12. Outdoor advertising e.g. billboards, buses 13. Financial counsellor 14. Community support organisation 15. Looked at price / best price / saving 18. A broker 16. Other (specify)_____ 17. Don't know
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<p>Q32. And what was the main reason why you investigated different offers and options but <u>haven't</u> changed your energy company or plan in the last few years? Any others?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p>	<ol style="list-style-type: none"> 1. No particular reason 2. Too busy / I don't have time 3. Too much hassle / couldn't be bothered / too lazy 4. Too confusing 5. Lack of information on best deals available 6. They are all the same / it would make no difference to the price I pay 7. The new company would eventually increase their prices anyway
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<p>MULTIPLE RESPONSE OK</p>	<ol style="list-style-type: none"> 8. Didn't know you could change company or plan 9. No other options / alternatives available 10. I am on a contract 11. I didn't want to enter into a contract 12. The company I looked into didn't offer gas / wanted to have electricity and gas with the same company 13. The saving wasn't worth the effort 14. My existing company matched the offer / gave me a better offer so I stayed with them 15. Happy with current retailer 16. Happy with current arrangements 17. I wouldn't know where to get credible information 18. I don't trust what the energy companies say 19. I feel pressured by energy companies 20. Have solar arrangements 21. My bill is too low to bother 22. Other (specify)_____ 23. Don't know
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ASK IF NOT SWITCHED OR INVESTIGATED OPTIONS (Q17 ALL CODES 1-4=0 AND Q20=2 OR 3)

<p>Q33. Are there any reasons you <u>haven't</u> investigated different options or why you haven't changed your energy company or plan in the last few years? Any other reasons?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p> <p>MULTIPLE RESPONSE OK</p>	<ol style="list-style-type: none"> 1. No particular reason 2. Too busy / I don't have time 3. Too much hassle / couldn't be bothered / too lazy 4. Too confusing 5. Lack of information on best deals available 6. They are all the same / it would make no difference to the price I pay 7. The new company would eventually increase their prices anyway 8. Didn't know you could change company or plan 9. No other options / alternatives available 10. I am on a contract 11. I don't want to enter into a contract 12. Happy with current retailer 13. Happy with current arrangements 14. I wouldn't know where to get credible information 15. I don't trust what the energy companies say 16. I feel pressured by energy companies 17. Have solar arrangements 18. My bill is too low to bother 19. Other (specify)_____ 20. Don't know
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Future intentions

ASK ALL

<p>Q34. When it comes to your household's energy company, which of the following statements is most applicable to your household?</p> <p>SINGLE RESPONSE, READ OUT</p>	<ol style="list-style-type: none"> 1. We are currently looking for a better deal 2. We would be interested in switching to a better deal but are not currently looking 3. We are not interested in switching our energy provider or plan 4. DNRO: Other (specify)_____ 5. DNRO: None of the above
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<p>Q35. How likely are you to switch your energy company or plan in the next 12 months. Please use a scale where zero means not at all, 5 is fairly likely and 10 is extremely likely?</p> <p>SINGLE RESPONSE</p>											
Not at all likely				Fairly Likely				Extremely likely		Don't Know	
<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11

<p>Q36. How confident are you that you have access to the right information to choose an energy plan that suits your needs? Please use a scale where zero means not at all, 5 is fairly and 10 is extremely confident REPEAT SCALE IF NECESSARY, SINGLE RESPONSE</p>											
Not at all confident				Fairly Confident				Extremely confident		Don't Know	
<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11

<p>Q37. If you wanted to look for information about different energy retailers or plans, what would be your MOST preferred method?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p> <p>MULTIPLE RESPONSE OK, RECORD FIRST MENTION</p>	<ol style="list-style-type: none"> 1. I wouldn't look for information 2. Brochures, pamphlets 3. Google 4. Energy retailer – phone call 5. Energy retailer – website 6. Energy retailer – door-to-door salesperson 7. Comparison website 8. Media 9. Word of mouth e.g. friend, family 10. Financial counsellor 11. Community support organisation 12. General advertising e.g. TV, Radio, Newspaper advertisement 13. Outdoor advertising e.g. billboards, buses 16. A broker 14. Other (specify)_____ 15. Don't know
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<p>Q38. Are you aware of any comparison websites</p>	<ol style="list-style-type: none"> 1. Choice
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<p>that can help customers choose a good energy deal for their home? Any others?</p> <p>DO NOT READ OUT, RECORD BEST FIT</p> <p>MULTIPLE RESPONSE OK</p>	<ol style="list-style-type: none"> 2. Choosi 3. Compare The Market 4. Electricity Wizard 5. Energy watch 6. Energymadeeasy 7. goswitch 8. iSelect 9. Make it Cheaper 10. Myenergyoffers 11. My Power Planner 12. One Big Switch 13. Price Comparator 14. Queensland Competition Authority 15. Switch On 16. Switchwise 17. U Choose 18. youcompare 19. Your Choice 20. Yahoo Energy Comparison 21. None of the above 22. Other (specify)_____ 23. Don't know
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IF NSW / ACT / SA: ASK IF NOT MENTIONED “energymadeeasy” (Q38 ≠ 5)

IF VIC: ASK IF NOT MENTIONED “Your Choice” (Q38 ≠ 18)

IF QLD: ASK IF NOT MENTIONED “Price Comparator” (Q38 ≠ 12)

<p>Q39. Have you heard of the independent government comparator website called</p> <p>IF NSW / ACT / SA: energymadeeasy? IF VIC: Your Choice? IF QLD: Price Comparator?</p> <p>SINGLE RESPONSE</p>	<ol style="list-style-type: none"> 1. Yes 2. No 3. Don't know
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IF VIC: ASK IF NOT MENTIONED “My Power Planner” or “Switch On” (Q38 ≠ 10 or 14)

<p>Q40. Have you heard of the independent government comparator website called My Power Planner which is on the Switch On website?</p> <p>SINGLE RESPONSE</p>	<ol style="list-style-type: none"> 1. Yes 2. No 3. Don't know
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CALC Rule Change Project

These next few questions are about types of energy contracts.

Q41. To your knowledge, have you ever signed up for a contract for a specific period of time, such as one, two or three years? SINGLE RESPONSE, DO NOT READ	1. Yes 2. No 3. Don't know
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Q42. While on an energy contract, which of the following do you think applies? SINGLE RESPONSE, READ OUT	1. The rate you pay per unit of energy you use is fixed 2. Any discounts off the price you pay are fixed 3. Both the rate you pay per unit of energy and any discounts are fixed 4. Neither the rate you pay per unit of energy nor any discounts are fixed 5. Something else_____ DO NOT READ OUT 6. Don't know SINGLE RESPONSE DO NOT READ OUT
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ASK IF Q41=1

Q43. While on a contract, have you ever found that the rate per unit of energy you used changed? SINGLE RESPONSE, DO NOT READ	1. Yes 2. No 3. Don't know
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ASK IF YES (Q43=1)

Q44. What did you do in response to that price change? Anything else? RECORD VERBATIM	OPEN ENDED RESPONSE
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ASK ALL

DISPLAY SCREEN: I'm now going to read out some information for you to help answer the next question. It will just take me moment.

So to explain, a contract for a fixed duration, such as one or two years, doesn't necessarily mean that the price you pay for each unit of energy is fixed. Whether or not that price is fixed would be set out in the terms of your contract.

Energy retailers have only moderate control over the prices they charge consumers. Some of the factors that are outside their control include the cost of transporting it over the 'poles and wires' and the impact of solar schemes in each state.

If a retailer was to fix the price you pay for each unit of energy used, then it would need to be fixed at a higher rate to cover any rising costs that are out of their control. This is called a risk premium.

However, if they can vary the price you pay for each unit of energy used when the costs charged to them increase then they can offer a higher discount off the standard rate. Even though the discount is higher, consumers could potentially pay more than those on a fixed rate if prices were to increase during the contract period.

You can think of it like a home loan where those on a fixed mortgage pay a slightly higher interest rate than those on a variable loan.

<p>Q45. In principle, which of the following options would you prefer for a fixed term contract of say, two years?</p> <p>SINGLE RESPONSE</p>	<ol style="list-style-type: none"> 1. An estimated 9% saving on the standard rate during the contract period, but the price paid per energy unit you use can <u>vary</u> 2. An estimated 1% saving on the standard rate during the contract period, but the price paid per energy unit you use remains <u>fixed</u> 3. Something else (specify)_____ DNRO 4. Too complicated to understand DNRO 5. I need more information before deciding DNRO 6. Don't know DNRO
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Demographics

I just have some final questions about you and your household before we finish the survey. These are for analysis purposes only.

<p>D1. Do you own or rent the home where you live?</p> <p>SINGLE RESPONSE</p> <p>IF OWN, ASK IF OUTRIGHT OR PAYING A MORTGAGE.</p>	<ol style="list-style-type: none"> 1. Paying off a mortgage 2. Own outright 3. Renting 4. Other (please specify)_____
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<p>D2. Including you, how many people live in your household? ALLOW TWO DIGIT RESPONSE. DO NOT ALLOW 0</p>	<p>--</p>
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<p>D3. How much was your most recent <u>quarterly</u> electricity bill?</p> <p>IF NECESSARY: Your best estimation of the cost is fine.</p> <p>IF BILLED MONTHLY: refer to relevant bracket</p> <p>SINGLE RESPONSE, DO NOT READ OUT</p>	<ol style="list-style-type: none"> 1. Less than \$100 (< \$33 per month) 2. \$100 - \$199 (\$33 - <\$67 per month) 3. \$200 - \$299 (\$67 - <\$100 per month) 4. \$300 - \$399 (\$100 - <\$133 per month) 5. \$400 - \$499 (\$133- <\$167 per month) 6. \$500 - \$599 (\$167 - <\$200 per month) 7. \$600 - \$699 (\$200 - <\$233 per month) 8. \$700 - \$799 (\$233 - <\$267 per month) 9. \$800 - \$999 (\$267 - <\$333 per month) 10. \$1,000 or more (\$333 or more per month) 11. Don't know 12. Refused
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IF HAS GAS CONNECTED (Q8=1)

<p>D4. How much was your most recent</p>	<ol style="list-style-type: none"> 1. Less than \$100 (< \$33 per month)
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<p><u>quarterly</u> gas bill?</p> <p>IF NECESSARY: Your best estimation of the cost is fine.</p> <p>IF BILLED MONTHLY: refer to relevant bracket</p> <p>SINGLE RESPONSE, DO NOT READ OUT</p>	<ol style="list-style-type: none"> 2. \$100 - \$199 (\$33 - <\$67 per month) 3. \$200 - \$299 (\$67 - <\$100 per month) 4. \$300 - \$399 (\$100 - <\$133 per month) 5. \$400 - \$499 (\$133 - <\$167 per month) 6. \$500 - \$599 (\$167 - <\$200 per month) 7. \$600 - \$699 (\$200 - <\$233 per month) 8. \$700 - \$799 (\$233 - <\$267 per month) 9. \$800 - \$999 (\$267 - <\$333 per month) 10. \$1,000 or more (\$333 or more per month) 11. Don't know 12. Refused
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ASK ALL

D5. Does your household have solar panels? SINGLE RESPONSE	1. Yes 2. No 3. Don't know		
D6. Does your household have a time of use meter which is also known as a smart meter or interval meter? SINGLE RESPONSE	1. Yes 2. No 3. Don't know		
D7. In the last five years, how many times have you <u>changed</u> any of the following providers or companies with which you have products and services? RANDOMISE 1-7, READ OUT FOR EACH ITEM, ALLOW NUMERIC RESPONSE BETWEEN 0 AND 99, INCLUDE N/A and D/K	1. Home phone 2. Mobile phone 3. Internet 4. Car insurance 5. Home insurance 6. Health insurance 7. Bank 8. DNRO: Other (specify)_____ 9. DNRO: None of the above		
D8. Do you have access to the internet...? READ OUT, MULTIPLE RESPONSE FOR CODES 1-4	1. At home 2. At work / school 3. Mobile phone or device e.g. iPad, tablet etc. 4. Elsewhere (specify)_____ 5. None of the above 6. Don't know		
D9. Using a scale where zero means not at all and ten means extremely, how comfortable are you with using the internet? SINGLE RESPONSE			
Not at all	Fairly	Extremely	Don't

comfortable										comfortable	Know
<input type="checkbox"/> ⁰	<input type="checkbox"/> ¹	<input type="checkbox"/> ²	<input type="checkbox"/> ³	<input type="checkbox"/> ⁴	<input type="checkbox"/> ⁵	<input type="checkbox"/> ⁶	<input type="checkbox"/> ⁷	<input type="checkbox"/> ⁸	<input type="checkbox"/> ⁹	<input type="checkbox"/> ¹⁰	<input type="checkbox"/> ¹¹

<p>D10. What is your current employment status?</p> <p>ONLY READ OUT IF NECESSARY</p> <p>MULTIPLE RESPONSE OK</p>	<ol style="list-style-type: none"> 1. Working full time 2. Working part time 3. Working casually 4. Self-employed 5. Unemployed 6. Retired 7. Student (check if also working) 8. Home duties 9. Other (specify) _____
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<p>D11. What is your highest level of education?</p> <p>ONLY READ OUT IF NECESSARY</p> <p>SINGLE RESPONSE</p>	<ol style="list-style-type: none"> 1. Primary school 2. Secondary school 3. College / TAFE 4. Undergraduate degree 5. Postgraduate degree 6. Other (specify) _____
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Closing

That is all of my questions. Just to remind you, my name is **[INSERT INTERVIEWER NAME]** from Australian Fieldwork Solutions. Could I please have your first name so that we can re-contact you if necessary as part of our quality control to validate that this interview actually took place? **RECORD**

And can I confirm that I have dialed **INSERT PHONE NUMBER**? Please be assured that your name and contact details will be removed from your responses to this survey once the validation period is finished. As mentioned earlier, this study is being conducted on behalf of the Australian Energy Market Commission and the results will be used to assess the effectiveness of retail competition in your state **[if ACT]** or territory.

IF NECESSARY: Just to remind you, your responses in this survey will be kept completely confidential and will be used only for market research purposes. As a market research company, we comply with the requirements of the Privacy Act. By law, your responses will in no way be linked with your customer account details. Should you need to contact us again please call us on 8789 4444. Thank you again for your time.