COTA TASMANIA
for older Australians

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Submission: Aurora Debt Collection Review

1. Overview

COTA Tasmania welcomes this review. It should lead to stronger incentives for Aurora Energy to prevent debt, offer affordable payment options and provide early assistance, rather than relying on charges after bills become overdue. Sustainable customer outcomes and efficient service should be central to its findings.

Electricity is an essential service. Debt management should help customers maintain supply and establish affordable payment arrangements. It should also give Aurora clear incentives to identify difficulties early, manage its costs efficiently and avoid adding charges to debts that customers cannot repay.

COTA's March 2025 submission called for a performance factor in the bad debt allowance to strengthen management incentives.[1] Our March 2022 submission also sought efficiency gains from billing technology and protection for customers unable to use digital services.[2] This review should translate those concerns into practical changes.

2. About COTA Tasmania

COTA is the peak body advocating for the rights, interests and wellbeing of older Tasmanians. We provide independent, evidence-based advice to government and work to ensure that older people's experiences and priorities inform policies and services that affect their lives.

Our advocacy recognises the diversity of older Tasmanians and seeks to support their independence, participation and access to essential services. We have a particular interest in the affordability of electricity and the effects of pricing decisions on people with limited capacity to absorb additional costs.

1. Why this matters for older Tasmanians

Older Tasmanians on low or fixed incomes may have limited capacity to absorb additional charges or repay accumulated electricity debt. When an essential bill becomes unaffordable, fees and interest can deepen the shortfall and make recovery harder. The consequences extend beyond the account balance: keeping up with payments can require reduced spending on food, healthcare or adequate heating. Older customers have different needs and circumstances.

Some have high essential electricity consumption because of health needs or housing conditions; others already ration use to manage costs. Illness, sensory or cognitive difficulties, digital exclusion and distress can also make it harder to understand a bill, respond to a notice or seek assistance. These barriers should not be mistaken for unwillingness to pay.

A fair system should provide accessible help before debt becomes entrenched. Customers should be able to speak with a person, involve an authorised support person and agree to repayments that reflect their income and essential expenses. The review should assess whether support reaches customers early enough and leaves them able to maintain both their payments and ongoing supply.

4. Recommendations

1. Remove late payment fees and overdue interest under the present framework, with immediate protection for customers experiencing hardship or awaiting assessment.
2. Strengthen early assistance, affordable payment options and access to suitable tariffs through digital and non-digital channels.
3. Publish clear guiding criteria and reconsideration arrangements for debt relief, while retaining flexibility for individual circumstances.
4. Apply a customer-protective performance requirement to bad debt allowances and reconcile debt-related costs, revenues and risks across pricing components.
5. Assess sustained customer outcomes, including time to assistance, affordable repayment plans, repeat hardship and continued electricity supply.
6. Publish the findings and an implementation plan identifying responsibilities, timeframes and improvements that can occur before July 2028.

5. Detailed comments

5.1 Late payment fees and interest

The terms of reference record an increase in the late payment fee from $5 to $9 and note that these fees are not intended to be cost-reflective. They also describe an interest charge on accounts not paid in full by the fifth day past the due date. The review should test the justification for both charges and their combined effect, rather than treating their use elsewhere as sufficient evidence of appropriateness.[3]

COTA recommends removing late payment fees and interest on overdue customer bills under the present framework, which combines regulated provision for bad debt with additional revenue from overdue accounts. Retaining these charges requires a clear demonstration that they are necessary, proportionate and do not compensate Aurora twice for the same cost or exposure. Their use by other businesses does not establish that they improve outcomes here.

At a minimum, customers experiencing financial hardship, or awaiting hardship assessment, should not incur late fees or interest. Charges already applied should be reviewed for reversal where hardship is established. The review should identify the powers and processes required for reform, including steps Aurora can take voluntarily and any changes requiring regulatory or policy action.

5.2 Accessible support and sustainable debt relief

The review should examine assistance from the earliest indication of payment difficulty.

Aurora should demonstrate what it offers before a missed bill becomes entrenched debt, including affordable instalments, payment dates aligned with income, clear usage information and access to the most suitable tariff. Entry to the YES hardship program should occur promptly; prevention should also reach customers before they need that program.

The review should assess a wider range of energy products and payment options, including whether advance-payment incentives could benefit customers. Any incentive must be transparent and must not penalise people unable to pay early or encourage unsuitable arrangements. Telephone assistance, staff training, financial counselling referrals and authorised support people remain important; app-based services cannot be the only route to help.

The terms describe debt forgiveness as voluntary, case-by-case and without fixed publicly available eligibility criteria.[4] Individual discretion can be valuable, but customers should understand what assistance is available and how decisions are made.

COTA recommends published guiding criteria, understandable reasons for decisions and a clear reconsideration process, while retaining flexibility for exceptional circumstances. Engagement requirements should account for illness, disability, limited literacy, digital exclusion or distress.

The review should assess whether these requirements exclude those most in need. A reduced debt balance should be demonstrably manageable alongside ongoing bills and essential living costs, rather than simply lower than the previous balance.

5.3 Evidence of customer outcomes

The review should use operational records and customer experience to assess early assistance. Several years of comparable data should cover arrears, charges, time to support, repayment plans, debt relief and disconnections. Results should be examined by concession status, age and geography where practicable, with privacy protections and clear disclosure of billing-system changes and data limitations.

Success should be measured by affordable ongoing supply and sustained reductions in debt, alongside recovery costs. Performance indicators should include time to assistance, plan completion and failure, repeat hardship episodes and debt levels after support. Disconnection and reconnection analysis should examine subsequent outcomes, charges and barriers to restoring supply.

Financial counsellors, consumer advocates and customers with lived experience should contribute directly.

Retailer accounts and aggregate performance reports alone may not explain why people miss assistance, find repayment plans unaffordable or disengage from support.

5.4 Transparent treatment of costs and revenues

The terms describe a bad debt allowance based on write-offs, with fee and interest revenue outside notional maximum revenue.[5]

The 2025 Final Report calculated a $3.6 million allowance using a three-year average of write-offs and identified billing-system and verification difficulties.[6] The allowance is based on historical losses; it does not establish automatic reimbursement of every subsequent bad debt.

Shifting debt costs to customers can nevertheless weaken incentives for prevention, particularly where Aurora also receives overdue-account revenue.

COTA recommends an explicit performance or efficiency requirement for the bad debt allowance, linked to earlier assistance and sustained debt reduction. It must not reward denying support, avoiding customers in hardship or pursuing harsher collection practices. The review should reconcile allowances, fee and interest revenue, debt relief, write-offs and subsequent recoveries.

The review should explain how credit management costs and debt-related risks are treated across cost to serve and the retail margin. Greater emphasis on early assistance should accompany any reduction in recovery through overdue charges. Where aurora+ and billing investments reduce servicing costs or improve payment outcomes, those benefits should be reflected in customer prices.

5.5 Consultation and implementation

COTA welcomes the proposed targeted engagement with consumer organisations. We recommend an opportunity to comment on emerging findings or the draft report before conclusions are settled, including sufficient time for participants to assess the evidence.

The final report should be publicly available, subject to appropriate confidentiality protections, and distinguish actions Aurora can take now from changes requiring a pricing determination or another regulatory or policy process. Recommendations should identify responsibilities and timeframes. Improvements to customer support should not be deferred automatically until the next regulatory period starts in July 2028.

6. Conclusion

This review should deliver a shift towards preventing unaffordable debt and resolving payment difficulties early. A framework that allows debt-related costs to be recovered without a clear performance requirement risks weakening the incentive to improve service. Customers should not face additional charges simply because they lack the means to pay an essential bill on time.

For older Tasmanians, effective debt management means accessible assistance, realistic repayments and continued electricity supply. Success should be judged by sustained improvements in these outcomes, alongside efficient management of costs.

Clear debt relief criteria and fair reconsideration processes would also give customers greater confidence in seeking help.

COTA supports a sustainable retail service and responsible payment arrangements. We seek a framework that places clear responsibility on Aurora to prevent avoidable debt, provides appropriate protections for customers in hardship and makes the treatment of costs and revenues transparent. The review should identify practical improvements that can be implemented before July 2028, with a published timetable and continued consumer engagement.

Sources

1. *COTA Tasmania, 2025 Regulated Retail Electricity Pricing Investigation feedback on the Draft Determination, March 2025, p 7, Bad Debt Expenses.*
2. *COTA Tasmania, Reply on the Draft 2022 Standing Offer Electricity Price Investigation, 24 March 2022, sections on cost to serve, aurora+ and concluding comments.*
3. *Office of the Tasmanian Economic Regulator, Review of Aurora Energy's debt collection practices - Terms of reference, August 2026, Late payment fees and interest on overdue accounts.*
4. *Office of the Tasmanian Economic Regulator, Review of Aurora Energy's debt collection practices - Terms of reference, August 2026, Debt forgiveness program.*
5. *Office of the Tasmanian Economic Regulator, Review of Aurora Energy's debt collection practices - Terms of reference, August 2026, Treatment of bad debts and Late payment fees and interest on overdue accounts.*
6. *Office of the Tasmanian Economic Regulator, 2025 Regulated Retail Electricity Pricing Investigation Final Report, May 2025, section 4.5.1, pp 36–38.*