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Submitted via: [definingenergyhardship@mbie.govt.nz](mailto:definingenergyhardship@mbie.govt.nz)

Markets Team, Evidence & Insights  
Ministry of Business, Innovation and Employment  
Wellington

**RE: Defining Energy Hardship – A discussion document on defining and measuring energy wellbeing and hardship in Aotearoa**

Energy hardship can see whānau stuck going without what they need for health, wellbeing and social participation. Recognising and addressing the harm caused to communities due to avoidable hardship should be a top priority for decision makers. The ways of measuring the impacts of initiatives to improve wellbeing across the community need to be informed by the perspectives of whānau with lived experience and experts on the ground.

FinCap welcomes the opportunity to comment on the Ministry of Business, Innovation and Employment (MBIE) Defining Energy Hardship – A discussion document on defining and measuring energy wellbeing and hardship in Aotearoa (**discussion document**). We generally support the conceptualisation of energy wellbeing for definition work in this space and recommend a few extra considerations.

However, we are concerned that the proposed approach to measuring hardship in the community is too narrow and ‘behind closed doors’ to get to the heart of issues. We also do not support ignoring whānau who experience or face electricity disconnection when unable to pay. This is a very real indicator of direct harm when whānau are disconnected and therefore have their safety put at risk due to energy hardship. We also encourage MBIE to consider whether this definition work can be expanded on for practical identification of energy hardship at frontline services that can also inform measurement.

We expand on these comments in the submission below.

**About FinCap**

FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the 200+ local, free financial mentoring services across Aotearoa. These services support more than 70,000 people in financial hardship annually. We lead the sector in the training and development of financial mentors, the collection and analysis of client data and encourage collaboration between services. We advocate on issues affecting whānau to influence system-level change to reduce the causes of financial hardship.

**Responses to Discussion Document questions**

*To what extent do you agree or disagree that the proposed definition for energy wellbeing is right for Aotearoa?*

FinCap strongly agrees with the proposed approach to defining energy wellbeing and focusing on achieving this for all. However, we suggest that the definition could be expanded to more explicitly recognise that initiatives to address energy hardship must be designed with whakamā in mind. As well

as being *'able to obtain'* we suggest expanding the drafting to add explicit reference to individuals, households and whānau also being confident in obtaining adequate energy services as an aspect of energy wellbeing.

From what we have seen in feedback from financial mentors and other community workers - one barrier to energy wellbeing is a whānau not being able to trust and accept advice around the advantages of turning on their heater, where the benefit of doing so much outweighs the cost of becoming unwell. A fear of stigma related to disclosing issues with keeping a home healthy could also mean offers of support with energy wellbeing are not accepted. Such experiences can be firmly rooted in generations of discrimination towards minority groups or those with few resources in Aotearoa. If the systems in place to assist with energy hardship do not do everything possible to ensure that whakamā does not emerge, then this indicates something needs to change.

**Recommendation:** Continue with the aspirational definition and find a way to recognise that systems to deliver energy wellbeing must consider how whānau will find confidence that those systems are trustworthy and that the challenges they face are normal.

*To what extent do you agree or disagree with the inclusions in the proposed definition?*

*To what extent do you agree or disagree with what is excluded by the definition?*

We agree with broad inclusions as to whatever energy is needed for the health, wellbeing and social participation of whānau including within marae and papakāinga. Where a whānau has an electric vehicle and it is not practical to change vehicle quickly, then the use of electricity for this transport should not be excluded.

*To what extent do you agree or disagree that the framework represents the factors that influence energy wellbeing in Aotearoa?*

We agree that this framework is an improvement on many ways energy wellbeing and hardship has been conceptualised in the past. Please see our recommendation above, that more consideration around experiences of whakamā be specifically considered. This being explicitly considered in the framework could improve insight too.

We also note that the Discussion Document puts forward 'service literacy' and in places has commentary that is not strengths based. Instead of framing an issue as people being unable to use technology, it should be framed that the productive use of an essential service not being accessible to how people interact with the world, is the problem.

In many discussions FinCap has been involved in, where tenancy and energy hardship were discussed, others have pointed out that it is not just a clear cohort of whānau, but almost all tenants are reluctant to challenge rental housing providers on any issue including healthy home standards. All whānau can face vulnerability at any time and to different degrees and we encourage MBIE to acknowledge all tenants as facing vulnerability in this work.

*To what extent do you agree or disagree with the proposed indicators for energy wellbeing?*

*Do you have comments on why have you chosen this answer?*

Agree. The themes of *access, able to afford and manage bills, enabling resources and wellbeing is supported in the home or kāinga* are robust and rightly broad in FinCap's view. The indicators proposed may, however, be too blunt and assume in places that whānau need to adjust to product design, not product design to whānau. We also feel the consideration of confidence, trust and whakamā will be useful in understanding hardship. Comfort in turning on the heater without worrying about electricity prices is a reflection of wellbeing.

*We are proposing to use a set of primary and secondary measures for energy hardship. Do you support this proposal?*

Measuring energy hardship at scale is a challenging task and this approach is an improvement on many used in the past. However, we are concerned that the proposed approach risks missing the point by not involving more engagement directly in communities, in establishing what should be measured as well as how measurement is tracking relative to actual experience.

*To what extent do you agree or disagree with the proposed primary measures?*

Neither agree nor disagree. We acknowledge using these insights may be useful and a good starting point, but financial mentors see the complex experience of energy hardship in the context of wider challenges to wellbeing. These indicators being used and then ‘tracking downwards’ risks overlooking significant work to be done for energy wellbeing.

We are also wary that there will be a real issue with a measure that hides the experience of a whānau south of Christchurch (or other areas that face more challenges from cold or warm weather), when grouped with national medians. Work we did to help facilitate a focus group of financial mentors to explore energy issues for the Electricity Authority demonstrated the difference in risk of harm from energy hardship in different regions.<sup>1</sup> This issue around a national median has been acknowledged in the discussion paper and we recommend more work be done to understand the experiences of whānau in different areas.

*To what extent do you agree or disagree with the potential secondary measures?*

*Do you have any comments on the proposed primary and secondary measures?*

No whānau should be disconnected or go without essential energy services because of an inability to pay. Disconnection cannot be ignored when measuring energy hardship, it is one of the clearest indications that whānau have lost access to energy.

If we are successful in our calls for disconnection to be done away with, it may impact the measurement of energy hardship because it is a positive change. This being coupled with a range of other measures and community engagement to test assumptions or directly listen to how it is ‘on the ground’, can ensure a policy change does not skew measurement to the point where we falsely measure all whānau as experiencing energy wellbeing. Potential policy changes having an actual impact is not a reason for significant issues to be ignored. Also, policy changes could have impact on many other indicators left in, it is not a reason to ignore a current aspect of energy hardship that can be extremely harmful to whānau.

**Recommendation:** Experiences of ‘post pay’ energy disconnection and prepay service automatic disconnection are included in the measurement of energy hardship in Aotearoa.

A recent report highlighting systemic issues with unfair debt collection in Aotearoa specifically noted problematic energy debt was most often mentioned by financial mentors interviewed.<sup>2</sup> We put forward debt collection resulting from energy use as a potential indicator, especially where this debt collection for past charges means whānau are unable to pay for the energy they need currently.

**Recommendation:** Information about debt collection arising from energy services is included in measurement of energy hardship in Aotearoa.

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<sup>1</sup> See Appendix 2 here: <https://www.ea.govt.nz/assets/dms-assets/28/Financial-mentor-focus-group-workshop-reflections-on-the-proposed-consumer-care-guidelines.pdf>

<sup>2</sup> See: <https://www.fincap.org.nz/wp-content/uploads/2021/09/Debt-collection-in-Aotearoa-from-the-perspective-report.pdf> p.7

We are also concerned that the proposed approach is almost entirely focused on Stats NZ work. There is a lot that can be analysed from community engagement and other data sets. Retailers and metering providers, MSD (Ministry Social Development), credit bureaus and others, hold a lot of information on trends as to how whānau are placed relative to energy. There could be more light shed on the experience of prepay power automatic disconnection or people being denied an energy service they request as these are areas that the Electricity Authority has flagged for potential information gathering in consultation. We recommend more secondary measures that are gathered from more sources and regular community engagement around different areas of Aotearoa is undertaken so that the measurement of energy hardship does not overlook significant systemic issues.

**Recommendation:** MBIE incorporates more secondary measures and undertakes regular community engagement to inform measurement of energy hardship in Aotearoa.

*Do you have any comments on measuring the depth of hardship?*

We support a depth of hardship measurement being prioritised in measurement work, as this will help with targeting initiatives where they are most needed. Insights from any successful initiatives for those facing the most challenges will likely flow on to best help all facing energy hardship.

The development of such measurement so that it could also be useful to, and easily recordable, by front line community support workers, would both potentially help improve insights while also helping the allocation of capacity for financial mentors and other community workers. For instance, a financial mentor might be able to ask a standard set of questions and, based on the answers be able to indicate the depth of energy hardship experienced. They could then inform that whānau they are supporting that they are clearly facing energy hardship, that this is a normal experience and that there are experts who are approachable and there to help for free. At the same time, the financial mentor can use the depth measure to inform the whānau as to their options to take up a number of targeted initiatives that help with energy wellbeing. This tool for quickly gathering clear information might end up meaning energy wellbeing is the first priority that the whānau chooses to work on with their financial mentor. An assisted referral to a community energy support network then could lead to a healthier winter for the whānau where other hardship issues can be worked through and overcome.

To get there, we recommend community engagement including focus groups with financial mentors and other community workers who interact with whānau experiencing hardship for the development of a 'depth measure.' These workers have great insights as to trends in what vital information will likely not be shared outside of many whānau. The deidentified observations around trends that such workers can offer, have the potential to get through issues where whakamā means it is not respectful to ask a whānau to elaborate on an upsetting situation or experience.

Of course, direct consultation and engagement with people with lived experience is also vital to getting a good picture around the depth of energy hardship. We suggest this is done where whānau with a challenging lived experience have the option to be consulted with peers to avoid it being an uncomfortable experience.

Diversity of indicators when measuring depth will also be important so as to not overlook the many ways different whānau may face energy hardship.

**Recommendation:** More work is done on how to measure the depth of energy hardship across many diverse experiences. This work should involve focus groups with frontline experts in the community and whānau with lived experience, and reciprocate that knowledge being shared through contributing back a measurement framework tool that is useful at frontline services.

*Do you have any suggestions for alternatives or changes to the proposed way forward?*

Please see our above comments and recommendations in relation to more engagement with different communities and on the ground workers across Aotearoa.

Please contact Jake Lilley, Policy Advisor at FinCap on 027 278 2672 or at [jake@fincap.org.nz](mailto:jake@fincap.org.nz) to clarify any aspect of this submission.

Ngā mihi,

A handwritten signature in black ink, appearing to read 'Ruth Smithers', with a stylized flourish at the end.

Ruth Smithers  
**Chief Executive**  
**FinCap**