

VCOSS

A snapshot of electricity and gas services
and their impact on households seeking
Emergency Relief



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Disclaimer:

The views and interpretations expressed in this paper are those of the Victorian Council of Social Service and do not represent the views of the Consumer Utilities Advocacy Centre Ltd.

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Introduction

Households juggling a range of cost pressures often seek assistance from emergency relief services to help manage short term or intermittent financial crisis. Recent research into emergency relief services suggests that households are falling into financial crisis on a more regular basis due to insufficient income support.

Electricity and gas bills can have a significant impact on low income households. A typical quarterly electricity bill of \$255 is over:

- 50 per cent of a fortnightly Newstart payment for a single person,
- 44 per cent of a fortnightly single parenting payment,
- 41 percent of a fortnightly single aged pension,
- 38 per cent of a fortnightly disability support pension payment,
- 22 per cent of gross fortnightly income for a person earning \$30,000 per annum; and
- 11 percent of fortnightly full time adult ordinary time earnings.

Unsurprisingly energy costs contribute substantially to financial hardship for households on low and very low incomes.

All households should be able to access electricity and gas services to maintain a basic standard of living. However, given the high ratio of quarterly energy bills to income for households receiving income support payments, meeting their payment obligations to be able to maintain energy supply can be difficult. The regulation of energy retail services in Victoria has attempted to bridge this divide by ensuring that providers of essential services are required to provide these services to households in a way that is consistent with their budgetary means.

The Victorian Energy Retail Code establishes the consumer protection framework for the provision of essential electricity and gas services in Victoria.

The purpose of this research is to provide a snapshot of how households accessing emergency relief services experience and manage utilities hardship and to begin a preliminary investigation into how the current regulatory regime for electricity and gas services in Victoria ensures that these households can maintain access to these essential services. It also includes an investigation of the impact of increased energy costs on low income households.

The project has taken a qualitative approach to explore some of the issues faced by low income households and identify key themes in their experience of energy costs. While the sample size is small, and consequently the research does not claim

to be comprehensive, it attempts to recognise the importance of people's lived experience in managing utilities costs on a limited income.

Often when articulating social policy issues to governments and regulators social service agencies are asked to provide information on the quantum of a problem. However for those whose lives are affected the quality of the problem is similarly significant.

The second half of the report examines the views of community service organisations on the consumer protection framework and how it affects their organisation's work.

Finally the report makes recommendations about changes to consumer protections in Victoria through the National Energy Customer Framework and identifies areas for further study.

What is emergency relief?

Emergency relief is “the provision of critical support to individuals and families experiencing a financial emergency or crisis” and can include food vouchers or parcels, travel assistance, such as Metcards or petrol vouchers, school fees, books and uniforms and financial assistance with bills and medical costs.

There are over 700 providers of emergency relief services (service providers) in Victoria. While many providers receive funding under the Federal Government’s emergency relief program, many organisations receive no funding, or supplement their resources with donations. It is estimated that the emergency relief sector in Victoria distributes between \$25 to \$30 million in assistance annually while volunteer time contributes approximately one million dollars in labour.

In 2008-09, the Federal Government contributed \$52.3 million to emergency relief nationally. Almost half of this was an increase in funding in response to the household impacts of the global financial crisis.

Households seek emergency relief services due to a range of household circumstances. Recent research conducted with 2,000 users of emergency relief services in Victoria found that gas and electricity bills were the biggest cost pressures that contributed to households seeking emergency relief.

While absolutely essential, the emergency relief sector can often mask systemic problems for households on low incomes by providing interventions to a households in crisis.

Two recent research reports *Under Pressure: Cost of Living, financial hardship and emergency relief in Victoria* and *It’s not about the bread; Uniting Care’s experience of emergency relief*, both sought to uncover the drivers and pressures on the emergency relief sector. The research was conducted by surveying service users and service agencies respectively. This report seeks to uncover further some of the issues involved in emergency relief and energy services by speaking directly to service users.

Electricity and gas services in Victoria

Victoria introduced full retail competition to the electricity and gas market in 2002, that is the ability for households to choose their electricity or gas retailer, and is the first state in Australia to remove price regulation for electricity and gas retail services.

In moving from a highly regulated state owned enterprise to a deregulated market model, the Victorian Energy Retail Code has provided a set of provisions that are intended to protect consumers when accessing these essential services.

These protections include the provision that households should not be disconnected due to an incapacity to pay and provision for affordable payment arrangements. In this context households should not need to seek emergency relief due to utility bills, however from the research noted above this is not the case.

In the coming years Victoria, and indeed Australia, will face a significantly different energy sector and price increases. The Victorian Government has committed to and commenced the roll out of electricity 'smart meters' throughout the state. Smart meters allow for electricity use to be measured in half hourly intervals and for meters to be read remotely, among other functionalities. The cost of installing these meters will mean an average price increase of \$68 in 2010 for all Victorian households from 2010, however exact charges will vary from area to area.

In addition to the cost of smart metering, the general costs of maintaining aging infrastructure and climate change mitigation measures such as the renewable energy target, and potentially an emissions trading scheme, will all add to increasing energy prices.

The Australian Energy Market Agreement commits a number of Australian states to a single national framework for electricity and gas services. This includes a National Energy Customer Framework (including the National Energy Retail Law, Rules and Regulations) which is due to be finalised in late 2010 to cover retailer service and is anticipated to replace the current Victorian Energy Retail Code in 2011. On this basis, where relevant recommendations made in this report refer to amendment of the National Energy Retail Law, rather than the Victorian Energy Retail Code.

Assistance for Victorian energy consumers

There are currently a range of regulatory and financial assistance measures that assist households to manage energy costs.

The Victorian Government provides several concessions to Victorian health care card holders including: the Winter Energy Concession, which provides a 17.5% discount on electricity and gas bills from 1 May to 31 October; and the Utility Relief Grant Scheme which provides bill payment assistance to households who cannot afford to pay utilities bills due to a financial crisis.

The Commonwealth Government provides a Utilities Allowance Payment to households receiving an Aged Pension, however this will soon be included with a number of other allowances into a Pension Supplement payment. Centrelink also provides a service to income support recipients called Centrepay, which makes payments from a person's income support payment direct to service providers, such as utilities companies, real estate agents or housing providers, prior to paying the pension into the recipient's bank account.

The Victorian Electricity Industry Act and the Gas Industry Act include provisions banning the use of late payment fees on electricity and gas bills respectively, as well as the provision for a Wrongful Disconnection Payment, whereby households may receive compensation if a retailer has disconnected them without first following the requirements set out in the Victorian Energy Retail Code. At present these provisions are not replicated in the National Energy Retail Law.

There is also a requirement for energy retailers to develop hardship programs which identify and provide assistance to households experiencing financial hardship.

Methodology

The report consists of research material gathered from interviews with 11 people who had accessed emergency relief services from five service providers across metropolitan Melbourne. Ten of these households were accessing gas and electricity services through a retailer and one was living in a residential park and did not access energy services through a retailer.

The interviewees were recruited by emergency relief service providers and interviews were conducted over a three week period, with the majority of agencies hosting two interviews. However due to attrition, one single interview was undertaken at the Darebin Community Information Service and four were conducted at Southern Peninsula Community Support and Information Centre.

Service users accessing emergency relief were asked to return to attend a research interview to discuss their experience with gas and electricity services. People were reimbursed \$25 for their time, however they were not informed of this at the time of recruitment for the interview. Interview questions can be found in Appendix A.

The interview questions were formulated to examine what were considered to be key elements of the Victorian Energy Retail Code by the CUAC Domestic Issues Group including:

- billing and payment cycles,
- payment methods,
- payment arrangements,
- disconnection and reconnection procedures, and
- hardship assistance.

Two additional questions sought to gauge the impact of future changes to energy services, including increasing energy consumption prices and fixed charges, and the potential introduction of Late Payment Fees in Victoria as set out in the second exposure draft to the National Energy Customer Framework.

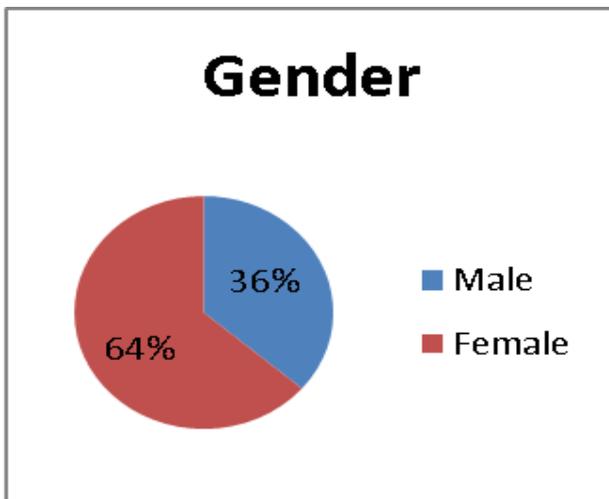
Additional interviews were conducted with service providers that consisted of semi structured discussions around the impact of utilities costs and regulatory systems in Victoria. A list of the interview prompts can be found in Appendix B, however not all questions were asked in each interview. In all interview extracts provided in the report, the names of the interview participants from emergency relief services have been changed.

A snapshot: emergency relief and energy

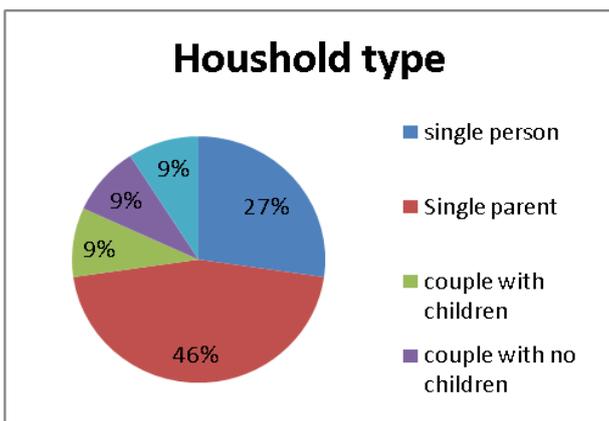
The following section breaks down and compares the demographic characteristics of the service users interviewed with those of a larger survey of emergency relief users. It then discusses the key themes identified in the interviews and uses the interview material to demonstrate some of these issues. A fuller representation of all of the interviews can be found in Appendix C.

Demographics

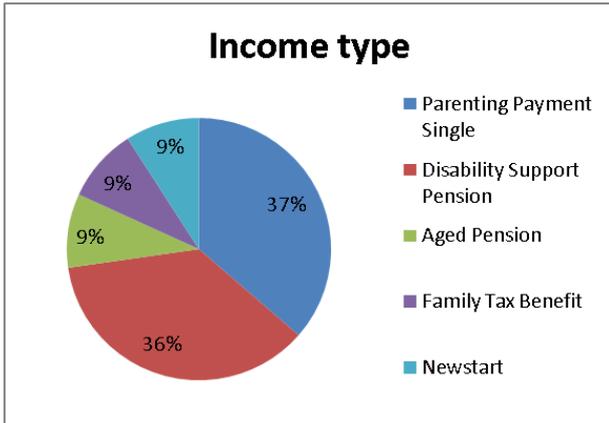
The demographics of the service users in this study are broadly consistent with the demographic findings of the larger research report, *Under Pressure*, into the users of emergency relief services in Victoria.



The Gender breakdown of this report is largely consistent with the *Under Pressure* report where the gender split was 60 per cent female 40 per cent male.



Single parents were over represented in this study. The *Under Pressure* report found that 32% of survey respondents were single parents, while 28% were single people living alone and 12% were dual parent families.



Again while this survey is roughly consistent with the findings of the *Under Pressure* report, it found 27% of households received parenting payment single, 31% received a disability support pension and 24% received Newstart allowance. Those receiving Newstart are under represented in this snapshot.

Research outcomes

The following areas emerged as key themes from the research interviews.

Bill increases and affordability

Participants reported a significant impact on household budgets as a result of bill increases. Most participants expressed difficulty in managing any increases in energy prices. While one single disability pensioner, and one aged pensioner in a couple, who also received an additional overseas pension felt that they would be able to adequately manage a \$20 price increase on their next energy bill, all of the single parent households reported that any increase would result in trade offs for other household expenses as they already have necessary expenses in excess of their income.

When asked the kind of assistance that would help manage increased costs, six households identified an increase in income, two identified greater energy efficiency measures and three were not able to identify measures that would assist.

Recommendations:

1. That the Commonwealth Government extend the utilities payment to all income support recipients.
2. That the Victorian Government provide a rebate to all households receiving a concession for the increase in fixed charges as a result of smart metering.

George

George is a single male who receives a disability support pension from Centrelink. He lives in Melbourne's inner north. George felt he was doing everything he could to manage his energy costs and would not be able to afford an additional \$20 on his next electricity bill.

"At the moment it's almost impossible to manage because I'm constantly trying to budget every possible way I can. It would make it even harder. I'm facing hardship now, but if it went up any more it would be even harder."

"I'm just going to constantly be in arrears, arrears, arrears arrears. I hardly ever use very much power. I watch my consumption, not only for electricity but in the house, most of the time I'm very, very cold in the house. I go to a shopping centre to try to warm up, or I put on extra layers of clothing."

George felt his limited income affected his capacity to participate in social activities:

"I've hardly got any social life due to money, like going to the street and stopping for a cup of coffee, even though it's two, three dollars, I haven't got it.... So I'm a very, very responsible person in that sense. I look at the cents, not the dollars to try to be able to maintain some form of standard in the society. I don't know where else I can cut."

To help manage any increase in costs George felt he would need an increase in his pension, without attendant increases in the cost of living.

"Give us an increase without putting things up. The government says that's not our responsibility because that's private enterprise and we cannot control private enterprise, but look at each individual case person by person ..."

"Your question is how would it affect me? It would affect me in every aspect, food, my living standards would even go further down than they already are. I'm seeking medical attention as I am now. I don't know what the right word would be, how it would affect me personally more than what it's already affecting me. I'm already going around to places seeking financial help. I'm seeing financial counsellors. I'm going here, I'm going there. I'm doing everything I feel I should be doing. To come to the answer there's multiple things, there's not a single thing, I'd say this is how it would affect me."

Concessions

Awareness of the availability of state concessions varied, with many households receiving the Winter Energy Concession because it was automatically applied to their bill on signing up with the company. Those households that received the Commonwealth Utilities Allowance were more likely to identify this as the concession of most benefit to them.

Two people were aware of, and had made use of, the Utility Relief Grant Scheme.

Concessions were often confused by participants with discounts offered by retailers as part of market offers. This is concerning as it indicates households are unaware of their rights in accessing concessions irrespective of their retailer.

Recommendations:

3. That the Victorian Government seek to partner with Centrelink to actively promote available concessions to households on income support payments

Rhiannon

Rhiannon is a single mother with three children. She receives a single parents pension from Centrelink and lives in Melbourne's outer south east.

Increased energy costs would impact on Rhiannon's budget and she felt that the only way that she could meet this extra cost was if it was included in a repayment plan and even then "That would cut my grocery bill and I've only got \$58 a fortnight".

Rhiannon found out about the Winter Energy Concession and the Utility Relief Grant Scheme through the Department of Human Services.

"I was going through hardship and I didn't know where to turn, nobody tells you where to go. I split up with my fiancé and I've got three kids, what am I going to do? He managed the bills and he's successful and got work. I don't get child support because he doesn't have to pay it."

These concessions were very important to her household budget although

"I live week by week so I don't really have a budget."

Payment methods

All but two participants paid their bills via Centrepay and all found this payment method extremely helpful in managing their bills and making regular payments.

All of these households expressed concern that they would find it difficult to manage without Centrepay and many had previously also been on fortnightly payment plans such as EZYpay. The use of regular fortnightly payments was highlighted as a way of managing a limited income and preventing large unexpected bills.

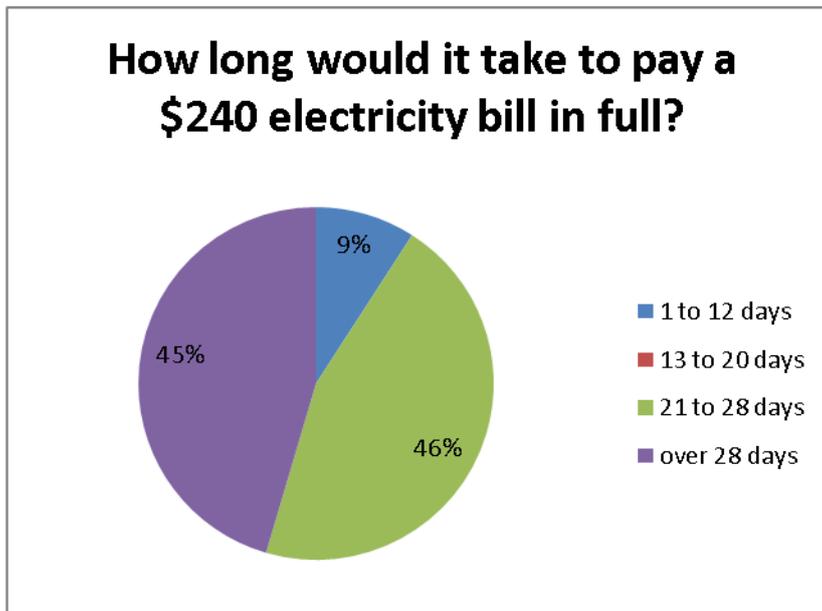
Recommendations:

4. That the Ministerial Council on Energy ensure that National Energy Retail Law requires all energy retailers to accept Centrepay as a payment option for all standard and market contracts

Billing cycles

This set of questions was intended to gauge the household's capacity to pay a bill within the normal billing cycle. An indicative bill figure of \$240 was chosen as an approximate bill, as it is slightly lower than an indicative bill for a household consuming the Victorian average consumption of 6,500 kilowatt hours of electricity a yearⁱⁱ

The responses are shown in the table below and indicate that most households expressed timeframes well beyond the normal billing and payment cycle.



Only one participant indicated that they would be able to pay the bill in full within the 12 day payment period stipulated by the energy retail code.

Considered in conjunction with the importance of fortnightly payments discussed above, regular payments may be the only way in which most households on a limited income can meet their bill payment obligations.

Recommendations:

5. That the Ministerial Council on Energy ensures that the National Energy Retail Law require retailers to offer payment arrangements to all consumers.

Late Payment

While 90 per cent of participants were making payments through either Centrepay or a payment plan, prior to this payment plan being in place all except for the aged pensioner household had experienced difficulty paying their bills on time, as noted in the previous section. Participants felt that they would need a minimum of 21 days to pay a \$240 bill in full, with the majority requiring over 28 days. Most participants felt that any additional penalty, such as late payment fees, would further add to their hardship.

Those that didn't feel that late payment fees would be a problem were those who had expressed the least difficulty in paying on time, the aged pensioner household and one single male household.

For the majority of households late payment fees would mean:

"That we'd have to miss out on something too again, because everything extra means that it's got to be taken from everything else."

Sue

"Extra hardship. It would affect everything, there wouldn't be one thing, it would affect my entire life even more than it's affecting me now."

George

"I think that's ridiculous paying late fees on bills you already can't afford."

Sean

Recommendations:

6. That the *Victorian Electricity Industry Act* continue to prohibit the imposition of Late Payment Fees

Disconnection and reconnection

Despite participants having payment difficulties, only three households had experienced disconnection. Of these three households, two had been disconnected from electricity supply and the other from gas. One household disconnected from electricity supply was reconnected on the same day after borrowing money from a family member and the other remained off supply for two weeks before borrowing the money for reconnection from a family member.

The household who had been disconnected from gas supply remained off supply for three months and saved to meet the reconnection costs during this time. This period of disconnection was during the winter months.

For other households it appears that the Energy Retail Code is functioning to prevent disconnection with households negotiating payment extensions or payment plans.

Recommendation:

7. That the Ministerial Council on Energy ensure that the National Energy Retail Law contain the provision that no household should be disconnected due to incapacity to pay, rather than the current drafting which suggests that disconnection should be a last resort.

Grace

Grace is a single mother with one child. She currently receives a single parenting payment from Centrelink and lives on the Mornington Peninsula. She has previously had trouble paying her energy bills but says:

Centrelink has helped me a lot. It's helped me manage. I don't have to struggle now, and I just keep it going. Now I think, if I get ahead I get ahead so then you're in credit. So it has helped, but for me to do that I did have massive bills.

Grace has previously been disconnected from her gas supply

We got the gas cut off, and it was in the cold season, probably three months. I used frying pans and the microwave to cook on, and then we used electric heaters which just suffered with the electricity, so I was suffering on the other side.

It was expensive because at the time I had another family living with me. They were in crisis and had nowhere to go and they didn't contribute and I was left with that and I let things go over my head.

Grace saved for three months to be able to pay for the costs of reconnection.

Hardship assistance

All of the households surveyed can be considered to be having payment difficulties. However, in at least 70 per cent of the instances where households had contacted a company for additional time to pay, they had not been offered any additional assistance, such as provisions under the hardship programs.

In fact when asked about their experience in contacting a retailer to make a payment arrangement one participant replied “they only give you two weeks”.

Where households were either in contact with a hardship team, as in George’s case, or had been provided with additional information and flexible payment arrangements, as in Nola’s case, these households recognised the value of that assistance and felt positively towards their retailer. In fact, when Nola’s adult daughter had switched due to a door to door sale, Nola suggested that she cancel the contract within the cooling off period as the company they were previously with had been particularly helpful.

Currently in Victoria the Essential Services Commission approves retailer’s hardship policies and audits and reports on them. Unfortunately, in the current Victorian reporting regime there is no method for recording the level of unmet demand for hardship assistance and the case studies in this report indicate that unmet demand may be quite high. The reporting, auditing and monitoring of hardship programs will be conducted by the Australian Energy Regulator once the National Energy Retail Laws come into force.

Recommendations:

8. That the Australian Energy regulator develop audit mechanisms to measure unmet demand for assistance under retailer’s hardship programs.

Nola

Nola is a single parent living with her extended family of one dependent child, one independent child, their partner and child. She is currently receiving a Disability Support Pension from Centrelink and lives on the Mornington Peninsula.

Because I’ve come off working 16 hours a day to going on a pension then to going on a disability pension its really a big adjustment for me and I still can’t cope with it, if one of my bill fluctuates even \$5 it makes a big difference to all the other bills because I’ve got to use that \$5 to pay that bill, which takes it out of another one, which is hence today why you met me, its why I’m here, it really is a big difference but \$20 is a lot of money these days not just for me but for a lot of people out there struggling.

Ongoing affordability and energy efficiency

The survey also sought to gauge the assistance required to improve ongoing affordability and assess the value of energy efficiency measures to low income households.

The findings were mixed with a clear demographic split. Single person households were unlikely to see the value of energy efficiency measures, or believed themselves to be doing everything within their power to conserve energy, whereas all of the families with children believed that additional energy efficiency measures would assist them to reduce their energy costs.

There may be many reasons for these findings. However a possible explanation is that while the single person households reported actively rationing their energy use, family households may be more reluctant to ration energy use and compromise their family's wellbeing.

This indicated that energy efficiency assistance is of significant value to a large proportion of the population, particularly larger households. However alternative assistance, in the form of rebates, concessions or debt forgiveness may be more effective in increasing affordability for single person low income households.

Recommendation

9. That the Australian Energy Regulator, in approving a retailer's hardship program, ensures that it establishes clear guidelines for the approval of these and that the range of assistance available under that program is appropriate to a variety of different household needs.

Sean

Sean is a single father, with one child in his care full time and two who visit on weekends. He receives a parenting payment from Centrelink and lives in Melbourne's outer south east. Any increase in energy bills would affect Sean's household greatly:

"It's hard enough paying them now. I'm on a payment plan where I pay fortnightly, but it's just not keeping up."

"At the moment we hardly use the heater. It would mean *other* things like that, I can't cut back too much more, without not using it."

To manage any increase in costs Sean thought additional energy efficiency measures would be required:

"Probably a new heater, a more efficient heater definitely, and probably some new blinds to keep the heat in."

Sean identified curtains as a measure that would improve the ongoing affordability of energy for his household saying that the window coverings in his house were:

"Just venetian blinds. Where they've got the heaters placed and everything it just blows straight down behind the curtain. It's pretty silly really."

Sean saw energy efficiency measures and information as a measure that would greatly reduce his energy bills and increase household comfort:

"At my place in summer it's absolutely stifling. I put curtains on the outside of the windows as well. It just gets too hot. And there are no fascia boards or anything on the house. They need pergolas and stuff like that. There's nothing, it's just out in the sun."

Call centres

Unfortunately, though not surprisingly, service users had varying experiences of energy retailer call centre staff, with many identifying that whether they got adequate assistance or not was 'pot luck'. Call centre workers are front line staff dealing with a range of issues including, but certainly not limited to financial hardship. The broader the assistance that these front line staff can provide when dealing with financial hardship, the more likely households will be more willing to recontact their retailer when they have payment difficulties and reduce unpaid bills.

Recommendation

10. That the Ministerial Council on Energy ensure that the National Energy Retail Law includes a requirement for hardship programs to include comprehensive training to call centre staff on working with households in payment difficulty.

Lisa

Lisa is a single parent living in Melbourne's outer north. She has six children and is receiving a Disability Support Pension from Centrelink.

Lisa had never experienced disconnection and felt that the availability of emergency relief services and financial counselling had assisted her in avoiding this.

Lisa has had particular difficulty in contacting her retailer about the payment difficulties she was having.

"You might get one good one [call centre operator] but the rest of them are horrible. I asked for extension time, or can I pay weekly or fortnightly and that's when I got a hold of Centrelink and that's when Centrelink told me that they can take it out each week, or fortnightly."

"I was finding I was falling behind all the time, my bills were up to \$700-\$800 and I'm still paying it."

"They just need to explain themselves a bit more, telling you, you can apply for the energy relief thing, or you know, I'll give you more time to pay. Be a bit more caring I think is the word for it, coz they're not caring, they're horrible. I understand what sort of job they've got, they've got to do that but you know, they shit me. They frustrate me real bad you expect to get a nice person and you get a nasty person. Sometimes you'll get a nice person that will give you that extra time."

Despite having significant debt levels, and ongoing payment difficulties, Lisa was not offered assistance through a hardship team and found that trying to address her payment difficulties had been very difficult.

A snapshot of service providers

A second round of interviews was conducted with a range of service providers, from CEO's to service managers, to explore further the impact of utilities hardship on both the community service sector and the households they serve.

The service providers interviewed were:

- Ray Cleary, CEO of Anglicare;
- Gavin Dufty, Policy Manager at St Vincent de Paul;
- Matt Dalton, Emergency Relief Coordinator Melbourne at the Salvation Army;
- Fiona McLeod, Energy and Water Ombudsman Victoria;
- Cath Smith, CEO of the Victorian Council of Social Service (VCOSS);
- Damien Sullivan, Manager of the Equity in Response to Climate Change Project at the Brotherhood of St Laurence; and
- Kate Wheller, Acting CEO, Community Information Victoria (CIVic).

The interview questions were broad in scope and elicited a range of different responses, from approaches to direct service provision through to broader energy industry practice.

Emergency relief and poverty

Many of the service agencies interviewed highlighted the link between emergency relief services and broader issues of poverty and disadvantage.

Matt Dalton, the emergency relief services manager at the Salvation Army identified clients of their emergency relief service as

“people at the front line who are in financial hardship and financial difficulty and in personal crisis also. People who are homeless or at risk of homelessness. A significant proportion of our clients are people facing some kind of hardship and social barriers.”

Ray Cleary, CEO of Anglicare and Cath Smith, VCOSS CEO, both reflected on the nature of poverty and the impact on clients of social service agencies.

Commenting on the increase in demand for emergency relief at Anglicare agencies Ray Cleary reflected on under employment and the casualisation of the workforce as a result of the global financial crisis and added that

“low paid people have basically never had enough money to meet their needs, especially if they're a family with kids, whatever the formation of that family is. So the current global crisis has just added to that, particularly as

we've seen a significant increase in the price of gas and electricity and other utilities”.

Cath Smith CEO of VCOSS echoed these sentiments:

“You’re always going to have the issue of affordability where people are living on very low incomes, where their cost pressures are going up faster than their incomes are. People who are poor in 2009 are much poorer than they were in 2000 because the cost pressures have gone up a lot more in the last nine years than incomes have gone up ... gas, electricity, water, transport, housing, basic food have grown year on year much faster than inflation, which is the factor driving increases in many benefits.”

Essentially these comments reflect on the issues raised by service users in the inadequacy of income support payments.

Concessions and hardship

In the context of poverty and financial hardship many agencies identified the introduction of hardship teams as significantly improving the way that low income households were able to access essential services and acknowledged that this was part of a broader program of assistance for low income households, including the broader social security and concessions system.

In the case of Victoria the Brotherhood has a strong sense that the hardship framework, the hardship guidelines are really essential to ensuring a fairer framework for consumers to engage with the market, particularly vulnerable consumers.

Damien Sullivan – Brotherhood of St Laurence

“I think it comes back to balancing fairness, equity, accessibility of service and protecting consumer rights, but also balancing that with responsibilities of service users to obviously pay for the service”

Matt Dalton – Salvation Army

“There’ve been expansions of the safety net, new rebates and I think all of that’s been good, it’s reduced hardship. But you know we all know that hardship is a much bigger issue. It’s about mortgages and rent and telephone. It’s not just energy, so you can only go so far with regulatory solutions and competitive solutions or business solutions that the companies should be adopting, energy efficiency initiativesthen you bring in your safety net.”

Fiona McLeod – Energy and Water Ombudsman Victoria

Role of regulation

Agencies were asked to identify features of the current regulatory regime that has worked to prevent hardship or conversely what hasn't worked in the current Victorian context. Many participants reflected on measures such as the introduction of hardship requirements and the wrongful disconnection payment as being significant reforms that have reduced hardship. When reflecting on what hasn't worked, regulation, rather than policy content, was identified:

“Things where they haven't worked, well they don't work in practice. Personally I don't think there's much of a problem with what the regulations and laws say, but it's always whether the licensees do what they're required to do. I don't think there's deliberate non compliance but some of these companies are huge and I do appreciate how difficult it would be to get a company with thousands of staff to all make sure they're doing the right thing all the time. Marketing is a case in point about how difficult that is. But it shouldn't be that difficult to always comply with the rules for disconnection. That shouldn't be that difficult. So it's in the practice rather than in the regulation.

I guess I'd also make a comment about the importance of enforcement. Enforcement is what is supposed to address the gap between regulatory obligation and a failure to comply”.

Fiona McLeod – Energy and Water Ombudsman Victoria

“Government has an obligation to ensure its regulators are regulating for the purpose they're meant to be regulating.”

Gavin Dufty – St Vincent de Paul

Flexible and universal services

The need for flexible responses and universal services from retailers were identified as key to preventing hardship for low income households by a number of agency participants:

“Specific protections are really hard to negotiate if you are a retailer, trying to work out and make judgment calls about someone's life is totally inappropriate and it won't be operating on full information anyway.

To me it's a really straightforward level playing field sort of issue that makes it much simpler for the retailers to operate in a fair way, given that what they're delivering is a universal human right to have affordable access to the basic essentials like gas and electricity for food and water and cleaning. It's not really a discretionary good so the universal service nature of electricity retail does separate it from other sorts of retail regulation.”

Cath Smith – VCOSS

“It’s all about flexibility. It’s all about giving people the flexibility to pay their accounts in a manner that is consistent with their budgetary cycles. So that’s giving people fair and reasonable times and terms to pay before penalties apply.”

Gavin Dufty – St Vincent de Paul

“I think the Retail Code definitely made a significant difference in Victoria to the way our members are able to work with utility companies. So just having a process in place that was well understood. You can make contact with the call centre and talk about a payment plan but if all that started to fail you could just refer to the code and say look this isn’t a realistic payment plan, or ask for the hardship team, so it sort of gave agencies a lot of power to support people”

Kate Wheller – CIVic

Service provider needs

Community Information Victoria and Matt Dalton from the Salvation Army, work very closely with agencies and staff that deliver emergency relief services. They both highlighted the importance of emergency relief staff and volunteers being adequately trained in people’s rights and responsibilities in accessing essential services:

“One of the most important things is that people are trained about how to work within the system because CIVic did some energy hardship training about two years ago and I know that made a significant difference in our agency for the way that people understood what the system was and what they could ask for. Whatever changes come with the national code it’s going to be really important that ER services, community information centres are trained and offered good information about how to work within the system to best support clients, because I know we weren’t able to train all our volunteers, even new volunteers who were coming through about what the processes were, so there’s always going to be people who aren’t getting the best service they could get because they don’t know that language to ask for it.”

Kate Wheller, Acting CEO CIVic

“I think it’s really important that our organisation is well equipped and well informed and appropriately trained to do that, to be in a position to advocate for our clients.”

Matt Dalton, Salvation Army

Conclusions and directions for further research

The interviews collected in this study point towards a number of key features of the current Victorian regulatory system for energy that help to avoid disconnection and manage financial and payment difficulties for households on low incomes.

Key themes emerged from both the service users and service providers, particularly around the adequacy of income support payments, the way in which households use (and more often than not, conserve) energy, the role of emergency relief services providers as advocates, and the absolutely critical role of Centrepay in assisting households to meet their payment obligations.

Households with significant financial difficulties had managed their energy bills to avoid disconnection however were not always provided with the additional support that may have helped them overcome their payment difficulties.

In providing a jumping off point for this research project, the Victorian Energy Retail Code appears to be functioning effectively to ensure that households can retain access to essential services, though as with much regulation, improvements can always be made in practice.

The following recommendations are made to improve on the key features identified as critical in this research and develop the National Energy Customer Framework. The recommendations are made to the following government and regulatory bodies:

Ministerial Council on Energy

Recommendation 4: Ensure that the National Energy Retail Law requires all energy retailers to accept Centrepay as a payment option for all standard and market contracts.

Recommendation 5: Ensure that the National Energy Retail Law requires energy retailers to offer flexible payment plans to all consumers experiencing payment difficulties.

Recommendation 7: Ensure that the National Energy Retail Law contains the provision that no household should be disconnected due to an incapacity to pay, rather than the current drafting which suggests disconnection should be a last resort.

Recommendation 10: Include a requirement for hardship programs to include comprehensive training to call centre staff on working with households in payment difficulty in the National Energy Retail Law.

Commonwealth Government

Recommendation 1: Extend the Utilities Payment to all income support recipients.

State Government

Recommendation 2: Provide a rebate to all households receiving the Winter Energy Concession for electricity to cover the increase in fixed charges as a result of the installation of Smart Metering infrastructure.

Recommendation 3: Seek to partner with Centrelink to actively promote available concessions to households on income support payments.

Recommendation 6: Continue to prohibit the imposition of Late Payment Fees on electricity and gas bills.

Australian Energy Regulator

Recommendation 8: Develop audit mechanisms to measure unmet demand for assistance under retailers hardship programs.

Recommendation 9: Establish clear guidelines for approving retailers hardship programs and ensures that the assistance available under these programs is appropriate to a variety of different household needs.

Areas for further research

Finally, interviews with service users uncovered a number of areas where further research could be useful including:

- The benefits of different payment arrangements from both a consumer and retailer's perspective;
- The greenhouse gas and energy savings of upgrading the appliances of large low income households;
- Models for gauging the effectiveness of hardship assistance;
- Review of the relationship between state concessions and federal income support payments.

Appendix A – Service user interview forms

VCOSS - Consumer protections and disconnections in electricity and gas services

Thank you for your time and willingness to share information with us about your experiences of electricity and gas services.

The purpose of this survey is to find out more about how people manage electricity and gas costs.

The survey is being conducted by the Victorian Council of Social Service (the peak body for non-government community sector organisations in Victoria) with funding from the Consumer Utilities Advocacy Centre.

We want to find out how gas and electricity costs affect people's household budgets and whether the current set of consumer protections are working to prevent consumers being disconnected. This information will enable us to advocate better for changes to government policies which affect people living on low incomes.

WE ARE NOT FROM ANY GOVERNMENT AGENCY AND COMPLETING THIS SURVEY WILL NOT AFFECT YOUR ABILITY TO ACCESS ANY KIND OF ASSISTANCE NOW OR IN FUTURE. The agency you have visited today has agreed to assist in the collection of this information. No personal details are being sought and your responses will be kept strictly confidential.

Consumer protections and disconnections in electricity and gas services

This interview is to collect information on people's experience of energy hardship and disconnection to be included in a report by VCOSS and CUAC.

All answers you give will be confidential. Participation is voluntary: you can stop the interview at any time or decide not to answer any question. The interview takes about 15 minutes.

Firstly I'd just like to get some background information:

1. What type of household income do you receive?

- Employment (full time)
- Employment (part time)
- Employment (casual)
- Centrelink

If Centrelink assistance, what type of assistance is it

- Aged pension
- Disability Support Pension
- Newstart unemployed
- Newstart – partial capacity
- Parenting payment

Other _____

2. Which of the following best describes your household?

- Single person household
- One parent with children (how many?)
- Couple with no children
- Couple with children (how many?)
- Group household
- Other family (e.g. extended family household).

3. What is the language most commonly used in your home?

English?

Other? _____

Now I'll be asking questions about your experience with electricity bills, how you pay and affordability.

Affordability

4. If your next electricity bill went up \$20, how would that affect your household?

5. What would you need to help you manage that increase in costs?

6. Are you aware of any government concessions for electricity? (options not to be read out)

- Winter Energy Concession
- Utility Relief Grant Scheme
- Other _____
- No/none

7. How did you find out about these concessions?

- Retailer
- Welfare/service agency
- Centrelink
- Other _____

8. How important are these concessions in managing your budget?

Payment methods

9. How do you typically pay your electricity and/or gas bill?

- Direct debit
- BPAY
- Cash
- Telephone banking
- Centrepay
- Other _____

10. Do you usually pay your bill:

- in full,
- by installments or
- through a regular fortnightly/monthly payment?

11. SUPPLEMENTARY if answer 10b or c How would it affect your bill paying if this arrangement (i.e. Cpay) or method (i.e. installments) was not available?

Billing cycles

12. If a \$240 electricity bill turned up today could you pay it in full? If so, how long would it take for you to pay it?

- 1 to 12 days
- 13 to 20 days
- 21 to 28 days
- Over 28 days

Late payment fees

13. Do you typically pay your bills:

- Early
- On time
- Late

14. If you were charged an additional fee for paying late, what would this mean for your household budget?

Experience of disconnection and reconnection

15. Have you ever been disconnected? Y/N,
If Yes, how did that impact on your life?

Do you think there was anything that the company could have done to help you avoid disconnection?

What did you have to do to get reconnected and how long did it take you?
Supplementary: (what did you have to do to get the money for reconnection?/ how did you go about getting the \$)

If no,

Were there things that have helped you keep up with your bills and avoid disconnection? If so, what?

16. Have you ever contacted a company to ask for more time to pay a bill?

If No, why?

If Yes, In your experience, how did the company handle your request?

Was it easy to negotiate a bill extension/repayment agreement?

Were you offered any additional assistance when you told them you were having trouble paying the bill?

Ongoing affordability

17. Can you think of any services or assistance that would help you with your ongoing energy costs?

18. Would energy efficient appliances, and information on energy use help you to manage your energy costs?

Appendix B – Service provider interview prompts

What does your agency do?

How long has your agency been delivering services?

In your experience:

How important are electricity and gas services for your clients?

What would/or what has been effective to reduce hardship due to electricity and gas costs for your clients?

One of the themes that have been coming through in the interviews with ER service users is the various cost pressures that affect their ability to manage bills, how do you think a regulatory regime should be structured to take in to account this diversity? Or, what are the key features needed in a regulatory regime to take into account these differences?

Are there any specific instances or examples from your service where the system has worked to avoid or prevent disconnection (or failed to do so)?

Appendix C – Expanded interview extracts

This section expands further on the experiences of households interviewed and their relationship with accessing electricity and gas services. The names of the interview participants have been changed.

Sue

Sue is a single mother with six children living in Melbourne's inner west. She receives a single parenting payment and family payment from Centrelink.

The impact of a \$20 bill increase on Sue's household budget would vary however it would affect her ability to undertake other household activities:

"We pay cash but it means we have to miss out on something else. We'd miss out on food, or something else the kids need. They do outside activities, coz they all do their own things so it just depends what's happening at that week".

She found it difficult to identify what additional assistance she'd need to help meet increased costs, particularly as she was no longer able to access assistance from the emergency relief provider for energy bills due to a change of assistance policy.

Sue was aware of the availability of the Winter Energy Concession and while acknowledging that the level of concession wasn't large, Sue felt this was important in managing her household budget.

"Just that 40 something dollars off, that's a lot of money when you've got kids. I've got kids who go to kinder and I've got to pay \$150 a term and it all adds up."

In juggling a range of household costs the impact of a late payment fees on Sue's household:

"Would mean that we'd miss out on something too again, because everything that's extra means it's got to be taken from something else".

The household had never experienced disconnection, and Sue had proactively contacted her retailer to seek a payment extension where she was unable to pay a bill on time. Strategies that had helped her manage her energy bills included:

"Calling the company, and sometimes when I used to come to the agencies they used to pay a while ago and that helped out. They didn't pay the full amount but so much but its just getting harder now with all the rates going up."

Despite needing to seek assistance from an emergency relief service, Sue is generally managing to pay her bills on time and gaining a bill extension when required. She's found this process relatively easy.

"I just rang them up and explained that I don't have the money at that time and my wage doesn't come in until that time"

However she has also never been offered more intensive assistance or payment options saying *"they're not nasty or anything like that but they don't give you any longer than two weeks [to pay]."*

Sue didn't identify any measures that would help her reduce or manage her energy costs however when asked about the value of energy efficiency measures she said:

"We can't afford any changes, or any changes in fridges or things like that. I don't think there's anything else that can help us in the situation we're in. People who have money, they've got the opportunity out there to buy the good quality appliances but people like us don't really have that opportunity."

"Most of my stuff is from when my grandma died and I've got her old stuff that could be over twenty years old".

Grant

Grant is a single male living in Melbourne's west, he receives a disability support pension from Centrelink.

He is extremely conscious of his energy use and uses a number of strategies to manage his energy costs.

"I don't leave the switches on. When I leave the house don't leave the switches on, like on the TV and all that, I turn them off. And the hot water system I turn off the switch, because it doesn't take that long to heat up again. You'd be surprised how much it saves"

Grant didn't see an issue in making additional payments and felt that any increase in charges could be absorbed into his existing fortnightly payment arrangements.

However he identified the Winter Energy Concession as being an extremely useful tool in maintaining affordability;

"... [without the concession], it would be harder to pay the winter bill because you use more electricity in the winter, for the heater and that."

Grant is on a payment plan and makes regular fortnightly payments. He finds this useful in managing his budget

“Before I got on to ezipayment I used to pay it straight out and that left me really broke. That’s how I got the ezipayment and it’s a lot easier on me, and I don’t really miss it.”

Grant identified the Commonwealth Utilities Payment as a significant help in ensuring affordability of electricity and gas services. He was unsure of the value of additional energy efficiency services and information as he is already extremely energy conscious.

“I turn all the power off when I leave, except for the fridge, but the main switches, and the hot water service and when I go home I turn that on, it takes about 20 minutes, half an hour to get hot.”

Julie

Julie lives with her partner and three children full time and an additional four children stay with the family on weekends. She receives a family tax benefit from Centrelink. Julie felt that a \$20 increase in their next electricity bill would affect their household

“We would have to pay it, it would make things harder.”

“My partner and I have given up a lot of things, hairdresser that sort of things, our own personal things. The kids things come first so you’ve got to do that, and the bills, so entertainment you lose that.”

Julie was aware of the availability of the Winter Energy Concession as it was displayed on her bill. She had also been advised of the availability of the Utility Relief Grant Scheme through her retailer. Both of these concessions had helped her in maintaining affordable access to energy service as *“it helps, every little bit helps”*

Late payment fees, like any additional cost was seen as making life a little bit harder.

Julie’s household has previously been disconnected from electricity supply. Having been disconnected in the morning, they were required to make a payment of approximately \$300-400 to secure reconnection and make a repayment plan for the outstanding balance. To get reconnected on the same day they had to borrow money from a family member.

Julie acknowledged that prior to disconnection she had avoided contact with the retailer

“it’s sort of hard because when you’re in that situation you avoid the phone calls and that because you haven’t got money.”

However, she has previously contacted a retailer to advise she was having payment difficulties and found initially that they have been receptive however the

ease of negotiating a payment plan depended on the receptiveness of the call centre worker.

“Sometimes you’ll get someone nice and its pretty easy and done quick. Other times it’s oh no you need to pay more. It sort of depends who you get”.

Julie identified Centrepay as a key feature in helping her manage ongoing access to energy services, while energy efficiency information and assistance would help.

Lisa

Lisa is a single parent living in Melbourne’s outer north. She has six children and is receiving a disability support pension from Centrelink.

Lisa felt that an increase of \$20 on her next electricity bill would affect her household a lot saying *“it would leave me short for that week.”*

While not large amounts of money, Lisa felt that the Winter Energy Concession made a difference to her budget.

“Good they’re good. I find them easier, having that little bit. Even though it’s maybe five or ten dollars, but still five or ten dollars, you add that up through the year, that’s a lot of money that your saving for the concession you get”.

Lisa had never experienced disconnection and felt that the availability of emergency relief services and financial counseling had assisted her in avoiding this.

Lisa has had particular difficulty in contacting her retailer about the payment difficulties she was having.

“You might get one good one [call centre operator] but the rest of them are horrible. I ask for extension time, or can I pay weekly or fortnightly and that’s when I got a hold of Centrelink and that’s when Centrelink told me that they can take it out each week, or fortnightly.”

“I was finding I was falling behind all the time, my bills were up to \$700 - \$800 and I’m still paying it”

Despite having significant debt levels, and ongoing payment difficulties, Lisa was not offered assistance through a hardship team and found that trying to address her payment difficulties had been a challenge.

Lisa felt that personal budgeting had helped her manage her bills but that recent energy efficiency changes to her home, such as replacing incandescent light bulbs had made a difference to her energy bill and other measures would be of assistance.

George

George is a single male who receives a disability support pension from Centrelink. He lives in Melbourne's inner north.

George felt he was doing everything he could to manage his energy costs and would not be able to afford an additional \$20 on his next electricity bill.

"At the moment it's almost impossible to manage because I'm constantly trying to budget every possible way I can. It would make it even harder. I'm facing hardship now, but if it went up any more it would be even harder."

"I'm just going to constantly be in arrears, arrears, arrears arrears. I hardly ever use very much power. I watch my consumption, not only for electricity but in the house, most of the time I'm very, very cold in the house. I go to a shopping centre to try to warm up, or I put on extra layers of clothing."

George felt his limited income affected his capacity to participate in social activities:

"I've hardly got any social life due to money, like going to the street and stopping for a cup of coffee, even though it's two, three dollars, I haven't got it.... So I'm a very, very responsible person in that sense. I look at the cents, not the dollars to try to be able to maintain some form of standard in the society. I don't know where else I can cut."

To help manage any increase in costs George felt he would need an increase in his pension, without attendant increases in the cost of living.

"Give us an increase without putting things up. The government says that's not our responsibility because that's private enterprise and we cannot control private enterprise, but look at each individual case person by person ..."

Your question is how would it affect me? It would affect me in every aspect, food, my living standards would even go further down than they already are. I'm seeking medical attention as I am now. I don't know what the right word would be, how it would affect me personally more than what it's already affecting me. I'm already going around to places seeking financial help. I'm seeing financial counsellors. I'm going here, I'm going there. I'm doing everything I feel I should be doing. To come to the answer there's multiple things, there's not a single thing, I'd say this is how it would affect me."

George was aware of the Winter Energy Concession but thought that this concession was somehow related to the specific retailer he was with saying:

“They give you a concession yes, but they slug you, they slug you with the reading. They say no worries we’ll help you, but then they charge you to have someone come out and read your meter. When I have a look at the charges I say hang on, this is not fair.”

“Then they have the courage to say if you bring your gas and electricity with us we’ll give you an extra two or three per cent discount on top of what you’re already getting. Yes that sounds good but they’ve really got you where they want you, as their client, they can treat you any way they like. If you don’t like it they are going to penalise you for early dismissal.”

George pays his bills via Centrepay and felt, like with any cost increases, additional late payment fees would only add to his financial hardship.

“It would effect everything, there wouldn’t be one thing. It would affect my entire life even more than what it’s affecting me now.”

George has never had his gas or electricity disconnected and felt that his regular fortnightly payment arrangement had helped this.

“I used to be on what was called an ezyway before Centrepay took over. I used to go and pay \$10 a fortnight and even though my bills were just getting further and further and further behind they seemed to be quite content to see some form of money coming in on a regular basis, and in that sense they need to be credited and I need to thank them for that.”

He is also in contact with his retailer’s hardship teams and has received a household energy audit.

“I went through the hardship department because I’ve been with them for ages and they looked over my paying pattern and they said we can see how your paying pattern it’s all over the place but it sort of levels itself out somewhere along the line. So they said just keep paying and we will not be cutting your power out.”

“Someone just gave me information. I think I’ve got a three or four star fridge and energy efficient appliances in the house as I am. I look at my energy ratings, and they said you’ve got an efficient fridge, washing machine, heater.”

Given the quality of George’s appliances and low energy use he felt that the energy efficiency audit had not helped to reduce his electricity and gas bills.

Sean

Sean is a single father, with one child in his care full time and two who visit on weekends. He receives a Parenting Payment from Centrelink and lives in Melbourne’s outer south east.

Any increase in energy bills would affect Sean's household greatly:

"It's hard enough paying them now. I'm on a payment plan where I pay fortnightly but it's just not keeping up."

"At the moment we hardly use the heater. It would mean other things like that. I can't cut back too much more without not using it."

To manage any increase in costs Sean thought additional energy efficiency measures would be required.

"Probably a new heater, a more efficient heater definitely, and probably some new blinds to keep the heat in."

While Sean was aware of the Winter Energy Concession, and had been advised of this by his retailer when signing up, he was not aware of the concession discount or its impact on his bill.

Sean reacted strongly to the idea of being charged a late payment fee saying:

"I think that's ridiculous paying late fees on a bill you already can't afford."

Sean has never experienced disconnection saying that contacting the company and negotiating repayments and financial assistance from family members had helped him to meet his payment obligations in the past.

Contacting the retailer to ask for more time to pay was one of the measures that Sean used to remain on supply. His experience with this has been hit and miss

"Sometimes they're well [good], it depends who you get. Sometimes they're well [good] but then you'll go on hold and get somebody else and they can be nasty and rude. Most of the time they want to help out, yeah."

Despite ongoing payment difficulties he has not been offered assistance under a hardship program saying:

"They just want to know how much a week or how much a fortnight and when can that start basically."

"Even when you're ringing up the company to get a bill extended or payments sorted out, if they could let you know your other options you have, things like that that would be great, make life easier."

Sean identified curtains as a measure that would improve the ongoing affordability of energy for his household saying that the window coverings in his house were:

"Just venetian blinds. Where they've got the heaters placed and everything it just blows straight down behind the curtain. It's pretty silly really."

Sean saw energy efficiency measures and information as a measure that would greatly reduce his energy bills and increase household comfort.

“At my place in summer it’s absolutely stifling. I put curtains on the outside of the windows as well, it just gets too hot. And there are no fascia boards or anything on the house. They need pergolas and stuff like that, there’s nothing, it’s just out in the sun.”

Rhiannon

Rhiannon is a single mother with three children. She receives a Single Parenting Payment from Centrelink and lives in Melbourne’s outer south east.

Increased energy costs would impact on Rhiannon’s budget and she felt that the only way that she could meet this extra cost is if it was included in a repayment plan and even then:

“That would cut my grocery bill and I’ve only got \$58 a fortnight”.

Rhiannon found out about the Winter Energy Concession and the Utility Relief Grant Scheme through the Department of Human Services.

“I was going through hardship and I didn’t know where to turn, nobody tells you where to go. I split up with my fiancé and I’ve got three kids what am I going to do? When he managed the bills and he’s successful and got work. I don’t get child support because he doesn’t have to pay it.”

These concessions were very important to her household budget although she noted that in her situation:

“I live week by week so I don’t really have a budget, whatever’s left over.”

Rhiannon has never been disconnected and she attributed this to the assistance she has received from emergency relief agencies, both advocating on her behalf and providing payment assistance.

Rhiannon come to the emergency relief service for assistance in contacting and advocating to retailers. Most recently her experience has been that:

“When I had someone call up on my behalf we asked to pay \$20 a fortnight for electricity. I got so confused because so much was coming in at the same time. I had so many gas and electricity and water letter., I don’t know coz I’ve never handled bills and I was like, ‘oh my god’ and panicking because they were all so much. I didn’t have for every quarter when three bills come \$800. I just don’t have it.”

And WAYSS [support service] they called [the retailer] and they said no you have to pay a minimum of \$54 that’s all they’ll take and she said well she can’t afford it and they said well then they’ll just disconnect it. I was threatened with disconnection, that’s it. So I had to pay it, I had to cut all the food out for that \$54, its bad luck.”

A worker at the emergency relief service had also secured a household energy audit for her, however it is unclear whether this was through participation in a retailer's hardship program, or through direct contact with an agency conducting audits.

Because Rhiannon is currently renting her property she did not think that any additional energy efficiency measures were likely to be installed.

"And it's a rental property so it's not my responsibility. You can get on to the landlord as much as you want ...I've asked the rental people for the last 20 months for a key to the garage and they still haven't been."

Nola

Nola is a single parent living with her extended family of one dependent child, one independent child, and that child's partner and child. She is currently receiving a Disability Support Pension from Centrelink and lives on the Mornington Peninsula.

Nola has recently been notified that her energy tariffs have been increased. She was concerned about the level of fixed charges on her bill and believed that these charges were paid to the government. In the context of overall energy price rises she was concerned about her ability to meet any increase in her bills.

"Because I've come off working 16 hours a day to going on a pension then to going on a disability pension its really a big adjustment for me and I still can't cope with it. If one of my bill fluctuates even \$5 it makes a big difference to all the other bills because I've got to use that \$5 to pay that bill, which takes it out of another one, which is hence today why you met me. Its why I'm here. It really is a big difference but \$20 is a lot of money these days not just for me but for a lot of people out there struggling."

Nola was aware of the Winter Energy Concession as well as a loyalty discount she receives from her retailer. While the level of discount through the concession is not high she felt that every little bit helped.

Making fortnightly payments via Centrepay to her energy company has helped Nola manage her limited income:

"I've really got to juggle. its like having 10 credit cards, you've got to pay that one to pay that one to pay that one, and that's what it gets down to sometimes it's a real struggle. Like when I first started with this company ... at first I had to come up with that sort of money and it made it really hard, and then they bought in paying it every fortnight and it made a big difference. Because no matter what happens as long as I make those fortnightly payments I don't get a bills. I'll get one that will show me what I'm doing but I don't actually have to come up with the money [all at once]."

Nola has previously been disconnected from electricity supply over a billing dispute and she remained without electricity for approximately two weeks.

“We had no electricity, my daughter is a severe asthmatic, she was only young. It made a big impact. We tried everywhere to have it put back on and they refused to put it back on you know even people from here [the emergency relief service] tried to get it put back on. Eventually a friend lent me the money and we got it put back on and we copped a \$35 reconnection fee as well.”

“I think they could have been a bit more lenient. They made the mistake. I had documents that show when we moved out, and the phone call to the company, coz back then it was all itemised on the bills. This is the phone number, this is your phone number I rang and I had known in a sense that they don't turn it off off but they stop charging and I said you didn't do it how is that my fault?”

After this experience of disconnection Nola switched energy retailers and found that she is much happier with her new companies approach, particularly in working with her to address payment difficulties.

They mentioned speaking to the energy relief people, and going to speak to someone in your neighbourhood who might be able to help you pay it. They're very good like that, that's another reason I like them so much. When these other people ring up and say , but we can give you this if you pay it on time, well I don't want the discount because these people are really understanding if you can't pay a bill. I've never in all the years I've been with them been disconnected by them. I've had reminder notices from them but they've never actually done it, they've been really good.

Nola felt that energy efficient appliances and information would not only assist Nola in reducing her energy bills but also assist her in making a contribution to reducing her greenhouse gas emissions, as she is currently very conscious of her energy use:

“I tend to find with electricity I'm really paranoid with it. That little bit of difference makes a big difference to your bill so I'm really paranoid about it.”

“They want everyone to cut down on their greenhouse gas emissions you know. I'm not in a position to go and do all that in this house, plus I'm not allowed to coz I don't own it, it's a government owned property. Why don't they put rainwater tanks and these energy efficient things in?”

Grace

Grace is a single mother with one child. She currently receives a Single Parenting Payment from Centrelink and lives on the Mornington Peninsula. She has previously had trouble paying her energy bills but says:

“Centrepay has helped me a lot, its helped me manage. I don’t have to struggle now, and I just keep it going. Now I think, if I get ahead I get ahead so then you’re in credit. So it has helped, but for me to do that I did have massive bills”.

If Centrepay was not available Grace would again find it particularly difficult to maintain her payment obligations:

I don’t cope with bills all that well and sometimes I’ll pay something else instead of that and it just gets to build up. When you have the money in your hand it’s a lot easier to spend. If you don’t see it through Centrelink, who pays everything before they pay me, so it just works out a bit better.”

Grace has previously been disconnected from her gas supply

“We got the gas cut off, and it was in the cold season, probably three months. I used frying pans and the microwave to cook on, and then we used electric heaters which just suffered with the electricity, so I was suffering on the other side.”

“It was expensive because at the time I had another family living with me. They were in crisis and had nowhere to go and they didn’t contribute and I was left with that and I let things go over my head. You build bridges around things and it was really really high, and they didn’t contribute and I was a little bit disappointed but I was also shy to ask so I just copped it all.”

Grace saved for three months to be able to pay for the costs of reconnection. Since being reconnected Grace has found it relatively easy to contact her energy company to negotiate payment difficulties.

“If you communicate with them and let them know your status they’re usually pretty cool. They give you a new date, they can even let you pay a little bit , a half or a quarter. They’ve always been really good.

Enid

Enid is an aged pensioner, who lives with her husband in rented property on the Mornington Peninsula. They both receive an Aged Pension from Centrelink and Enid receives an additional part pension from the United Kingdom.

Enid helps her grandson with groceries and any additional costs would put pressure on her own household

“Well it probably would affect it a fair bit because what I’ve been talking about to the gentleman is, we support a grandson with food bill ... He lives down in the caravan park. So yes I’d have to watch my food bill and that sort of thing, my expenditure when I go shopping. I’ve got to look hard at can I have this this week.”

Enid wasn't aware of any concessions she received from the state government, however identified the Commonwealth Utilities Payment as a concession that was extremely useful in helping her manage her utilities costs.

She also felt she would be able to pay a \$240 bill within two weeks due to the small pension she receives from the United Kingdom which she uses for unexpected expenses.

Her household generally pays bills in full.

"We've never been ones for paying a bit now and a bit then, get it out of the way and be done with it. I'm very old fashioned to be honest."

However Enid finds that occasionally if she required additional financial assistance the emergency relief service is of particular help for her.

"When I get really low my money I'll worry and come here but I don't make a habit of coming here every month or whatever. I think its two years since I came last and that was mainly because of this grandson we support."

While initially unsure of the value of energy efficient appliances and efficiency information, Enid did identify problems with her existing appliances:

"This fridge I'm using is quite an old one, it was bought at a garage sale. I find that the freezer frosts up very quickly and its not working as it should, probably because of its age. And we've got a gas heater that's quite ancient but as I say that was put in when we moved in to this house we rent. That to me seems to smell of gas at times but then again I don't want to say anything against my landlord.

I don't want to say anything because we get on very well with him but I'm not really happy with that gas heater. You can't touch it without consulting him first so we'll just see how it goes. I have said to my husband that I'm going to let him know that there's the smell of gas coming from the heater when it's turned off.

Enid's reluctance to contact her landlord about defective appliances is a common experience for many households with insecure tenure.

Bill

Bill is a single male, he is currently living in a residential park on the Mornington peninsula and receives Newstart Allowance from Centrelink. He is not separately billed for electricity and uses non mains bottled gas.

"I just fortnightly I go in and pay the whole lot [rent and electricity] or if I've got a new gas bottle I'll be paying that off for say two months and then it lasts about nine months."

“I just pay some extra rent for that coz its \$75 for a new bottle and you can pay for it outright or you can pay it off like I do, but you can’t get a new gas bottle until you’ve paid off the one you’ve got.”

Not being allowed to access a new gas bottle prior to the previous bottle being paid for denies Bill the normal access to credit arrangements that mains gas users are provided. While some issues of delivery and continuity of supply are covered in the voluntary LPG Code of Conduct, the arrangements that Bill has in place to pay for both his utilities and rent in a combined payment means that a default on one payment can put the other at risk.

Bill didn’t think he was able to access concessions because of the way that he receives electricity and gas and was unaware of the availability of the Non-Mains Winter Energy Concession.

The quality of Bill’s housing and fixed appliances also increases his energy use and he noted that energy efficiency information and more energy efficient appliances would make a big difference to his energy use.

“Especially appliances that are already built into the house, that are old and use a lot of power and it would be good to get those replaced, or updated. Or have information on, just say the electric company, I know they don’t know what you’ve got in your house but if they could send you out information on how much you’re using and you could cut that back if you did this, this and this. That would be fantastic.”

“Because I tend to use a lot of electricity when I’m not really realising it, I’m just blowing money down the drain. I’ll go out and accidentally leave the fan on and come back. I’ve got a really old heater built into the wall and it’s so expensive I’ve since then gotten a little smaller one that’s more fuel efficient.”
