



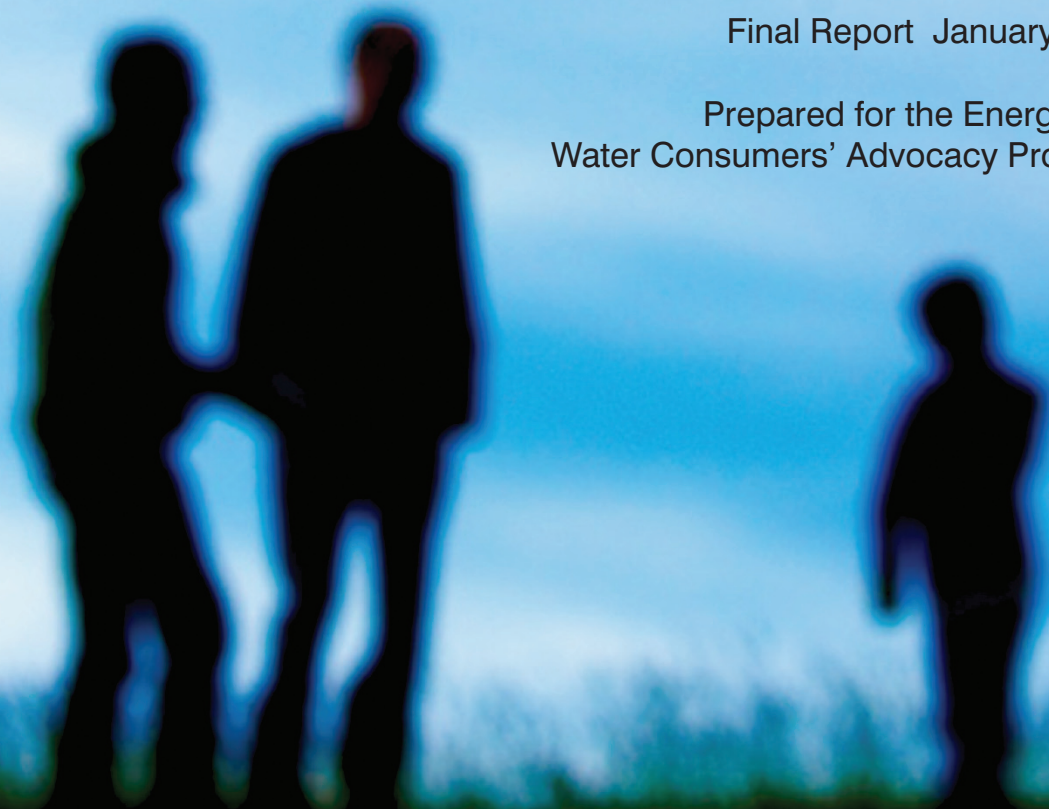
# PIANO

# Cut Off II:

The experience of utility disconnections

Final Report January 2009

Prepared for the Energy and  
Water Consumers' Advocacy Program





# Cut Off II: The Experience of Utility Disconnections

Prepared for the Public Interest Advocacy Centre Ltd.

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# Executive Summary

## Introduction

This is the final report for the project *Cut Off II: The Experience of Utility Disconnections*, prepared for the Energy and Water Consumers' Advocacy Program (EWCAP, formerly the Utility Consumers' Advocacy Program (UCAP)). This project is a repeat of an earlier project carried out for EWCAP in 2004. The objectives of the research are to contribute to the evidence base in relation to consumers who are disconnected from utilities, the impact of these disconnections and the sources of assistance most effective in supporting reconnection. The earlier 2004 research project made a number of significant findings in relation to the experience of disconnection, which for some people results in major psychological and physical impacts. This report compares the 2004 results with the current data, noting any significant shifts in responses. It also builds on the earlier research by incorporating an increased focus on the process immediately prior to disconnection with a view to improving customer assistance policies to prevent disconnections.

## Method

The method adopted for this project is designed to reveal a broad picture of the experience of disconnection and restriction in NSW. Statistical data is augmented with individual case studies of consumers who have recently been disconnected and/or restricted.

The method involved five key stages:

- **Planning and design**, including an inception meeting with the Steering Committee and review of the survey instrument, augmented with telephone interviews with key stakeholders.
- **Self-complete survey** distributed to 5,000 disconnected/restricted consumers in NSW.
- **Case studies** comprising individual in-depth interviews with nine consumers who have recently been disconnected or restricted from gas, water and/or electricity.
- **Workshop with the Steering Committee** to review the key findings and explore issues relevant to the analysis and reporting stage.
- **Analysis and reporting** of statistical data from the survey and the case studies, and preparation of the draft and final reports.

## Response rate

A total of 172 surveys were received by the final closing date of 12 of November 2008 (approximately 3.5 per cent). While this response rate is lower than the 2004 response rate (which was 8.9%), it constitutes a valid sample for this research.

## The incidence of disconnection

The survey was designed to capture information about the types of utilities that are most commonly disconnected and the frequency of disconnection. The key findings of this section are:

- The majority of respondents to the survey were disconnected from electricity, followed by gas and water, reflecting the proportions of surveys distributed by utility retailers.
- Multiple disconnections in a twelve-month period have decreased significantly since 2004.

## People who get disconnected

The composition of respondents has changed significantly since the 2004 study.

- Family households are the most common type of household reporting disconnection.
- A greater proportion of respondents are in paid employment and are paying off a mortgage than in 2004.
- A smaller proportion of the respondents are sole parents and are unemployed.
- Almost one third of those disconnected report having a mental illness.
- The proportion of respondents finding it hard to meet credit card repayments has increased significantly since 2004.
- Almost half of all respondents reported at least one characteristic typically correlating with socio-economic disadvantage, particularly being a sole parent or being unemployed. Nonetheless, this proportion was significantly less than in 2004.
- One in four respondents reported that someone in the household had a medical condition requiring regular treatment and medication at the time of disconnection. Further, one in ten respondents had a medical condition requiring connection to electricity to operate the machinery used for their treatment.

## Getting disconnected

- Disconnection policies and practices vary greatly between retailers.
- Around one in three respondents had no contact with their retailer prior to disconnection.
- Embarrassment and lack of awareness are the most common reasons preventing people seeking assistance before they are disconnected, followed by not having a phone or not having any credit on their mobile phone.
- Around half of all respondents did not know that Energy Accounts Payment Assistance (EAPA) and Water Payment Assistance Scheme (PAS) vouchers existed, and there is less awareness among people whose main source of income is employment related.
- Less than half of respondents who had contact with their retailer just prior to disconnection were offered a payment plan.
- Around half of the respondents who were offered a payment plan by a retailer were not able to afford the payment plan.
- Around two in three respondents owed up to \$500 at the time of disconnection, and around one in three owed over \$500, including just under 10% owing over \$1000.
- One in four respondents who had contact with their retailer just prior to disconnection were not offered any of the assistance measures listed.

## Being disconnected

- Most people are disconnected for less than twenty-four hours; this proportion has increased significantly in the 2008 survey results, meaning that more people are getting reconnected sooner.
- Disconnection can cause children in the house to become anxious or distressed and people often will have to throw out food that can no longer be refrigerated.
- Those who are disconnected for longer than twenty-four hours do a range of things to cope with disconnection, including having cold showers and buying takeaway food. The proportion of people

reporting these types of activities has reduced in 2008, however this decrease is most likely the result of a smaller proportion of respondents being disconnected for longer than twenty-four hours.

## Getting reconnected

- The process of arranging reconnection is reportedly easier in 2008 than it was in 2004.
- Seven out of ten people were able to get reconnected within twenty-four hours, which is significantly higher than in 2004. For those who waited longer than a day, embarrassment was the most common reason given for the delay.
- The most effective source of information about how to get reconnected came from speaking directly to retailers. People with employment-related income were more likely than other groups to approach retailers directly.
- Borrowing money from family and friends was the most common way that people financed reconnection, followed by delaying other payments and arranging a payment plan.

## Case studies

It is important to note that case study participants were provided by community organisations and therefore are not typical of survey respondents. The case studies do paint a more complete picture of the experience of disconnection. These consumers were disconnected for a range of reasons and different lengths of time. Most case study participants were extremely embarrassed about being disconnected and sometimes avoided telling friends and family. The two participants living in small rural and regional towns felt particularly humiliated about having to go to a community organisation or charity for assistance and would generally avoid this avenue of assistance. These participants were embarrassed about having to use energy or water vouchers at their local post office.

A number of participants described feeling ashamed, especially when they had young children in the house and were not able to care for them. People from a non-English speaking background are particularly vulnerable to disconnection because they often have difficulty communicating with retailers about their bill and tend to have less access to social networks and other resources. A major implication of disconnection for an increasing number of people is that they are unable to use their phone (if it is cordless) and unable to charge their mobile phone, compounding their sense of isolation and making it harder for them to access support services.

## Conclusion

The research suggests that a greater proportion of the 'working poor' are being disconnected in NSW. These people typically have less awareness of services that may support them to get reconnected and are not necessarily eligible for the types of support available. Although the proportion of employed respondents has increased, there remains a very large proportion of respondents who report a number of characteristics often correlating with socio-economic disadvantage. Many of these people are sole parents receiving Centrelink benefits who are struggling to find money for household bills.

The level of contact between retailers and consumers before disconnection in some cases is low, which is not consistent with recent legislative changes to improve customer assistance before disconnection. Similarly, the high proportion of people reporting that they cannot afford the payment plans offered to them suggests a greater need to improve the processes that take place before disconnection.

The table presented overleaf, sets out some of the implications from the key findings.



Table 1 – Implications of the findings

Key Finding	Implications
One third of respondents had no contact with their utility retailer prior to being disconnected.	Suggests some level of non-compliance with legal obligations on the part of utility retailers.
Less than half of respondents who had contact with their utility retailer in the period just prior to disconnection were not offered a payment plan and half of those who were offered a payment plan considered the plan unaffordable.	Suggests the level of due diligence is inadequate in relation to the development of payment plans.
Embarrassment and lack of awareness were the most common barriers to seeking assistance prior to disconnection.	Suggests that ways of improving communications with customers might be investigated.
One quarter of respondents who had contact with their utility retailer in the period just prior to disconnection were not offered any of the assistance measures listed.	Suggests utility retailers sometimes neglect to provide or inform customers about measures that may assist them to avoid disconnection.
Half of the respondents did not know that energy and water vouchers existed.	We might be seeing an increase in the 'working poor' being disconnected, who are not necessarily aware that these vouchers exist.
The 2008 survey has seen a change in the composition of survey respondents.	The current economic downturn may result in further changes to the demographic composition of people being disconnected. This is likely to cause a further increase in disconnections in the immediate future.
Significant increase in the inability of participants to meet their credit card commitments.	It is likely that the use of credit cards as a preferred form of payment for energy and water services is increasing.
One in five respondents made a payment within 2-3 weeks before being disconnected.	Suggests inadequate communication between retailers and customers about the amount or proportion of the bill that must be paid in order to avoid disconnection.
The reconnection process is reportedly easier in 2008.	Suggests an improvement in the performance of retailers in relation to reconnections.

# 1 Introduction

This project is a sequel to an earlier research project *Cut Off: The Social Impact of Utility Disconnection and Restrictions*, conducted for the Energy and Water Consumers' Advocacy Program (EWCAP) in 2004. The objective of this research is to gain a better understanding of the experience of people in NSW who are disconnected or restricted from electricity, gas or water, and the impact this has on their daily life.<sup>1</sup> This new piece of research is similar to the previous project in that it focuses on the social impacts of disconnection; however the current emphasis is on gathering additional information about the interaction between utility retailers and service users in the period immediately preceding disconnection.

## 1.1 PIAC and EWCAP

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit law and policy organisation that identifies public interest issues and works co-operatively with other organisations to advocate for individuals and groups affected.

The Energy and Water Consumers' Advocacy Program (EWCAP) was established at PIAC as the Utilities Consumers' Advocacy Program (UCAP) in 1998 with NSW Government funding. The aim of the Program is to develop policy and advocate in the interests of low-income and other residential consumers in the NSW energy and water markets. PIAC receives policy input to the Program from a community-based reference group.

## 1.2 Background

### 1.2.1 Earlier research conducted by Urbis

In 2004, EWCAP commissioned Urbis to conduct exploratory research into the social impacts of disconnection from utilities for failure to pay their account in NSW. The report, published in 2005, identified a number of findings in relation to the impact of disconnection on individuals and families. Important findings included that disconnection is not solely the province of the unemployed; many of the 'working poor' face difficulties in meeting utility payments. Families with children (particularly sole parent families) and Aboriginal and/or Torres Strait Islander households are particularly at risk of disconnection and the psychological impacts of being disconnected are significant. Often disconnection was the 'final straw' in a series of events that brought about feelings of helplessness, frustration and depression. Disconnection also impacts on the ability of parents to feed and care for their children and maintain their physical well-being and safety. In 2004, individuals were often unaware and were not accessing sources of assistance that may support them when they encounter financial hardship.<sup>2</sup>

In addition to this research, Urbis undertook a literature review in 2003 for EWCAP, also examining the impacts of disconnection and restriction from utilities on consumers. Its scope was limited to identification of those consumers most likely to be disconnected and the circumstances they faced once they had been disconnected. The review found that:

- Limited information exists on the usual length of disconnection, as utility retailers do not collect sufficiently detailed information about consumers.

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<sup>1</sup> Although in practice Water Retailers restrict rather than disconnect consumers from water for non-payment, the remainder of this report refers to both disconnection of electricity and gas and restriction of water as 'disconnection'. This is to enhance the readability of the report.

<sup>2</sup> For further detail about the findings and method of the earlier research project see: Ross, S., Wallace, A and Rintoul, D.(2005), *Cut off: The impact of utility disconnections*, report prepared by Urbis (then Urbis Keys Young) for the Utility Consumer's Advocacy Program, Sydney. Available on PIAC website [www.piac.asn.au/publications/pubs/cutoff\\_20050201.html](http://www.piac.asn.au/publications/pubs/cutoff_20050201.html) as at 17 December 2008.

- While some sources suggest that periods of disconnection usually range from 24 hours to 7 days, other evidence suggests that there are some households that do not seek assistance for up to 12 months following disconnection and therefore remain disconnected.
- The hidden nature of these cases means their prevalence remains unknown. However, the Energy and Water Ombudsman NSW (EWON) suggested then that they are '*not seeing even a tiny percentage of overall disconnections*'.<sup>3</sup>
- Data on disconnection had previously been sourced largely from clients of financial counselling services and community organisations and thus fails to capture the potentially large proportion of 'hidden' cases.

According to the literature review carried out by Urbis in 2003, the following are characteristics of those most at risk of disconnection.<sup>4</sup>

- People on low income who have high energy consumption and expenses generated by using older, less energy efficient appliances or living in lower-quality (often rental) housing stock with poor insulation or energy inefficient design.
- Low-income consumers who do not use energy or water frivolously but spend a much higher proportion of their income on fuel than other consumers.
- Users of medical equipment and mobility aids other than life support equipment who are often ineligible for a State government rebate.
- People at risk of debt including those living long-term on social security incomes, or in low-paid work, without the savings to cope with sudden changes such as moving house or loss of employment.
- Low-paid workers with no social security assistance high housing costs and little disposable income.
- Households with a person with a disability or an illness.

The literature review informed the 2004 research and the current project.

### 1.2.2 Legislative changes since 2004

Since the 2003 and 2004 research, a number of changes have occurred to the way that utility retailers operate in NSW in relation to consumers. Gas, water and electricity providers are required to report annually to the Independent Pricing and Regulatory Tribunal (IPART) on a series of customer service indicators, including affordability, accessibility, customer satisfaction and quality of service.<sup>5</sup>

In response to high disconnection rates in 2004/05, the NSW Government made amendments to the *Electricity Supply (General) Regulation 2001*, requiring all electricity retail suppliers to develop a 'payment plan' in respect of customers facing financial difficulties, and to offer this plan to customers before disconnecting them from their electricity supply. Although the reforms took effect on 1 July 2007, the combined introduction of hardship policies, including mandatory payment plans, and other recommendations is thought to have already resulted in a reduction in the number of disconnections among residential small retail customers.<sup>6</sup> In 2006/07 this rate was 0.7 per cent down from 0.9 per

<sup>3</sup> Needham, K. (2003), 'Grievances surge in hot power market'. *Sydney Morning Herald*, November 11.

<sup>4</sup> Urbis (then Urbis Keys Young), (2003) *The Social and Economic Impacts of Disconnection from Utilities*. Prepared for the Utilities Consumers' Advocacy Project (unpublished).

<sup>5</sup> See the IPART website for further detail: <http://www.ipart.nsw.gov.au/welcome.asp>. Regular reviews of water licences for a range of purposes; including consumer protection are carried out by IPART through annual audits of performance.

<sup>6</sup> Customers that consume less than 160 MWh of electricity a year are defined as 'small retail customers' in the *Electricity Supply (General) Regulation 2001*, cl 7.

cent the previous year, which is a reduction in the absolute number of electricity disconnections from 24,056 to 18,339, a fall of 24 per cent.<sup>7</sup>

Gas retailers are also required to provide affordable payment plans to consumers before they take action to disconnect. The results of these new arrangements have been less positive for gas customers to date, as the percentage of residential small retail gas customers in NSW who were disconnected due to non-payment of bills in 2006/07 increased to 2.3 per cent from 2.1 per cent in 2005/06. The rate of disconnection for gas in NSW in 2006/07 was higher than the equivalent percentage of electricity customers who were disconnected (although electricity disconnections are higher in absolute terms), and higher than gas disconnection rates in Victoria and South Australia for the same period.<sup>8</sup>

These legislative changes, as well as the high levels of disconnection and restriction that remain, have re-focused attention on the process that occurs prior to consumers being disconnected. It is relevant to note that the 2007/2008 Annual Report recently released by the Energy and Water Ombudsman, records a major increase of 32% in the number of complaints from customers who have been disconnected in relation to financial hardship.<sup>9</sup>

### 1.3 Aims

The aims of this project are to add to the existing knowledge about the hardship experienced by people who are disconnected or restricted from utilities in NSW, and to contribute to a body of evidence that may support greater efforts to decrease the rates of disconnection experienced in NSW in the future. The decision to repeat the 2004 project has been made in order to measure whether there have been any significant changes in the reported experience of disconnection since 2004, and to gather new information about the disconnection process. The key issues for this research are:

- how disconnection/restriction affects households' quality of life
- how people cope with being disconnected/restricted
- the ways in which people get reconnected
- the regularity of disconnections/restrictions
- the demographic and socioeconomic characteristics of households that experience disconnection/restriction
- the circumstances that lead to disconnection/restriction
- the length of time people are disconnected/restricted
- key factors that may impact on disconnections/restrictions that have changed since 2004.

In response to recommendations by the Steering Committee for this project, additional areas of interest have been incorporated relating to:

- Whether individuals experiencing difficulty are being offered the opportunity to set up a payment plan prior to disconnection.
- Whether utility retailers are encouraging consumers to contact community organisations for support, including energy or water vouchers and other sources of assistance to prevent disconnection.

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<sup>7</sup> Independent Pricing and Regulatory Tribunal (IPART), *Electricity retail businesses' performance against customer service indicators, for the period 1 July 2002 to 30 June 2007*.

<sup>8</sup> Independent Pricing and Regulatory Tribunal (IPART), *Gas retail businesses' performance against customer service indicators, NSW gas information paper no 1/2008, for the period 1 July 2005 to 30 June 2007* at 3.

<sup>9</sup> Energy and Water Ombudsman NSW, *Annual Report 07-08* at 2.

The questions that have been changed or added to the self-complete survey distributed for this project are described below in Section 1.4.2.

## 1.4 Method

The method adopted for this project is designed to reveal a broad picture of the experience of disconnection and restriction. Statistical data is augmented with individual case histories of consumers who have recently been disconnected and/or restricted. The method enables a comparison of the earlier research findings with the results of the current project.

The method for the project involved five key stages:

- **Planning and design**, including an inception meeting with the Steering Committee and review of the survey instrument, augmented with telephone interviews with key stakeholders.
- **Self-complete survey** distributed to 5,000 disconnected/restricted consumers in NSW.
- **Case studies** comprising individual in-depth interviews with nine consumers who have recently been disconnected or restricted from gas, water and/or electricity.
- **Workshop with the Steering Committee** to review the key findings and explore issues relevant to the analysis and reporting stage.
- **Analysis and reporting** of statistical data from the survey and the case studies, and preparation of the draft and final reports.

### 1.4.1 Planning and design

An inception meeting was held with EWCAP and the Steering Committee on 18 September 2008. The Steering Committee included representatives from EWCAP, Council of Social Service of New South Wales (NCOSS), Ethnic Communities' Council NSW (ECC), EWON, Sydney Water, Country Energy, Energy Australia and the NSW Department of Water and Energy.<sup>10</sup> The meeting was convened to refine the parameters of the project, review the 2004 survey and identify potential case-study participants. Following this meeting, four interviews were carried out with key stakeholders to inform the research process. The discussion guide for stakeholders is included at Appendix C.

### 1.4.2 Survey of disconnected consumers in NSW

Consistent with the 2004 project method, a self-completion survey was distributed to 5000 residents in NSW with the objective of attracting a large sample group from across the State. The 2004 survey was modified in response to recommendations from the Steering Committee. Many of these changes were minor; however a number of additional questions were added. Some existing questions were shortened or discarded.<sup>11</sup>

The additional questions incorporated into the 2008 survey relate to:

- Whether consumers were contacted by their respective utility provider before they were disconnected.
- The types of assistance offered to consumers, including a payment plan, access to the hardship program, an extension, Centrepay, information about accessing energy and water vouchers.
- The affordability of payment plans.
- How recently consumers had made payments towards their utility bill before they were disconnected.

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<sup>10</sup> The NSW Department of Water and Energy attended the Steering Committee as an observer only.

<sup>11</sup> Discarded aspects of the 2004 survey were primarily options that received a very low response rate in 2004. In consultation with EWCAP it was agreed that these options should be replaced with more relevant questions/options for the 2008 survey.

- The barriers preventing consumers from asking for assistance before they were disconnected, including awareness of energy and water vouchers.
- The typical financial amount owed by consumers on utility bills prior to being disconnected.

A copy of the final 2008 survey is included at Appendix A.

Surveys were distributed via two channels; the majority (4,800) were distributed directly by six utility retailers across NSW (broadly in proportion to the number of disconnections and restrictions from each in the previous year). The survey was mailed to a random sample of consumers who had been disconnected in a three-month period before the start of the project (May, June and July).<sup>12</sup> A reply paid envelope was included in the package to make it easier for people to respond. It was clarified (via cover letters) that the survey was an independent study, and participation was voluntary and confidential. As an incentive, survey respondents were given the chance to enter a prize draw for \$500.

The remaining 200 surveys were distributed across the State by twenty-two community and charity organisations. Where appropriate representatives of these organisations were encouraged to assist their clients to fill in the survey, especially where they might have limited English-language proficiency or literacy in completion of surveys.

A total of 172 surveys were received by the final closing date of 12 November 2008 (approximately 3.5% achievement rate). While this response rate is lower than the 2004 response rate (which was 8.9%), it constitutes a valid sample for this research.

The original closing date for the survey was extended to increase the response rate as some retailers were delayed in distributing the surveys. For the most part, however, the surveys were in field for a minimum of three weeks.

In an endeavour to help increase the response rate, some retailers made follow-up telephone calls to consumers encouraging them to complete and return their surveys. In this communication it was again clarified that the study is independent and that consumer confidentiality would be protected.

### 1.4.3 Case studies

Case studies were incorporated into the method to explore some of the more complex detail of consumers' experiences to provide insight and perspective to complement the survey results. These telephone interviews were used to understand the motivations behind why some people decided to make contact to receive assistance and others did not. In-depth interviews were carried out with nine people identified by stakeholders and community organisations from across a range of geographic areas. A \$50 incentive was provided to participants in appreciation of their contribution to the project. The case studies are included in Chapter 7 and drawn on throughout the body of the report to provide depth to the overall story reported in this research.

The discussion guide developed for the 2004 project was reviewed in consultation with EWCAP and was considered appropriate for use in the 2008 project. A copy of the discussion guide is reproduced at Appendix B.

### 1.4.4 Workshop with Steering Committee and stakeholders

A meeting was held with the Steering Committee on 26 November 2008 to workshop the survey results. This provided an opportunity for the insights and experiences of agencies working with disconnected/restricted consumers to be included in the interpretation of the survey findings. The workshop also included a discussion of broader trends relating to cases of disconnection and restriction and reasons why some results may have changed since 2004.

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<sup>12</sup> Some utility retailers needed to include a number of people who had been disconnected in the months prior to the agreed period in order to make up their required quota of surveys.

### 1.4.5 Analysis and reporting

In comparing the 2008 survey results with 2004 we have applied significance testing to determine significant differences on which to report. All significance testing has been based on a margin of error of plus or minus 4%-8% (depending upon sample size) at a 95% level of confidence.

Note: 2008 survey results that are considered statistically significant when compared to 2004 data are marked in the report with an asterisk (\*), and referred to in the body of the text.

The smaller sample size in the 2008 survey (N=172) often precludes the conducting of more detailed analyses in relation to demographic groups, as was carried out in the 2004 study. As the results relating to the most common utility type described in the survey were slightly different to 2004, the data for the 2008 survey has been weighted slightly to the utility type coverage of the 2004 results, to improve comparability, see Figure 3 at 2.4.

## 1.5 Structure of this report

The Executive Summary presents the major findings from each section, including comparisons to the 2004 data and some broad implications for the research. Data from all three components of the research, with particular focus on the survey, is discussed in Chapters 2-6 of this report. Chapter 7 deals specifically with the case studies.

The body of the report comprises the following sections:

- Chapter 2: The incidence of disconnection
- Chapter 3: People who get disconnected
- Chapter 4: Getting disconnected
- Chapter 5: Being disconnected
- Chapter 6: Getting reconnected
- Chapter 7: Case studies

## 2 The incidence of disconnection

### 2.1 Summary and key findings

The survey was designed to capture information about the types of utilities that are most commonly disconnected and the frequency of disconnection. The key findings of this section are:

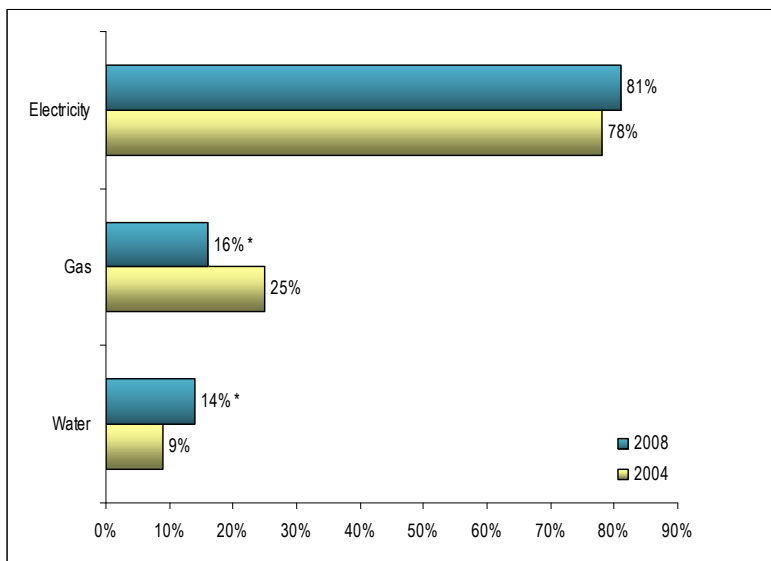
- The majority of respondents to the survey were disconnected from electricity, followed by gas and water, reflecting the proportions of surveys distributed by utility retailers.
- Multiple disconnections in a twelve-month period have decreased significantly since 2004.

### 2.2 Most common forms of disconnection

Respondents were asked to identify the nature of their most recent disconnection. Similar to 2004, the majority of respondents were most recently disconnected from electricity (81%), followed by gas (16%) and water (14%) (Figure 1). These rankings were anticipated, as they reflect the number of surveys distributed by retailers, with the largest proportion of surveys sent to those who were disconnected from electricity and smaller proportions sent to people disconnected from gas and water. Surveys were distributed in this way to broadly reflect the higher incidence of electricity disconnections in NSW than other types of utilities. As gas is not connected to all households, the number of potential gas disconnections is reduced.

Responses to the question *'Last time you were disconnected, what was cut off/restricted'* indicated in Figure 1 below, total 111%, suggesting that for 11% of respondents the last time they were disconnected, they had more than one type of utility service cut off. A similar percentage of people, (12%) reported simultaneous disconnections 2004. Between 2004 and 2008, however, there was a significant decrease in the proportion of respondents who were most recently disconnected from gas (16%), and a significant increase in the proportion of respondents most recently restricted from water (9%).

Figure 1 – Nature of respondents' most recent disconnection (Multiple disconnections allowed - Survey Question 2a)



Source: 2008 Survey data, N=172; 2004 Survey data, N = 447, Multiple response question.



### 2.3 Incidence of disconnection per customer

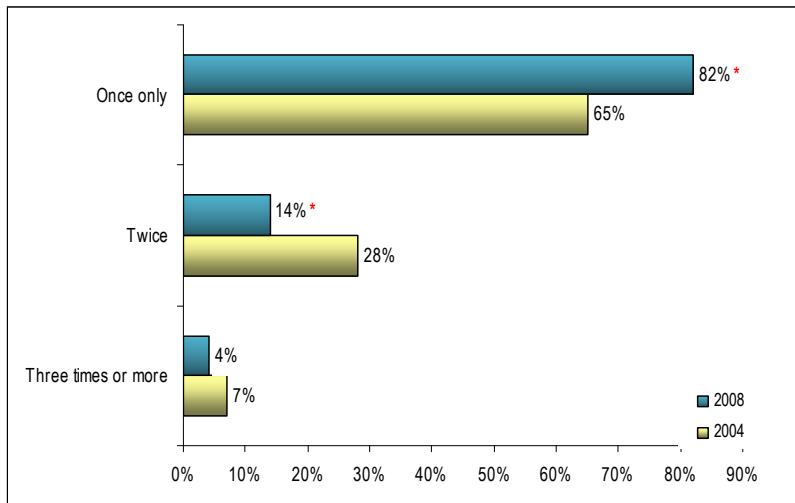
Measuring the incidence of disconnection per customer provides information about whether disconnections are experienced regularly by the same people or are spread across the population. Respondents were asked how many times they had been disconnected from a utility in the past twelve months (Figure 2).

Although the percentage of people reporting multiple disconnections from different services at the same time has not changed (Figure 1), the proportion of people experiencing more than one disconnection in a twelve-month period has decreased significantly since 2004. The large majority of respondents (82%) report being disconnected from a utility only once in the last twelve months, a significant increase from 65% in 2004. Commensurate to the increase in single disconnections, is a decrease in multiple disconnections, for example the proportion of respondents disconnected twice has halved from 28% in 2004 to 14% in 2008.

Stakeholders involved in the workshop viewed the decrease in multiple disconnections positively. Potential reasons for the shift include improved customer service on behalf of some retailers, increased access to hardship and/or payment plans and greater attention to preventing disconnection by retailers, possibly in response to legislative changes (see Section 1.2.2).

The increased use of credit cards to pay for utility bills also offers a possible explanation for the decrease in multiple disconnections since the 2004 survey. This view was taken by many stakeholders in the workshop, who perceived the use of credit to create hidden hardship for consumers, as some people simply shift the financial burden stemming from utility bills to another area of their life. Most of the case-study participants had only experienced one disconnection in the past twelve months, and almost all described the experience of being disconnected as so humiliating and frightening that they would do everything possible to avoid being disconnected again.

Figure 2 – Number of occurrences of disconnection in the last 12 months (as at October/November 2008 and 2004) (Survey question 1).



Source: Survey data 2008, N=172; Survey data, 2004 N = 447, Single response question.

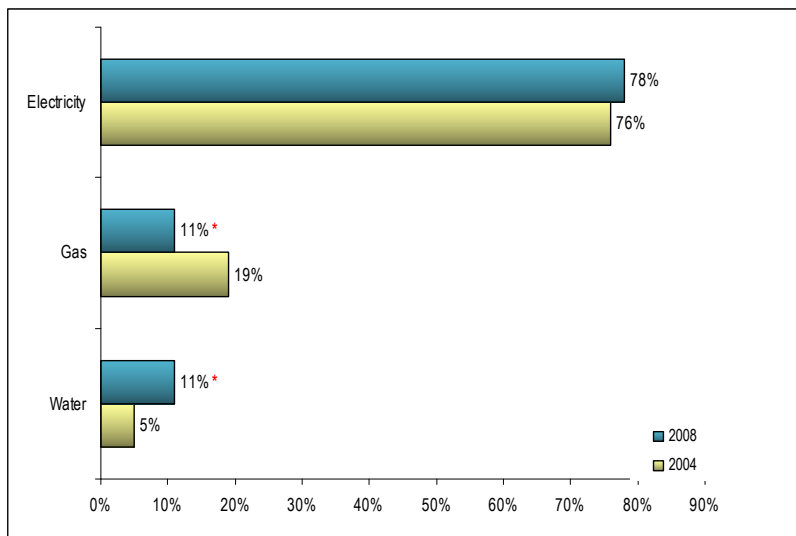
## 2.4 Disconnection experiences described in the survey results

It was foreseen that some respondents may have been disconnected from more than one utility type in their last disconnection experience. To account for this possibility, the following instructions were given:

*If you had more than one disconnection at the same time, please choose one of the services you were cut off from and answer the remaining questions about this service only.*

Figure 3 below indicates the disconnection experience that respondents chose to describe in the survey results. Electricity was the most common utility type described (78%) followed by gas (11%) and water (11%). A smaller proportion of respondents answered the survey in relation to gas than in 2004; and a greater proportion answered the survey in relation to water. As these differences are statistically significant, denoted by an asterisk (\*), the data for the 2008 survey has been weighted slightly to the 2004 results, to improve comparability (See Method: Section 1.4.5).

Figure 3 – Response by utility (based on utility selected for survey responses – Survey Question 2b)



Source: Survey data 2008, N=172; Survey data 2004, N = 447; Single response question.

## 3 People who get disconnected

### 3.1 Summary and key findings

To develop a demographic profile of those experiencing disconnection in NSW, respondents were asked a number of questions relating to their household characteristics *at the time of disconnection*. The profile of respondents has changed significantly since the 2004 study. The key findings of this section are:

- Family households are the most common type of household reporting disconnection.
- A greater proportion of respondents are in paid employment and are paying off a mortgage than in 2004.
- A smaller proportion of the respondents are sole parents or/and are unemployed.
- Almost one third of those disconnected report having a mental illness.
- The proportion of respondents finding it hard to meet credit card repayments has increased significantly since 2004.
- Almost half of all respondents reported at least one characteristic typically correlating with socio-economic disadvantage, particularly being a sole parent or being unemployed. Nonetheless, this proportion was significantly less than in 2004.
- One in four respondents reported that someone in the household had a medical condition requiring regular treatment and medication at the time of disconnection. Further, one in ten respondents had a medical condition that required connection to electricity to operate the machinery used for their treatment.

### 3.2 Household type

Most respondents to the survey describe living in a family household at the time of disconnection (73%), followed by single-person households (17%) and group households (8%).<sup>13</sup> These proportions fairly closely approximate the general NSW population for these household types, although there is some variation:

- Family households constitute 68% of the NSW population and are slightly over-represented in the survey results at 73%.<sup>14</sup>
- Group households constitute 4% of the population and are also over-represented at 8%.
- Single-person households comprise 23% of the population and are under-represented in the survey at 17%.

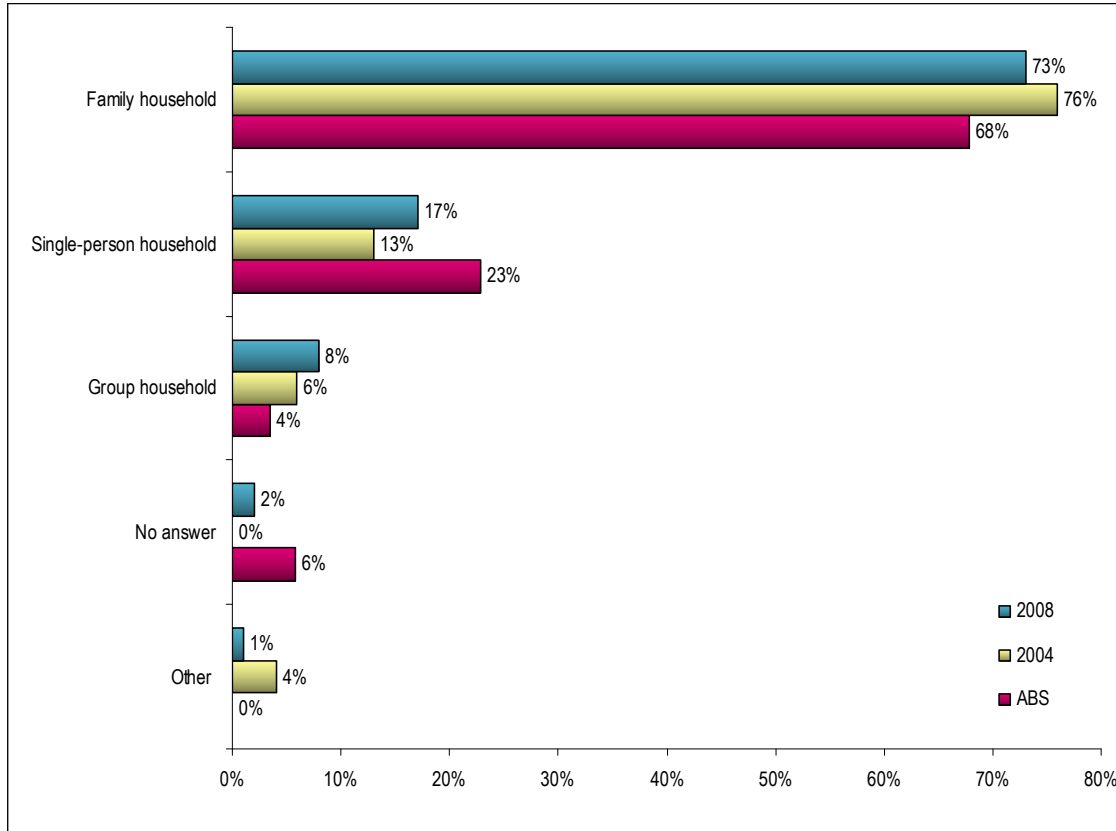
There were no statistically significant differences between the 2004 and 2008 survey results, as shown in Figure 4. Of the respondents to the survey, people receiving Centrelink benefits were more likely to report living in a single-person household. This was similar for people living in public housing.

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<sup>13</sup> The survey was structured so that family households include couples without children, to increase comparability with ABS data.

<sup>14</sup> It is important to note that the 2008 survey is being compared to NSW population data collected in the 2006 census.

Figure 4 – Household type of survey respondents (Survey question 22)



Source: Survey data 2008, N=172, Survey data 2004, N = 447, Australian Bureau of Statistics (2006a) *Census 2006 - QuickStats New South Wales*; Single response question.

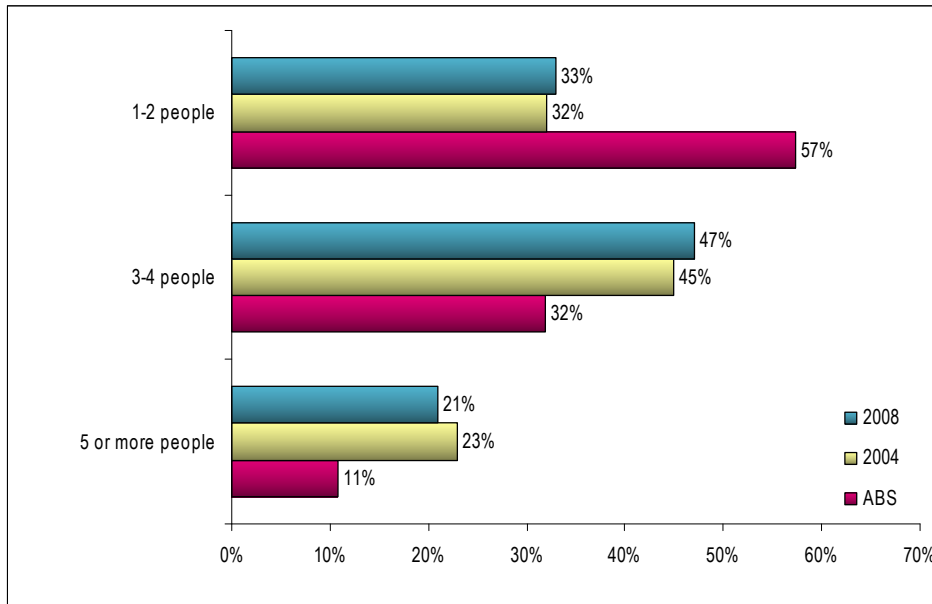
### 3.3 Household size and age profile

To gain a more accurate picture of those experiencing disconnection, respondents were asked to provide details about the number of people in their household and the age of household members.

#### 3.3.1 Household size

The most common household size reported comprised three to four people (47%) and around one third of respondents reported living in one- to two-person households (33%). Larger households were less common, with around 21% of respondents living with five or more people. Similar to 2004, these trends are disproportionate to the NSW population, suggesting that as household sizes and family sizes increase, so does the likelihood of disconnection. Figure 5 compares the distribution of household size across survey respondents with the distribution of household size across the NSW population.

Figure 5 – Comparison of household size to 2004 survey and Census data for NSW, 2006 (Survey question 24)



Source: Survey data 2008: N=172; Survey data 2004: N = 447, Australian Bureau of Statistics (2006b) *Census 2006 - Basic Community Profile for New South Wales*; Single response question.

### 3.3.2 Age profile of household members

Respondents were asked to identify the number of people living in their household within certain age brackets. Responses to this question reveal the total number of people described in the survey (711 people), and the age distribution of these household members. While the total number of people is less than half that of the 2004 survey (which was 1,968 people), the age distribution of household members is very similar.<sup>15</sup> As shown in Figure 6, around one third of all household members were aged between 45-65 years (33%), followed by household members aged between 26-45 years (23%), 17-25 years (13%), 12-16 years (9%), 5-11 years (14%), and 0-4 years (7%). Respondents aged between 46-65 years (33%) are over-represented in the survey results in comparison to the NSW population at 24%, and respondents aged between 26-45 years (23%) are slightly under-represented at 28% of the population.

By way of contrast, older people over the age of 66 years are considerably unrepresented in the sample as illustrated in Figure 6. The available literature suggests that older people are more likely to deprive themselves of other necessities than to neglect to pay their utility bills.<sup>16</sup> The low response rate in relation to older people may also be methodological; typically, older people find it more difficult to complete mail-out surveys because of the complexity of the instructions. This is of some concern as the 2004 report noted that community workers often consider older people to be less aware of the types of assistance available to support them during hardship. If the experiences of older people are to be explored in future surveys, a telephone survey is recommended to ensure that these 'hard to reach' customers are contacted.<sup>17</sup>

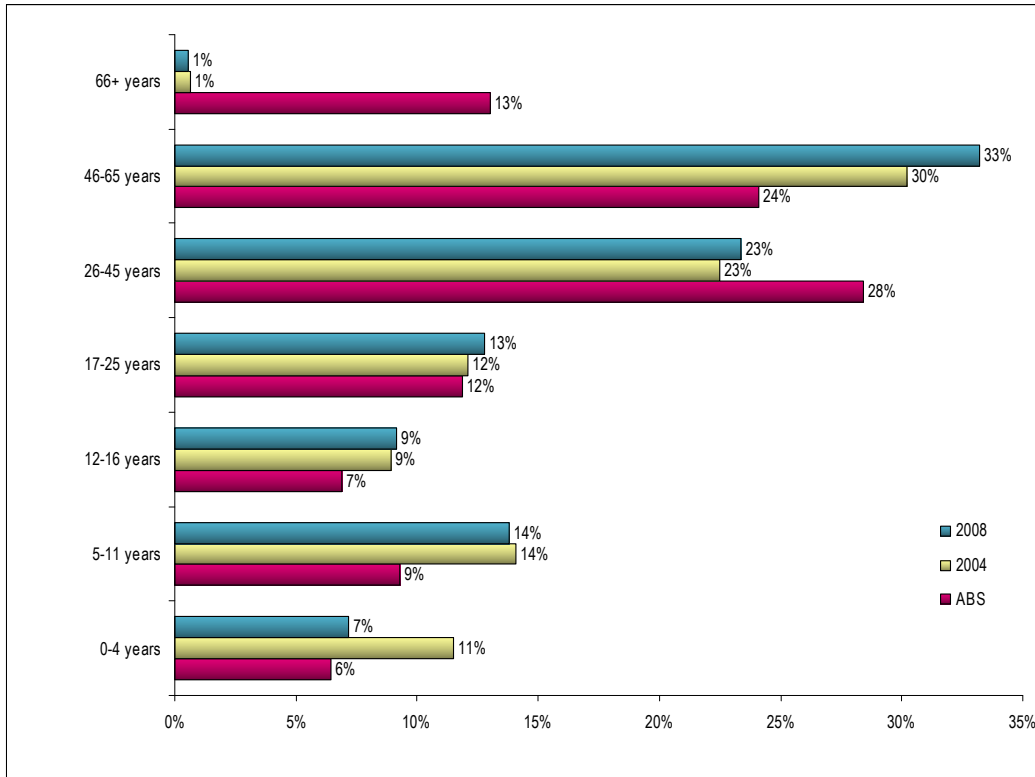
<sup>15</sup> Note: There has been a change in how this data is reported when compared to the 2004 report, which simply measured the incidence of households with at least one person in each age bracket. The 2008 and 2004 data has been reproduced here to indicate the total number of people described in the survey.

<sup>16</sup> See Ross et al. Above, n 2, at 9.

<sup>17</sup> See Ross et al. Above, n 2, at 9.

There is a strong presence of younger people, especially children, in the survey sample. Around one in three household members are under 16 years, revealed by the combined percentage of those aged between 0-4, 5-11 and 12-16 years (30%). Considering that many respondents are living in large households and there is a high proportion of young children revealed in Figure 6, the survey results paint a clear picture of large families as the demographic group most commonly experiencing the burden of disconnection.

Figure 6 – Age of household members at the time of the disconnection (Survey question 24)



Source: 2008 N= 711; 2004 N= 1,968 (Total number of people described in the survey); Australian Bureau of Statistics (2006b) *Census 2006 - Basic Community Profile for New South Wales*; Multiple response question.

### 3.4 Main source of income at the time of disconnection

Respondents were asked to identify their household’s main source of income at the time of disconnection. Figure 7 shows a significant increase in the proportion of people reporting their main source of income to be employment related, from 41% in 2004 to 62% in 2008. The increase in respondents reporting employment-related income as their main source of income suggests an even stronger presence of the ‘working poor’ among those who are disconnected in NSW than in 2004.

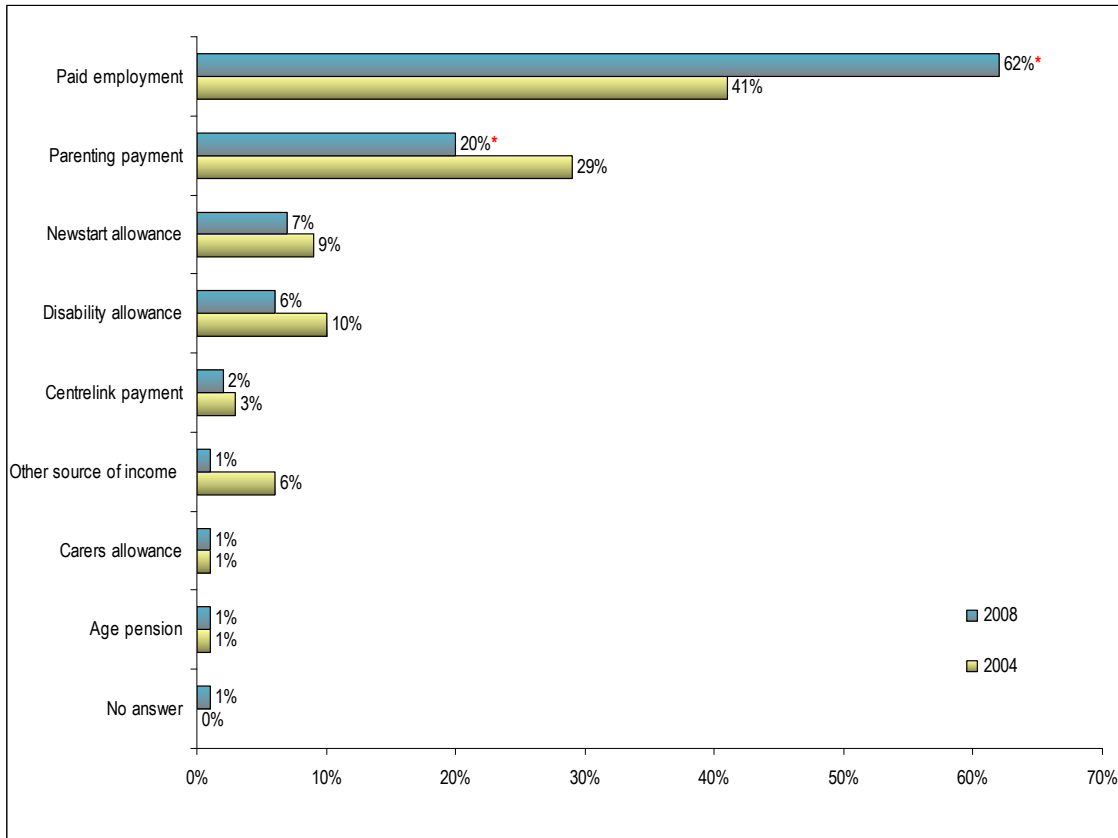
In the 2004 survey, over half of the respondents cited their main household income as a Centrelink pension or benefit (the combined percentage was 53%). In 2008, the total percentage of respondents reporting a Centrelink benefit as their main source of income was 37% (Figure 7).<sup>18</sup>

The greatest variation in the receipt of Centrelink income is among those who receive the Parenting Payment. As shown in Figure 7, people receiving Parenting Payments have reduced from 29% in 2004 to 20% in 2008. Possible reasons for these changes were debated in the stakeholder workshop. Some members considered that the pressure placed on recipients of the Parenting Payment to enter the workforce in recent years may account for the shift in favour of recipients with employment-related

<sup>18</sup> Results have been aggregated.

income. The overall picture presented in the survey is one of a slightly different socio-economic group than in 2004, with more people in employment experiencing financial hardship.

Figure 7 – Main source of household income at the time of disconnection (Survey question 27)



Source: 2008 Survey data, N=172; 2004 survey data N = 447; Single response question.

### 3.5 Type of tenure at time of disconnection

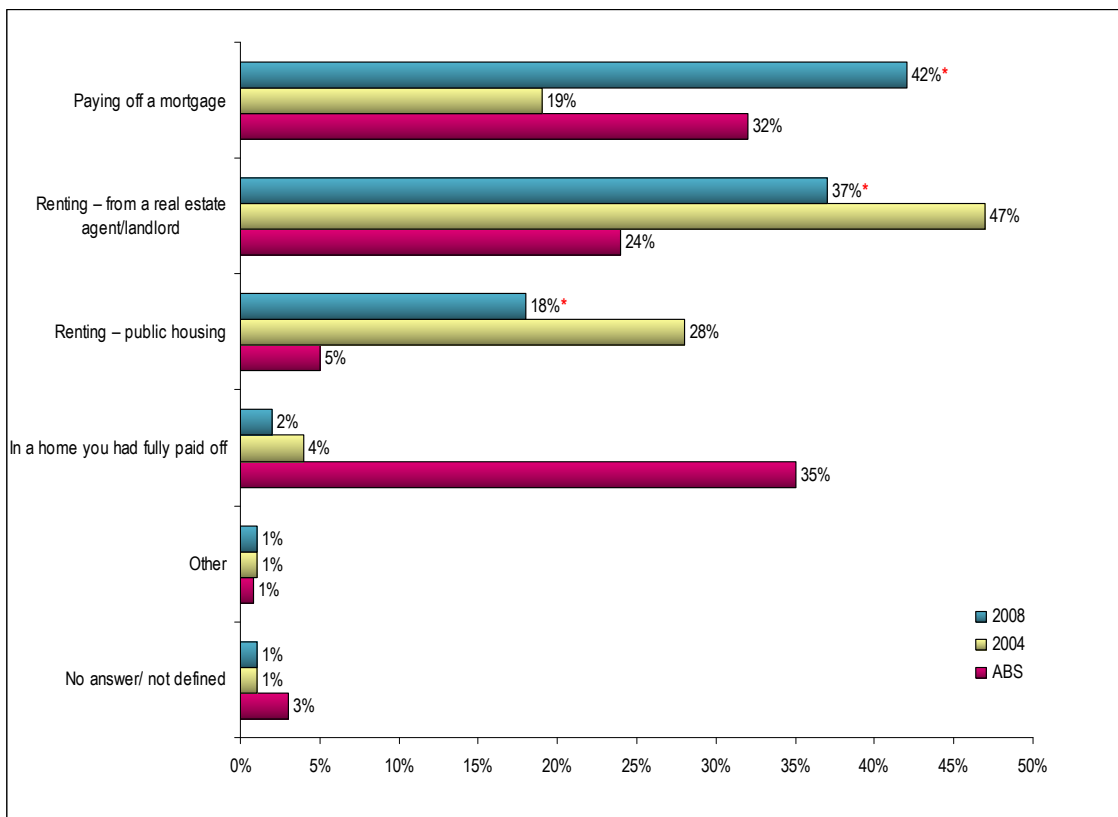
Consistent with the impression that the presence of the ‘working poor’ has increased in the 2008 survey results, almost half of all respondents report currently paying off a mortgage (42%). This proportion of people has more than doubled since 2004 when it was 19%. Accordingly, respondents living in private rental accommodation and in public housing have decreased considerably.

Respondents reportedly renting from a ‘real estate agent or landlord’ decreased from 47% in 2004 to 37% in 2008, and those in public housing shifted from 28% in 2004 to 18% in 2008. These results may indicate a shift in the burden of housing stress from renters to home owners, impacting on their capacity to meet other household expenses such as utility bills. As anticipated, respondents who currently own their own home are under-represented in the survey results.

A number of groups are over represented in the survey results as shown in Figure 8:

- Those ‘paying off a mortgage’ are significantly over represented at 32% of the population, which is similar to those in private rental arrangements at 24%.
- Those in public housing are the group most over represented in the survey results, at 5% of the population they represent 18% of the respondents.

Figure 8 –Tenure type: Comparison of survey respondents and the NSW population (Survey question 25)



Source: 2008 Survey data: N = 172; 2004 Survey data N = 447; Australian Bureau of Statistics, *Census 2006 - Basic Community Profile, NSW; Cat. No 2001.0*, Single response question.



### 3.6 Disadvantage related characteristics of household members

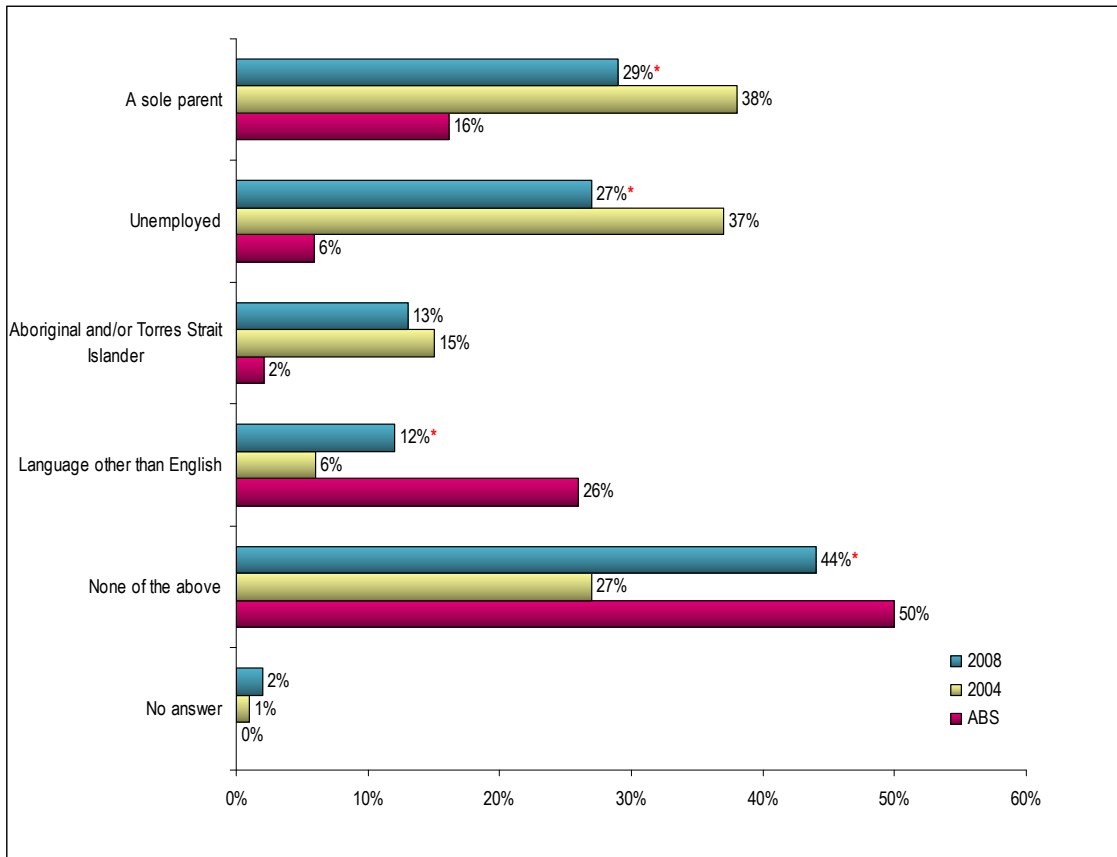
A key focus of this project is to understand the demographic profile of those most at risk of disconnection, including whether respondents report any of the characteristics often correlating with socio-economic disadvantage. Respondents were asked a series of questions about their household relevant to developing this profile. These questions related to being a sole parent, unemployed, Aboriginal and/or Torres Strait Islander, and speaking a language other than English at home.

As Figure 9 indicates, almost half of the respondents did not have anyone in the household with any of these characteristics (44%), which is close to the spread of disadvantage reported in the NSW population. This contrasts to the 2004 results, where only 27% of people reported not having any of the relevant characteristics, suggesting that the socio-economic group experiencing disconnection is changing.

The most commonly reported characteristic of disadvantage is being a sole parent (29%), followed by being unemployed (27%) and being Aboriginal and/or Torres Strait Islander (13%). The proportion of sole parent families has decreased significantly since 2004 when it was 38%. Similarly, the frequency of people reporting unemployment has also decreased from 37% in 2004 to 27% in 2004.

While the overall proportion of people reporting characteristics of disadvantage has reduced, it is important to note that the proportions of people reporting characteristics of disadvantage in relation to each type of disadvantage far outweighs their representation in the NSW population in almost every area, with the exception of speaking a language other than English at home. Figure 9 compares these characteristics of disadvantage with the NSW population.

Figure 9 –Disadvantage-related characteristics of household members: comparison with the NSW population (Survey questions 26 and 28)



Source: 2008 Survey data, N=172; 2004 Survey data, N = 447; Australian Bureau of Statistics (2006a) *Census 2006 - QuickStats New South Wales*; Multiple response question.

It was recognised in the planning stages of the project that respondents who spoke a language other than English (LOTE) at home may be under-represented in the survey. Due to limited resources, the survey was only available in English, placing an inherent limitation on the number of responses returned from the LOTE population. A decision was made in the inception meeting with the Steering Committee to try and draw out these stories from the interviews with stakeholders and possibly from the case studies.

During the interviews, representatives from community organisations were particularly concerned for the welfare and protection of people who spoke a language other than English at home.<sup>19</sup> People who are not fluent in English often face difficulties at numerous points of negotiation with utility retailers. Some stakeholders mentioned how people who had recently immigrated to Australia, particularly refugees, would sometimes not even know that they had entered into a contract with a retailer. It was reported that some representatives from utility retailers would visit these houses and successfully convince people who are not fluent in English to change retailers and to sign a new contract without realising the potential consequences. Another common situation is people not being aware that they need to contact utility retailers when they move into a new residence. As the electricity is working when they arrive, many assume that there is nothing else they need to do. It was reported that months later when threatening letters are received in the mail, some of these people are unable to interpret them without assistance. Support networks may be limited for people who have recently arrived in Australia, creating a situation where many of these people are very vulnerable to disconnection.

In the absence of resources to translate the survey into different languages for LOTE groups, a telephone survey may be one way to capture the views and experiences of LOTE groups in the future.

### 3.7 Health of household members at the time of the disconnection

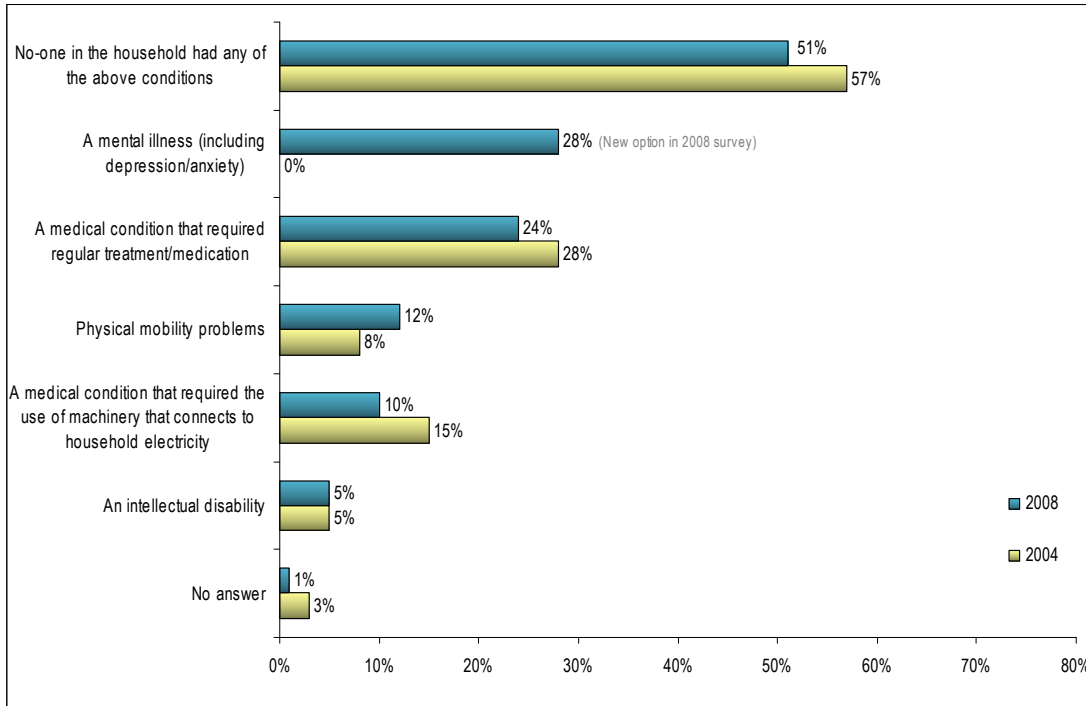
Respondents were asked to identify whether any members of their household experienced a range of health conditions that may conceivably put them at greater risk or compound certain psychological impacts if their electricity, gas or water was disconnected. Although half of respondents did not report having any of the specific health conditions listed in the survey (51%), almost one in three respondents indicated that they had a mental illness, including anxiety and depression (28%), as shown in Figure 10. As this figure is reliant on self identification it is unlikely to reflect the complete picture. The survey option relating to mental illness is new to the 2008 survey, and provides an alarming insight into how people experiencing disconnection might be managing the associated psychological stress. Notably, a greater proportion of respondents receiving Centrelink income were more likely to report having a medical condition, especially a mental illness.

Household members also suffer from a range of other health conditions. One in four respondents report having a medical condition that requires regular medication and treatment (24%), and physical mobility problems were reported by 12%. Of some concern is that 10% of respondents report having a medical condition that requires the use of machinery connected to household electricity. These results are very similar to the 2004 survey results.

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<sup>19</sup> In the 2008 survey, instead of asking respondents whether anyone in the household was from a non-English speaking background, a separate question was inserted which asked whether anyone in the household spoke a language other than English at home at the time they were disconnected (Survey question 28).

Figure 10 –Health of household members at the time of the disconnection (Survey question 23).



Source: 2008 Survey data N= 172; Survey data 2004, N = 447; Multiple response question.

The 2004 results revealed two broad groups most likely to experience disconnection:

- sole parents receiving Parenting Payments
- ‘working poor’ families with children.<sup>20</sup>

In 2008, it appears that the presence of the ‘working poor’ has increased. Often those experiencing disconnections were from family households typically comprising 3-4 people or more. Unlike 2004, these families are more likely to be paying off a mortgage than renting either in private rental accommodation or public housing. There is a very high incidence of mental illness among those who have experienced disconnection. While this may contribute to the likelihood of being disconnected, it is possible that the associated stress of disconnection may be compounding other underlying psychological conditions, providing a trigger or crisis point for some respondents.

<sup>20</sup> See Ross et al. Above, n 2, at 11.

## 4 Getting disconnected

### 4.1 Summary and key findings

Developing an understanding of the circumstances leading to disconnection is a critical aspect of this study. A greater prominence is given to the experience immediately prior to disconnection in the current survey than it was in 2004, with the aim of exploring whether recent legislative changes have had any impact on the interactions between consumers and utility retailers, and to gather information about how disconnections can be further reduced in NSW. The key findings of this section are:

- Disconnection policies and practices vary greatly between retailers.
- Around one in three respondents had no contact with their retailer prior to disconnection.
- Embarrassment and lack of awareness are the most common reasons preventing people seeking assistance before they are disconnected, followed by not having a phone or not having any credit on their mobile phone.
- Around half of all respondents did not know that energy and water vouchers existed, and there is less awareness among people whose main source of income is employment related.
- Less than half of respondents who had contact with their retailer prior to disconnection were not offered a payment plan.
- Around half of the respondents who were offered a payment plan by a retailer, were not able to afford the payment plan.
- Around two in three respondents owed up to \$500 at the time of disconnection, and around one in three owed over \$500, including just under 10% owing over \$1000.
- One in four respondents who had contact with their retailer prior to disconnection were not offered any of the assistance measures listed.

### 4.2 Financial circumstances leading to disconnection

Financial difficulties were almost always associated with disconnection. Figure 11 indicates that most people found it difficult to find money for other household bills during the period in which they were disconnected (63%), as well as struggling to fund rent or mortgage repayments (45%) and to service other debts or manage financial stress (45%). All of these results suggest a systemic set of circumstances relating to everyday finances rather than an unusual event in the lead up to disconnection.

Overall, the results relating to financial stress between 2004 and 2008 are similar, however a significantly larger proportion of respondents report finding it difficult to find money for credit card repayments, which increased significantly from 9% in 2004 to 23% in 2008. Notably, respondents whose income was salary related were more likely to be finding it difficult to find money for rent or mortgage repayments and for credit cards. Consistent with other survey findings, this suggests that many people are simply shifting their financial burdens to their credit cards. The increased availability of credit in recent years has potentially supported this shift.

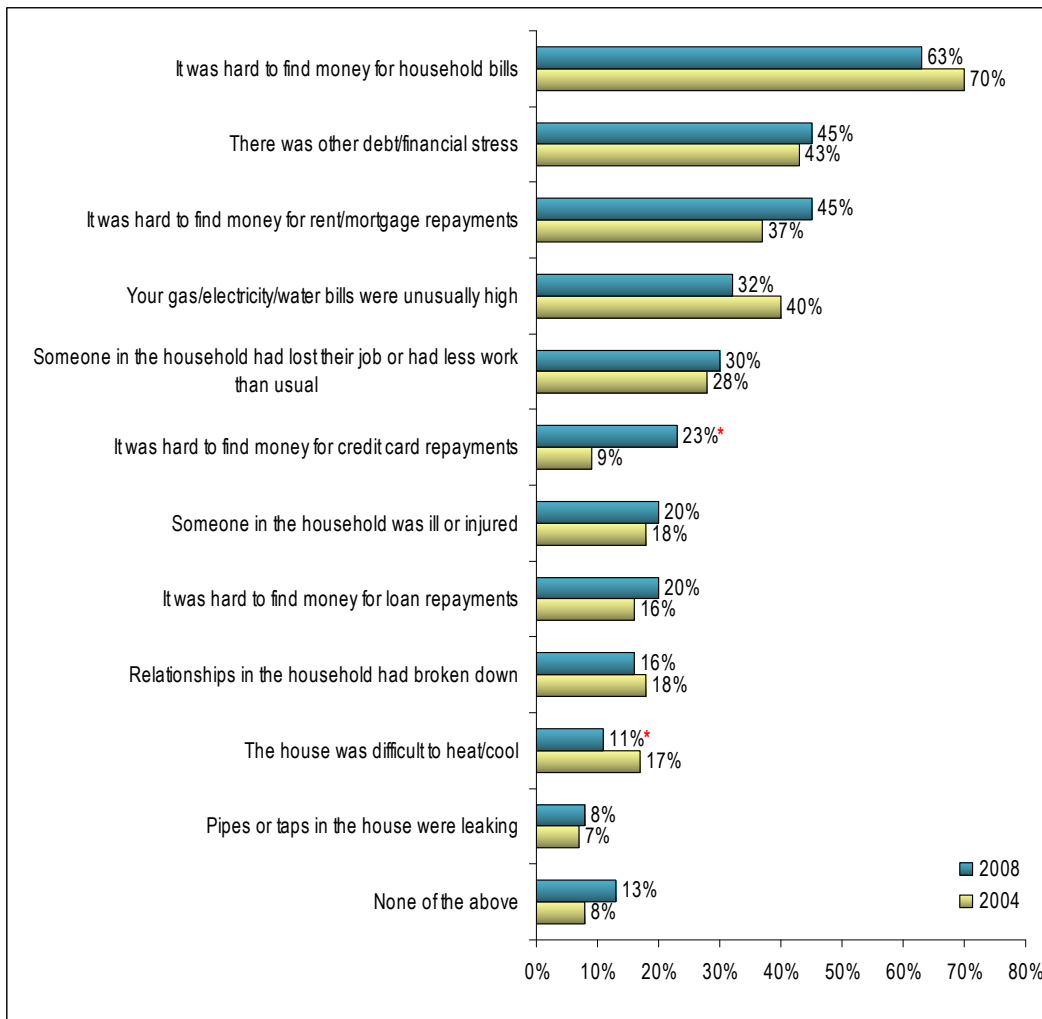
### 4.3 Other circumstances leading to disconnection

People confront a range of other circumstances aside from direct financial stress in the period before disconnection, albeit less frequently. Loss of employment was experienced by almost one third of respondents immediately before disconnection (30%) as shown in Figure 11. Relationship stress was another common circumstance in the period before disconnection (16%). This could be viewed as a consequence of the threat of disconnection placing pressure on relationships and families as they face growing hardship.

It is worth noting that almost one third of respondents (32%) perceived their bill to be unusually high in the period before disconnection. While this was similar to 2004, a theme emerging from the case studies is that people face a real challenge in adapting to increasing electricity prices. The costs associated with purchasing more energy-efficient appliances are prohibitive for many people. The initial outlay often required for new appliances creates an immediate barrier for people receiving low incomes.

Other reported circumstances leading to disconnection included someone in the house being ill or injured (20%), the house being difficult to heat or cool (11%) and for some their pipes or taps were leaking (8%). People receiving Centrelink income were far more likely to report that someone in the house was ill or injured in the period before disconnection. This was similar for those living in public housing.

Figure 11 –Circumstances in the period leading up to the disconnection (Survey question 3)



Source 2008 Survey data, N=172; 2004 Survey data N = 447; Multiple response question.

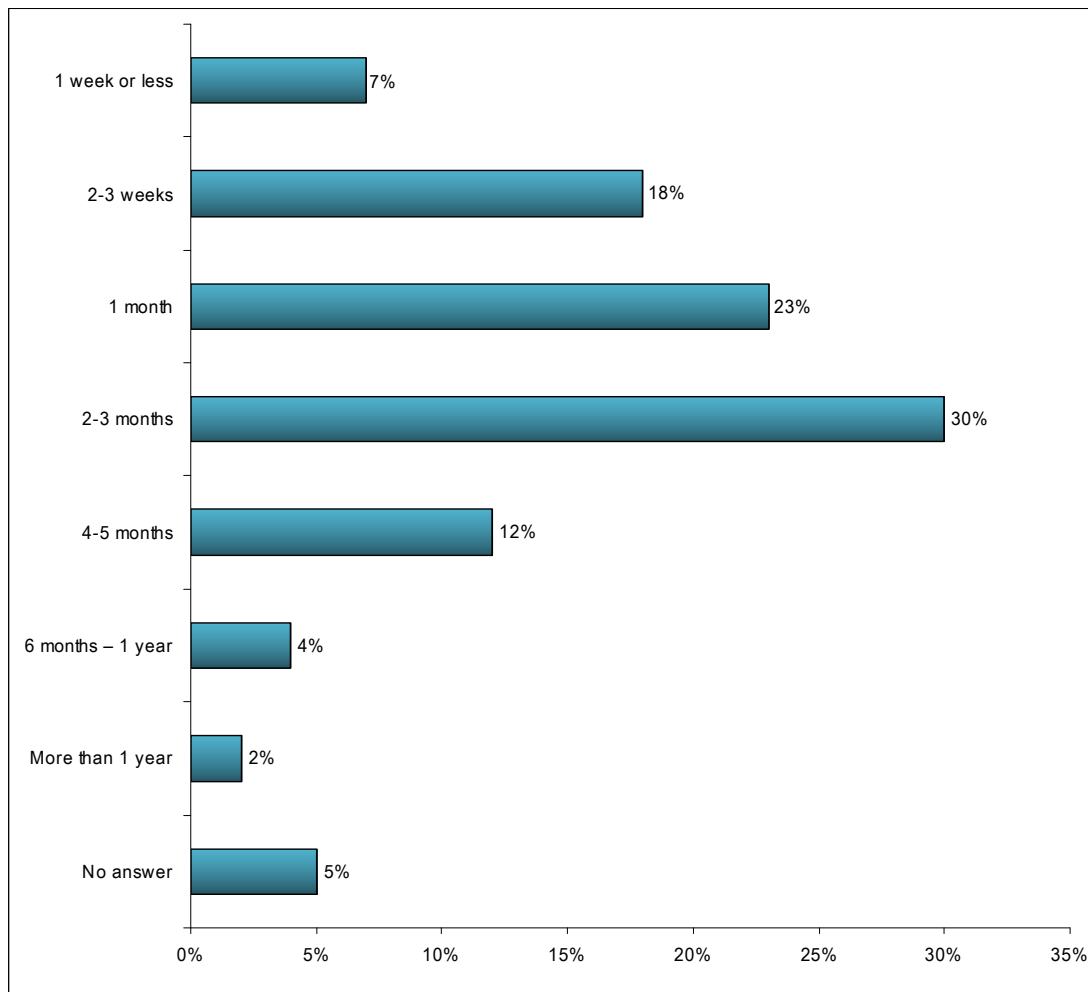
#### 4.4 Length of time since last payment

A new question was developed for the 2008 survey that asked respondents to identify how long it had been since they made a payment of any amount before they were disconnected. Stakeholders were particularly interested in gathering information about this aspect of disconnection, as there is concern

that retailers may be disconnecting people even when they have made a recent and genuine effort to make some kind of payment towards their debt.

Figure 12 shows that the most common period of non-payment is 2-3 months (30%), followed by one month (23%) and then 2-3 weeks (18%). Although only a small proportion reported being disconnected after making a payment one week prior to disconnection (7%), if the results for one week, 2-3 weeks and one month are combined we can see that cumulatively around half the respondents (48%) made a payment at some point in the month prior to disconnection. In the workshop with stakeholders, representatives from utility retailers explained that it was common for customers to make a partial payment just prior to disconnection without contacting the utility retailer to inform them or to discuss whether a partial payment is sufficient. Often the utility retailer will not know that a payment has been made and disconnection will occur because there is still an amount owing on the bill and a formal payment plan has not been arranged.

Figure 12 –Length of time since last payment of any amount (Survey question 8)



Source: 2008 Survey data N=172, Single response question.

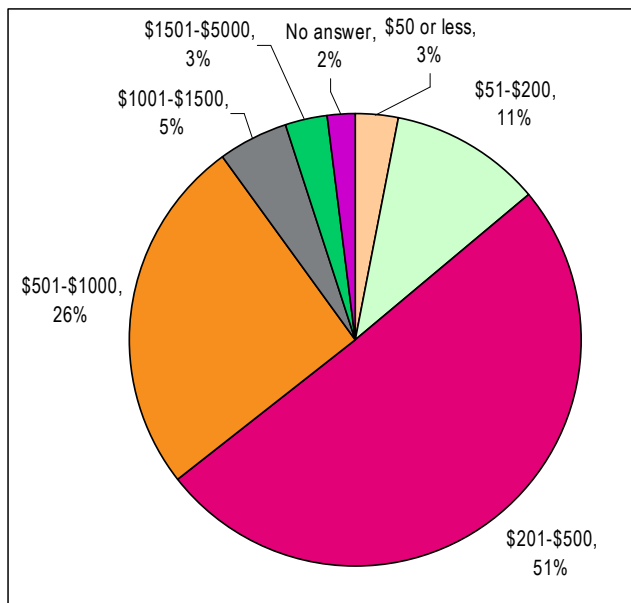
## 4.5 Amount of money owed to retailer

The amount of money owed by respondents at the time of disconnection was also a new focus of questioning in the 2008 survey. Around two in three respondents (65%) owed up to \$500 at the time of disconnection, and around one in three (34%) owed over \$500, including 8% owing over \$1000. As shown in Figure 13, around half of the respondents report owing between \$201-\$500. Around one

quarter (26%) owed between \$501-\$1000. A comparatively smaller proportion owed under \$200 (14%), and very few respondents owed over \$1000: 5% owed between \$1001-\$1500, and only 3% owed between \$1501-\$5000. Respondents living in public housing were more likely to owe \$201-\$500.

In the workshop with stakeholders, the possibility of hidden debt was discussed. Most stakeholders were surprised by the small quantum of money that most people owed on their bill prior to disconnection, which was most commonly under \$500. It is possible that some respondents are also in debt to other utility retailers and are paying off more than one electricity, gas or water bill at the time they are disconnected. Often when a customer defaults on their payments, the debt can be transferred to a debt collection agency and the person is still required to service both debts. Credit cards were also discussed in this context, as the number of people being disconnected more than once has reduced (see Figure 2), and many stakeholders were of the view that the debt has simply been paid with credit.

Figure 13 – Amount of money owed to retailer before disconnection (Survey question 21)

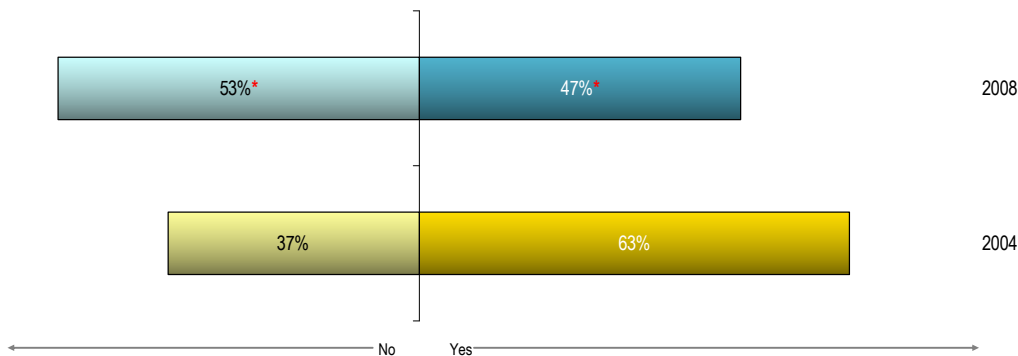


Source: Survey data 2008 N=172; Single response question.

#### 4.6 Contact with the utility retailer prior to disconnection

A priority for this project is to establish whether utility retailers are contacting customers prior to disconnection to explain their options and to provide them with support. Both the 2004 and 2008 surveys asked respondents whether customers contacted their utility retailer prior to disconnection. Figure 14 shows that more than half the respondents to the 2008 survey (53%) did not contact their utility retailer prior to disconnection, significantly more than in 2004, when close to two-third made contact with their provider in the period just before they were disconnected.

Figure 14 –Did you contact your electricity/gas/water company in the period just before the disconnection/restriction? (Survey question 4)

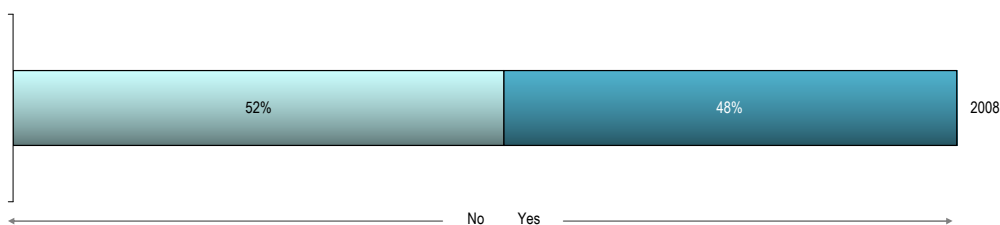


Source: Survey data 2008, N = 172; Survey data 2004, N = 447; Single response question.

Respondents were also asked whether their retailer contacted them before disconnection. This question was not asked in the 2004 survey. More than half of the respondents (52%) report that they were not contacted by the retailer at all in the period prior to disconnection. When these results are cross-referenced with the results discussed in the next Section 4.7, Figure 16, an unexpected picture is revealed about the level of contact between retailers and consumers. When respondents were asked about what type of assistance was offered by the retailer, around one third of all respondents (32%) indicated that the question was not applicable to them as they had 'no contact with the retailer prior to disconnection.'

During the workshop these results were discussed at length and it is thought that some people may have been contacted at some point in the months prior to disconnection, but may not associate this contact with the *period just prior to disconnection*. The overall finding of this section is, however, that there is far less contact being made by some retailers than required to explain the risk of disconnection and to explore possible solutions with consumers to prevent disconnection from eventuating. Interestingly, respondents living in public housing were far more likely to be contacted by their retailer prior to disconnection.

Figure 15 – Were you contacted by your electricity/gas/water company in the period just before disconnection/restriction? (Survey question 5)



Source: Survey data 2008; N=172; Single response question.

## 4.7 Assistance offered by retailers

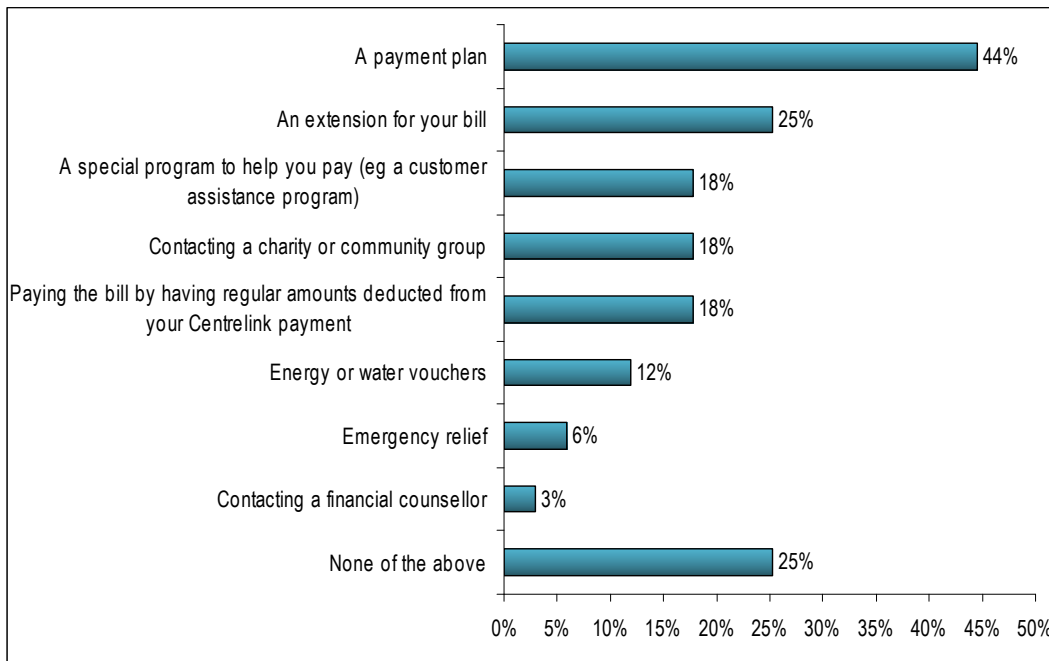
As a result of the legislative changes discussed in the Introduction to this report (Section 1.2.2), retailers are now required to develop a special assistance program for customers facing financial difficulties, and to offer a payment plan to these customers before disconnecting them from their electricity supply. Payment plans are only one possible avenue of assistance for those experiencing financial difficulty. Other substantial forms of assistance include energy and water vouchers, which can be accessed via community organisations and used to pay utility bills at the local post office, or Centrepay, which involves regular deductions being made from a person's Centrelink income towards their bill. It is noted that Country Energy directly provide vouchers to customers.



To explore whether these options are being offered to consumers, respondents were asked to select the types of assistance offered to them by their utility retailer prior to disconnection. The results presented in Figure 16 only represent those people who had contact with their utility retailer prior to disconnection and do not include the 32% of respondents who reported having no contact at all during this period.

The most notable finding of this section is that only 44% of respondents were offered a payment plan prior to disconnection. Around one in four respondents were offered an extension on their bill (25%), and around one in five were offered access to a special program to assist them (18%), which is interpreted as a hardship program for the purposes of this survey. An equal proportion of respondents were made aware that they could seek help from a community organisation (18%), or that they could have regular amounts deducted from their Centrelink income via Centrepay (18%). Only very small proportions of people were offered other types of assistance, in particular, only 12% of respondents were made aware of the availability of energy and water vouchers. One in four people who did have contact with their utility retailer in the period before disconnection were not offered any of the avenues of assistance listed (25%). Utility retailers were more likely to suggest to Centrelink recipients that they contact a charity or community group and access energy and water vouchers. While Centrelink recipients may be more likely to be eligible for these forms of support, it is notable that people in employment with very low incomes may have less access to support services that may assist them during financial hardship. It was clear from the case studies that customers are often unaware of the options available to them until they are suggested to them.

Figure 16 – Most commonly suggested assistance by retailers in the period just before the disconnection (Survey question 6)



2008 N=116 (those who had contact prior to disconnection), Multiple response question.

Note: 32% of all respondents to the survey (n=172) said that this question was not applicable because they had no contact with the provider before being disconnected.

## 4.8 Affordability of payment plans

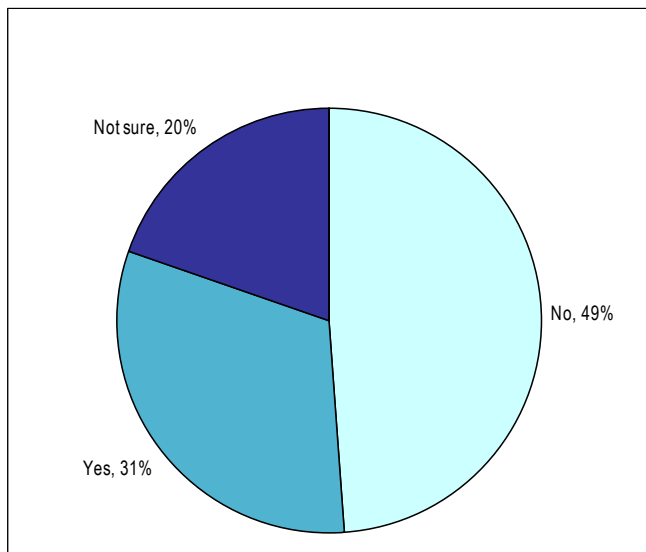
Amendments to the *Electricity Supply (General) Regulation 2001*, in force from 1 July 2007, require utility retailers to offer payment plans to small retail customers that must:

- provide for instalments to be calculated having regard to a customer's consumption needs, a customer's capacity to pay and the amount of any arrears a customer is required to pay, and
- provide procedures that are fair and reasonable for dealing with the financial difficulty faced by a customer who is obtaining the benefit of the scheme.<sup>21</sup>

These provisions are generally interpreted to mean that the payment plan offered to customers must be 'affordable'. In response to these legislative requirements, a new question was inserted into the 2008 survey to assess whether the payment plans being suggested by utility retailers were in reality, affordable to their customers. Figure 17 shows that almost half the respondents to the survey did not view the payment plans suggested to them as affordable (49%). While almost one third of the respondents (31%) were able to afford the plan, 20% were 'not sure'. These results only represent respondents who had a payment plan suggested to them and excludes respondents who did not report being offered a payment plan.

In the stakeholder workshop, representatives from community organisations argued that when customers experiencing financial difficulty are confronted with the prospect of disconnection, they will agree to almost any amount for a payment plan without realising that they may be able to negotiate the amount and regularity of these payments.

Figure 17 – Affordability of payment plans (Survey question 7)



Source: 2008 Survey data; N=51, Single response question.

## 4.9 Barriers to seeking assistance prior to disconnection

Seeking help before being disconnected requires people to be aware of the options available to support them and to overcome the stigma associated with asking for help because they are experiencing financial hardship. Respondents were asked about what kind of barriers prevented them from accessing help before they were disconnected. Figure 18 shows that almost half of all respondents felt embarrassed about seeking assistance (43%). As the case studies made clear,

<sup>21</sup> *Electricity Supply (General) Regulation 2001*, cl 13A (2)(c) and (d).

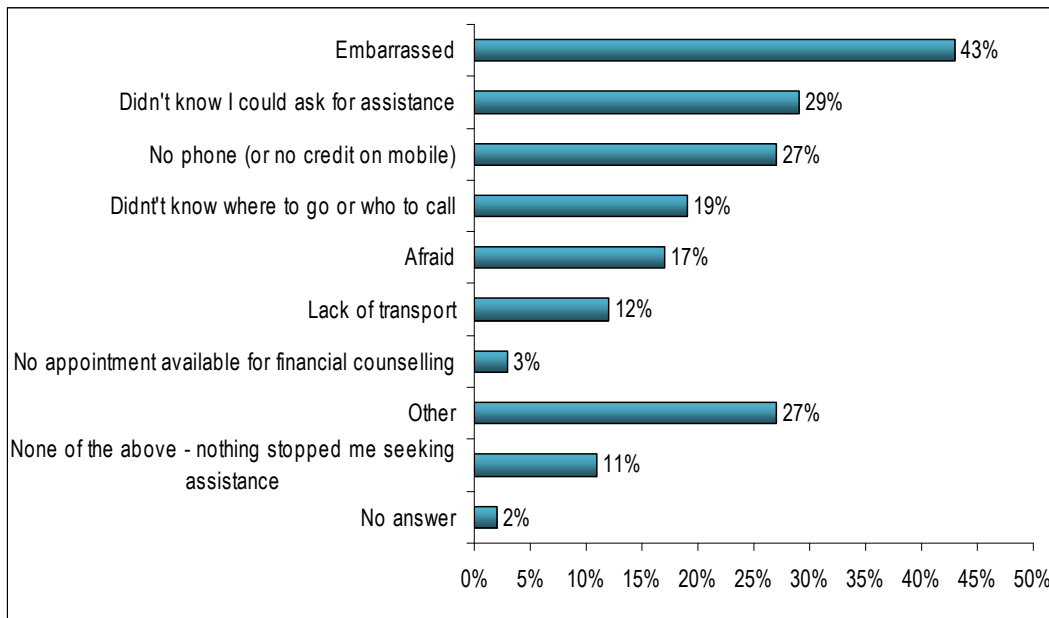
admitting financial hardship to others is humiliating and most people will go to great lengths to solve the problem themselves before they ask friends or family for assistance, or make contact with an appropriate agency.

Half the respondents did not know they could ask for help or where to go: one in three respondents (29%) simply did not know they could ask anyone for help; and one in five lacked awareness about where to go or who to call (19%). Other common barriers to seeking help were not having a phone or not having credit on their mobile phone (27%). Access to phones was raised as a real problem in the cases studies. On many occasions, as soon as the electricity was disconnected, people were no longer able to use their home phones if they were cordless. If the person only had access to a mobile phone, rarely did they have credit on the account and once the electricity was disconnected they were no longer able to receive calls as they could not re-charge their phone. Feelings of isolation were compounded by not having access to a phone, particularly where there were young children in the house.

Another notable barrier to seeking help is fear. Almost 20% of respondents report 'being afraid' to ask for assistance, suggesting that some support services are not approachable, and possibly that some people feel they may be criticised for not being able to manage their personal finances.

Centrelink recipients were more likely to have no phone or mobile phone credit, not know where to go or who to call and have no access to transport. Centrelink recipients were also more likely to report feeling afraid. These findings are echoed for respondents living in public housing, who were significantly more likely to feel afraid and to have no access to a phone or mobile phone credit. Family households were also less likely to have access to transport than other respondents.

Figure 18 – Most common barriers to seeking assistance before being disconnected (Survey question 9).



Source: 2008 Survey data; N=172. Multiple response question.

#### 4.10 Barriers to accessing energy and water vouchers

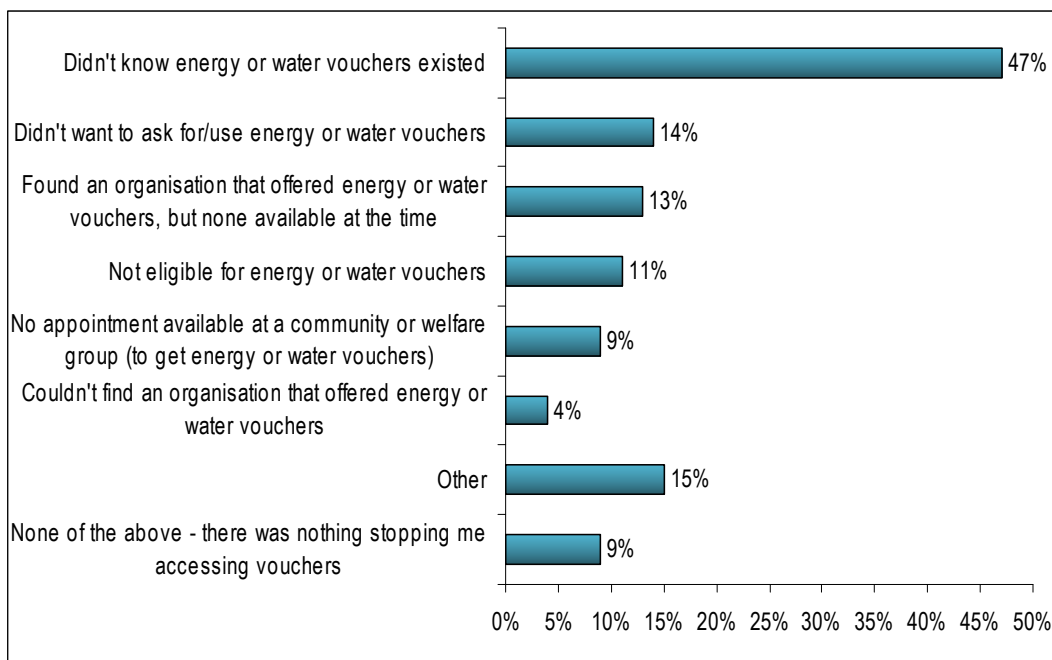
Energy and water vouchers offer substantial assistance to people experiencing financial hardship. Vouchers are allocated in a range of quantities and, depending on the circumstances, can constitute part or all of the cost of a utility bill. Energy and water vouchers are distributed by community organisations in times of crisis and emergencies and can be used at the local post office.

Respondents were asked about the barriers preventing them from accessing energy and water vouchers to resolve their situation. Around half of the respondents did not know that energy or water vouchers existed (47%), and another 14% did not want to ask or use them even if they were available, (most probably because of embarrassment), as shown in Figure 19.

Lack of awareness about the existence of energy and water vouchers is possibly a consequence of a change in the profile of people who are typically disconnected in NSW. Respondents whose main source of income was employment related were far less likely to know about the existence of energy or water vouchers, which suggests that a different socio-economic group is experiencing disconnection. As one stakeholder suggested in the workshop, *'if you don't have contact with community organisations usually, you simply would not know that they offer vouchers to assist you with your bill.'*

Cumulatively around one in three respondents had difficulty accessing the vouchers once they made the decision to seek help in this way (37% combined results). In around 13% of cases, energy and water vouchers were not available. In 11% of cases, people were not eligible for vouchers and in 9% of cases there was no appointment available at a community organisation. Some people had difficulty finding an organisation that offered vouchers (4%). Centrelink recipients were far more likely to have sought help from a community organisation only to find that no vouchers were available. Once a person has experienced an unsuccessful attempt to access help from a community organisation the likelihood of them attempting to seek help in this way again is reduced. These results suggest some limitations with the channels used to distribute energy and water vouchers and in the availability of vouchers.

Figure 19 – Most common barriers to accessing energy and water vouchers (Survey question 10).



Source: 2008 Survey data; N=172, Multiple response question.

Stakeholders noted that community organisations are required to bear the brunt of administering energy and water vouchers and are not compensated financially for their time, despite the significant administrative costs associated with the scheme.

As identified in the case studies, a major barrier to accessing energy or water vouchers in small rural and regional towns is that the community is too small to anonymously access assistance at a local organisation, or to use the vouchers at a local post office. Many people are embarrassed or humiliated to approach a community or welfare organisation and would prefer to deal with the problem on their own.

## 5 Being disconnected

### 5.1 Summary and key findings

The impacts of being disconnected can be harrowing. The case studies provide a more complete picture of how people cope with disconnection, particularly when there are children living in the house. The survey asked questions about the length of disconnection experienced and the impacts of being disconnected on household and family members. The key findings of this section are:

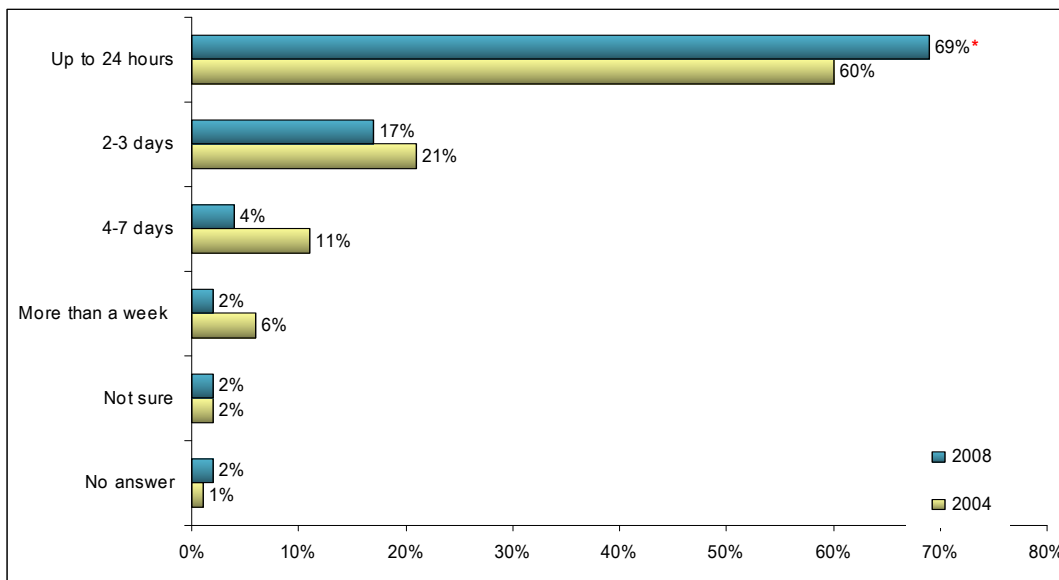
- Most people are disconnected for less than twenty-four hours; this proportion has increased significantly in the 2008 survey results.
- Disconnection can cause children in the house to become anxious or distressed and people often will have to throw out food that can no longer be refrigerated.
- Those who are disconnected for longer than twenty-four hours do a range of things to cope with disconnection, including having cold showers and buying takeaway food. The proportion of people reporting these types of activities has reduced in 2008, however this decrease is most likely the result of a smaller proportion of respondents being disconnected for longer than twenty-four hours.

### 5.2 How long are people disconnected for?

Generally, the longer that people are disconnected the more serious the impacts of the experience. Respondents were asked to indicate the duration of their disconnection. Notably, the proportion of people who got reconnected within twenty-four hours increased significantly from 60% in 2004 to 69% in 2008, resulting in more than two-thirds of people being reconnected quickly and most likely avoiding many of the impacts that result from a longer period of disconnection (Figure 20).

While there was a significant increase in the proportion of persons who reported being reconnected within 24 hours, there was a commensurate decrease in the proportion of persons reporting disconnection for longer periods. Almost one in five people were reconnected within 2-3 days (17%), while only 4% were disconnected for 4-7 days and only 2% for more than a week, as shown in Figure 20. Respondents whose main source of income was salary related were more likely to have made an attempt and to have been reconnected within twenty-four hours.

Figure 20 – Length of time before reconnection (Survey question 17)



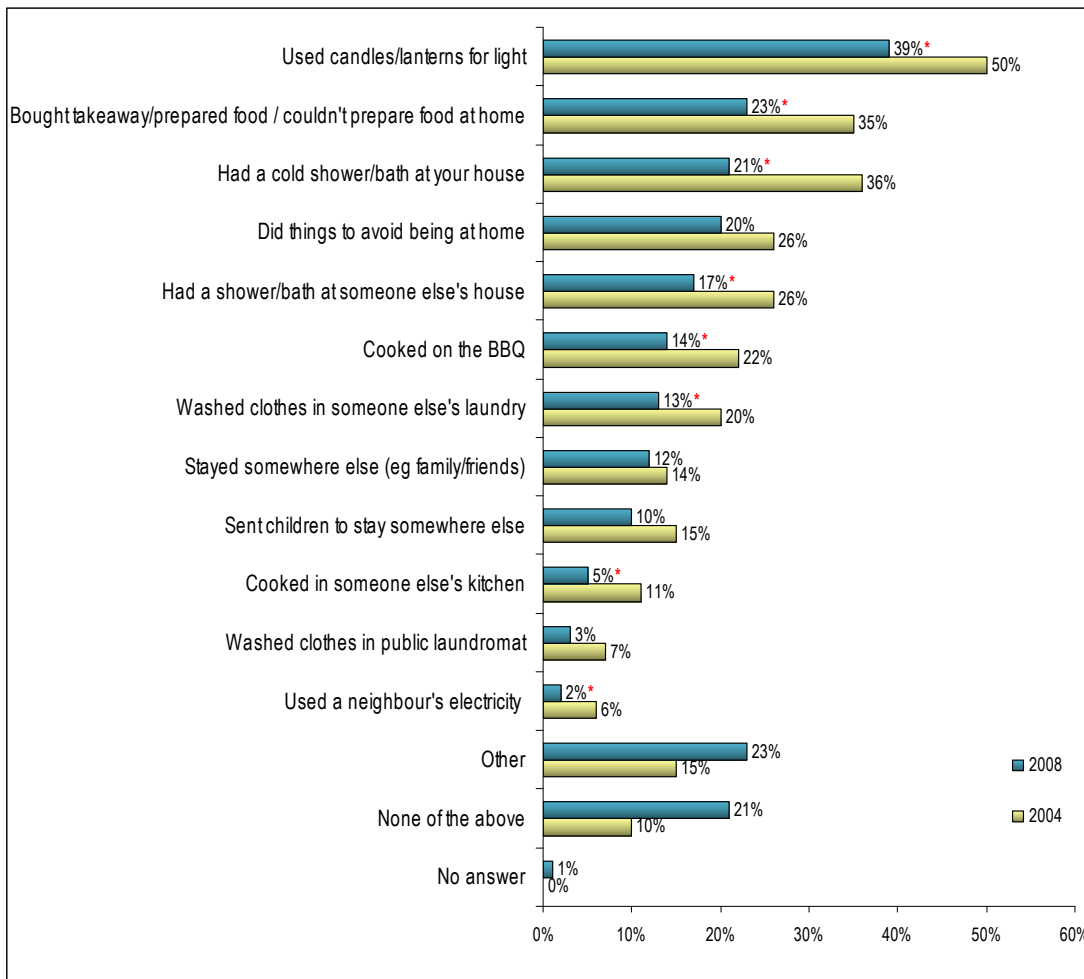
Source: 2008 Survey data, N=172; Single response question.

### 5.3 Coping without electricity, gas or water

Respondents were asked to indicate what activities they engaged in to mitigate the effects of being disconnected from a list of twelve options. Figure 21 indicates that since 2004, there was a significant reduction in the frequency of reported coping strategies in almost all categories. The significant increase in people getting reconnected sooner (within twenty-four hours) is the most likely reason accounting for this difference.

The most common coping activity, undertaken by 39% of respondent households, was using candles for light followed by buying takeaway or prepared food (23%), taking cold showers or baths (21%), doing things to avoid being at home (20%) and bathing at someone else’s house (17%). Respondents living in public housing were more likely to purchase takeaway food and have a cold shower at home than other respondents. One in five respondents resorted to sending their children to stay somewhere else (10%).

Figure 21 – Things people did to cope without utilities (Survey question 11)



Source: 2008 Survey data, N=172; 2004 Survey data, N = 447; Multiple response question. Note: 3% had not been reconnected yet.

## 5.4 Impacts of being disconnected

Through consultations undertaken for the 2004 study a list of potential impacts was compiled, broadly relating to three areas:

- emotional impacts
- financial impacts
- health and safety impacts.

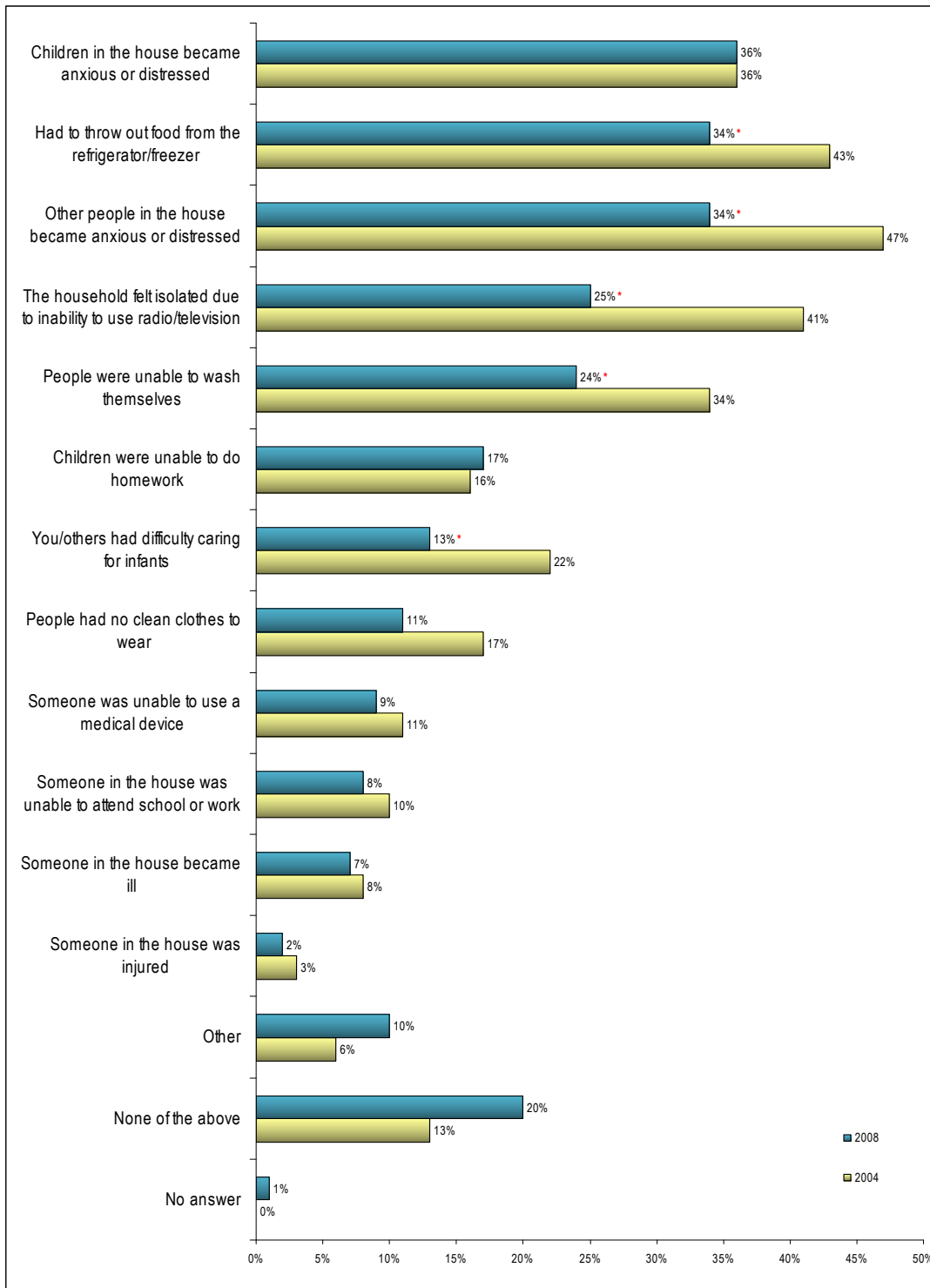
Respondents were asked to nominate the impacts that resulted from being disconnected. Similar to above at Section 5.3, Figure 22 also shows that since 2004, the level of reported impact has reduced in relation to most areas. As discussed with stakeholders in the workshop, this is more likely to be a result of fewer people being disconnected for longer than twenty-four hours than the result of the experience of disconnection being less stressful.

Emotional and psychological impacts tended to be most frequently reported. The most common impact reported by respondents was that children in the house became anxious or distressed (36%). Other common responses were food had to be thrown out of the refrigerator/freezer because it had gone off (34%), other people in the house became anxious or distressed (34%) or that people felt isolated due to an inability to use radio or television (25%). Centrelink recipients were more likely to report that their children became anxious or distressed.

Other key impacts were associated with health, safety and hygiene such as bathing/showering and washing clothes. Around one in four people had difficulty washing themselves (24%), children were unable to do homework in 17% of cases and 13% of people specifically had difficulty caring for infants. Case-study participants found it particularly hard to care for young babies while having no electricity as it was not possible to sterilise equipment and prepare suitable food.

A notable proportion of responses (18% cumulatively) were in relation to health impacts (illness, injury, or inability to use medical equipment). Around one in ten respondents were prevented from using a medical device (9%), and some people became ill (7%) or injured (2%). Centrelink recipients were more likely to find it difficult to wash or care for infants, and had a higher preponderance of someone in the house falling ill. Those respondents living in public housing were more likely to feel isolated and have trouble washing themselves.

Figure 22 –Impacts of disconnection on the household (Survey question 12)



Source: 2008 Survey data, N=172; 2004 Survey data, N = 447; Multiple response question.



## 6 Getting reconnected

### 6.1 Summary and key findings

- The process of arranging reconnection is reportedly easier in 2008 than it was in 2004.
- Eight out of ten people were able to get reconnected within twenty-four hours, which is significantly higher than in 2004. For those who waited longer than a day, embarrassment was the most common reason given for the delay.
- The most effective source of information about how to get reconnected came from speaking directly to utility retailers. People with employment related income were more likely than other groups to approach their utility retailer.
- Borrowing money from family and friends was the most common way that people financed reconnection, followed by delaying other payments and arranging a payment plan.

### 6.2 The process of arranging reconnection to electricity, gas and water

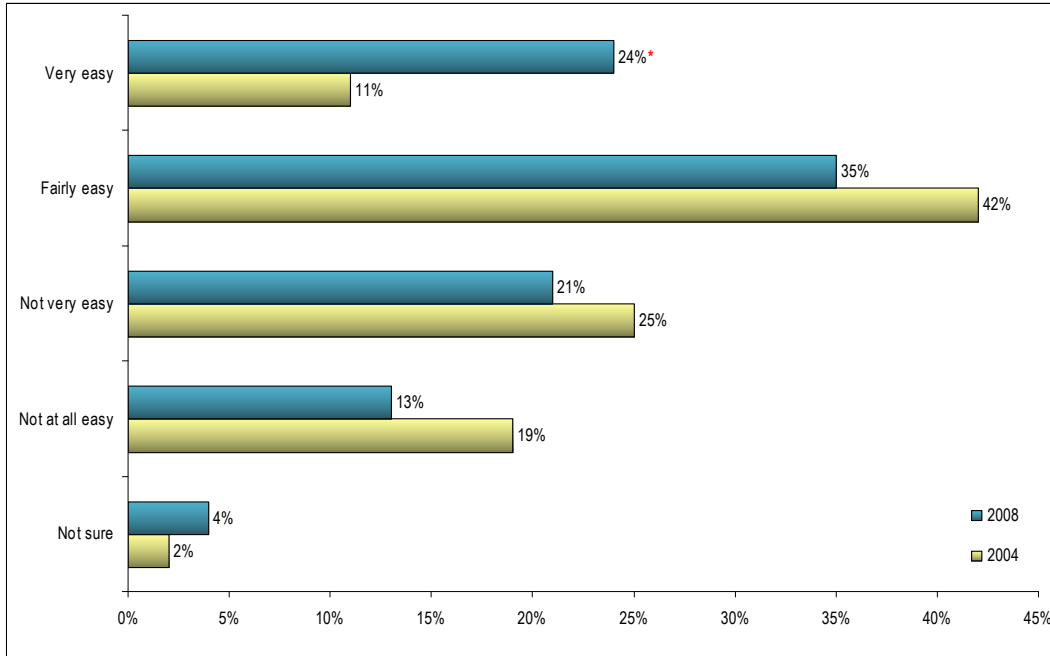
#### 6.2.1 How easy was the process?

Supporting people to get reconnected easily to electricity, gas and water is an objective of many community organisations and EWON. Notably, the process of getting reconnected was reportedly easier in 2008 than it was in 2004 (ie, there has been a shift in people finding it 'fairly easy' to 'very easy'). This result is consistent with the higher proportion of people getting reconnected within twenty-four hours (Figure 23).

Respondents were asked to rate the ease with which they managed to get reconnected. The most notable shift is in the proportion of people rating the process as 'very easy', which has more than doubled, from 11% in 2004 to 24% in 2008, as shown in Figure 23. Some of these responses have presumably shifted from those rating the process as 'fairly easy', which has decreased slightly. Respondents who own their own home are more likely to rate the process as 'very easy'.

In 2004, almost half the respondents rated the process as 'not very easy' (25%) or 'not at all easy' (19%) (a total of 44%). This also contrasts with the 2008 results where the responses have decreased. Now, a smaller proportion of respondents rate the process of getting reconnected as 'not very easy' (21%) and 'not at all' easy (13%) (a total of 34%). Family households were more likely to find the process 'not at all' easy.

Figure 23 – Ease of the process of reconnection (Survey question 13).



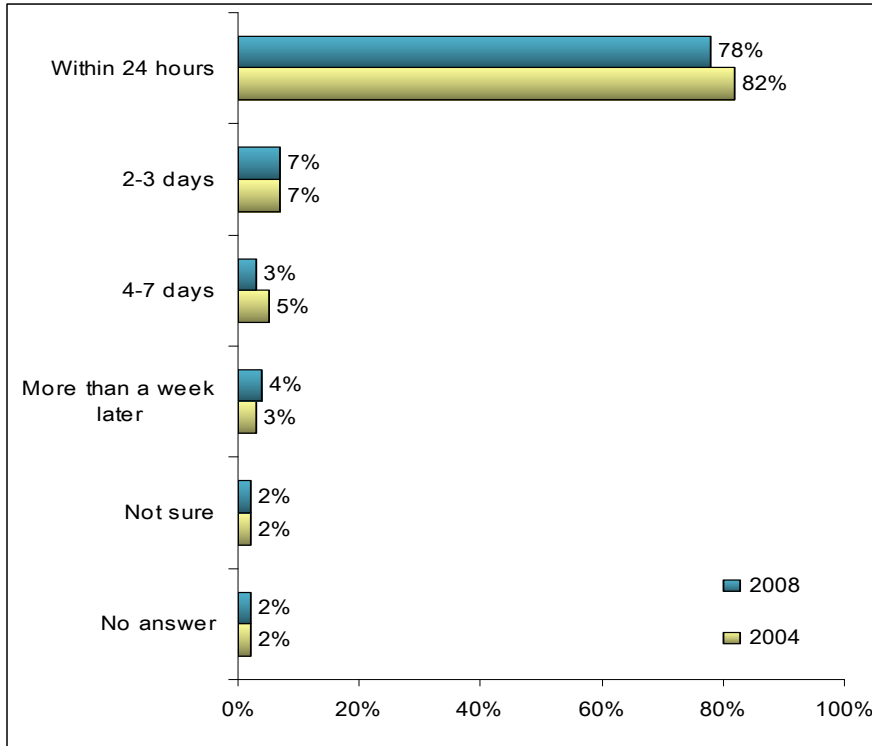
Source: 2008 Survey data, N=172; 2004 Survey data, N = 447; Single response question.

The reasons why the process is easier in 2008 were discussed in the stakeholder workshop. Improvements in customer service may account for the ease with which people are reconnected. Some utility retailers may be more willing to accept partial payment in order to get reconnected, or alternatively may waive the reconnection fee, however this was not corroborated in relation to most of the case studies where the full amount plus a reconnection fee was required. Some of the stakeholders reiterated the relevance of credit cards in affecting consumer perceptions of the process, arguing that people are simply putting their utility bills on their credit cards, which makes the process easier but merely defers and potentially exacerbates (through accrued interest) the financial hardship.

### 6.2.2 Starting the process of reconnection

To gain a better understanding of the reconnection process, respondents were asked about how long they waited until they started trying to get reconnected. Similar to 2004, the large majority of respondents started trying to get reconnected within twenty-four hours (78%) and another 10% within a week. Recipients with employment-related income were more likely to start the reconnection process sooner.

Figure 24 – Length of time before trying to get reconnected (Survey question 16)



Source: 2008 Survey data, N=172; 2004 Survey data, N = 447, Single response question.

For the small number of people who waited longer than a day, (N = 37), the most common reason for not seeking help immediately was embarrassment, which was experienced more commonly among Centrelink recipients. Other reasons for waiting longer than a day included:

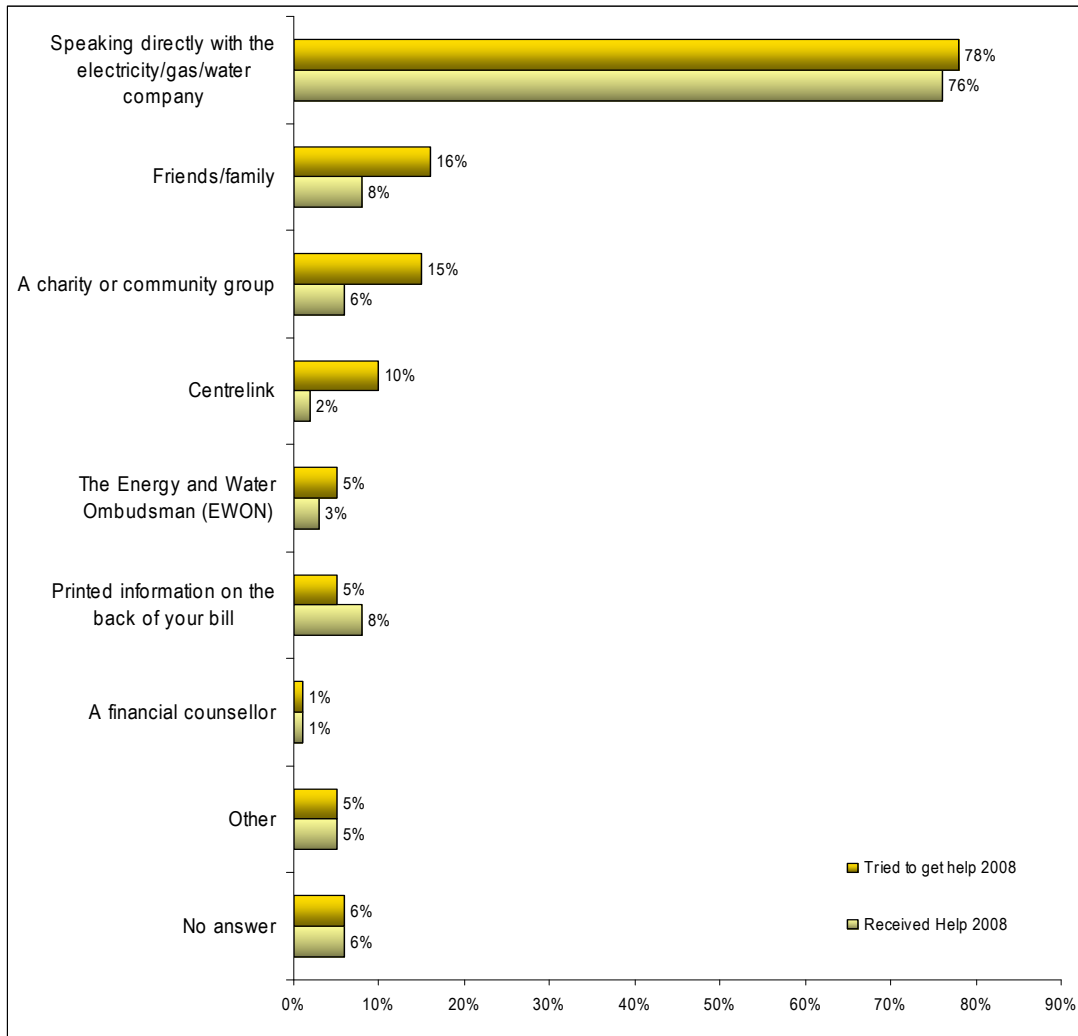
- not thinking that the utility retailer would have any sympathy or be willing to help
- wanting to sort out other finances first before paying
- having other financial commitments that were more important
- not knowing what to do
- not wanting anyone to know about it.

This last reason, not wanting anyone to know about it, is consistent with the cases studies, where people simply did not want to tell other people because they felt humiliated, which often compounded their feelings of isolation.

### 6.2.3 Sources of information and assistance

A range of services exist to support people who face financial hardship and cannot pay their utility bills. A series of questions were asked of respondents in order to gain a better picture of which services are most commonly approached and of those services, which ones are the most helpful. Figure 25 compares the sources attempted by respondents with the sources that were most effective in providing the information needed to get reconnected. All data in Figure 25 is from the 2008 survey.

Figure 25 – 2008 Comparison of attempts and success in finding information and assistance at various sources (Survey questions 15 and 18)



Source: 2008 Survey data, N=172, Multiple response question.

In terms of those sources of assistance that were approached, the overwhelming majority of respondents reported trying to speak directly with the utility retailer (78%), as shown in Figure 25. Almost an equal proportion of respondents managed to receive the information they needed from this source, (76%), which means that almost all persons seeking assistance from utility retailers were able to receive the relevant information or assistance required to get reconnected. Respondents with employment-related income were significantly more likely to approach the utility retailer directly.

The next most common avenue of help and information sought was from family or friends (16%) followed by a charity or community group (15%), however these sources were not as effective in providing the information and assistance needed to get reconnected. It is interesting to compare the most common forms of assistance sought in 2008 with those that were sought in 2004. A much higher proportion of respondents in 2004 sought help from their friends/or family (36%) and from a charity or community group (33%). In 2008, Centrelink recipients and people living in public housing were more likely to approach a charity for assistance. The changing profile of respondents may account for why, overall, people are less likely to seek support from these sources in 2008. The results are consistent with the general theme of consumers being embarrassed about not being able to manage their finances.

It is worth noting that the information printed on the back of the bill was useful for 8% of people, which is more than the proportion of people who actually sought information in that way (5%).

Although around one in ten people contacted Centrelink for assistance, this was not a useful source of information or assistance. Surprisingly few people made contact with EWON to ask for help in getting reconnected (5%). Overall the most frequently contacted and the most effective source of information was the utility retailers themselves, confirming the importance of continuing to focus on the customer service and assistance provided through this avenue.

### 6.3 Financing reconnection

People find various ways to get reconnected. Respondents were asked to indicate what activities they undertook to finance reconnection. Borrowing money from friends and family is the most common way for people to finance reconnection as shown in Figure 26. This result suggests that the responses presented above in Figure 25 are misleading. The utility retailer may be the most effective source of information, but friends and family remain the most common source of financial assistance. Despite friends and family being a popular way for people to finance reconnection (41%), the proportion of people seeking help in this way has decreased significantly since 2004 when it was relied on by 52% of respondents.

The next most common way for people to finance reconnection was to delay other payments (38%) and arrange a payment plan with the utility retailer (22%). The proportion of people organising a payment plan with the utility retailer to get reconnected is about the same as it was in 2004. As mentioned earlier, people are likely to agree to any amount for a payment plan to prevent disconnection or get reconnected, even when the payment plans are not affordable.

Significantly less people reported cutting down on food and other groceries in order to get the money needed for reconnection, down from 33% in 2004 to 22% in 2008. Similarly, a smaller proportion of people reported getting a voucher from a community or charity organisation, down from 26% in 2004 to 9% in 2008.

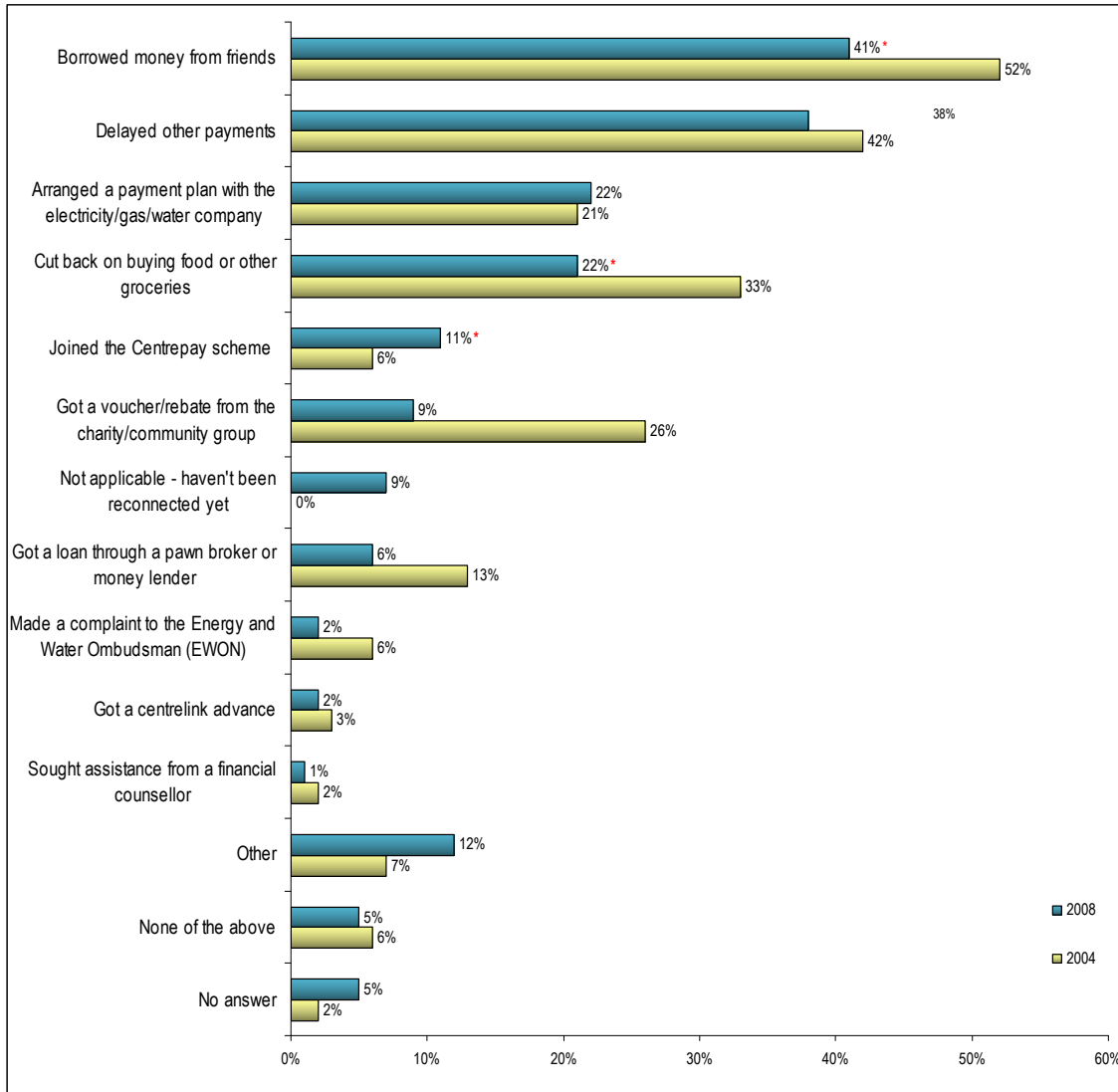
The case studies reveal a whole range of scenarios that people face in trying to get reconnected. In one instance a single mother of five children used a small quantity of energy and water vouchers and sold her washing machine and television in order to get reconnected. Now she has no television for her five children and washes most of their clothes in the bath.

Smaller proportions of respondents found other means to get reconnected:

- joined the Centrepay scheme (11%)
- got a loan from a pawn broker (6%)
- made a complaint to EWON (2%)
- got a Centrelink advance (2%)
- asked a financial counsellor to negotiate on their behalf (1%).

As this is a multiple response question the percentages total 171%, it is likely that most people used a combination of these activities to get reconnected rather than using only one source.

Figure 26 – Actions taken by survey respondents in order to get reconnected (Survey question 19)



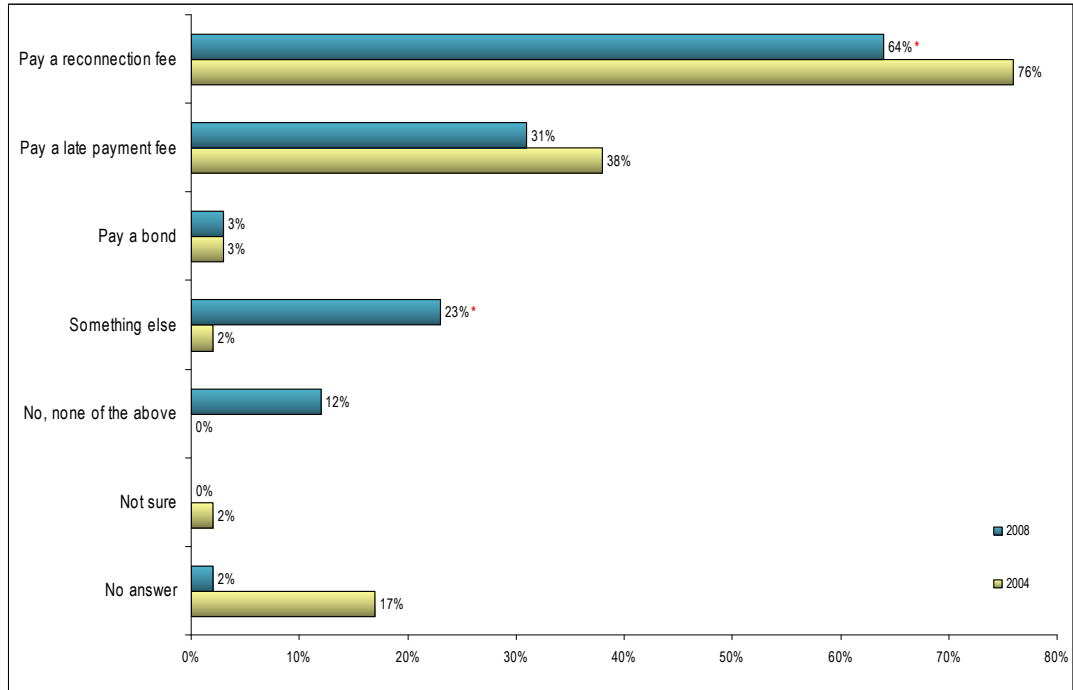
Source: 2008 Survey data, N=172; 2004 Survey data N = 447; Multiple response question.

### 6.3.1 Additional fees for reconnection

It is common for consumers to pay a fee in addition to their outstanding bill before they are reconnected. Respondents were asked about the types of fees they were required to pay. Figure 27 reveals that the majority of respondents were asked to pay a reconnection fee (64%), although this is significantly less than in 2004 when it was 76%. Interestingly, people with employment-related income were more likely to be required to pay a reconnection fee, suggesting that the fee is often waived for people receiving Centrelink income. One in three respondents were required to pay a late-payment fee (31%), and 3% paid a bond.

Around one in four respondents indicated that they paid 'something else' (23%). When asked to identify what that 'something else' was, most respondents simply said the 'whole bill' or 'part of the bill', which is not an additional fee. Other responses included an 'after hours fee' or a 'late night connection fee'.

Figure 27 – Type of fees paid in order to be reconnected (Survey question 14)



Source: 2008 survey data, N=172; \*Single response question.

## 7 Case studies

### 7.1 Overview of case studies

To complement the survey results, case studies were compiled to provide a more detailed understanding of the reasons people get disconnected, the impacts of living without utilities and the common barriers preventing people accessing support services. In-depth interviews were conducted with nine consumers who had recently experienced disconnection. It is important to note that case study participants were provided by community organisations and are therefore not typical of survey respondents.

The case studies provide depth to the research project and insights into the everyday challenges faced by people who are disconnected. Generally, these case-studies are not typical of the survey respondents as most were disconnected for longer than twenty-four hours meaning that they experienced some of the more serious impacts of being without electricity, gas, and/or water. These consumers were disconnected for a whole range of reasons. All of the participants were experiencing financial pressure leading up to disconnection and many simply argue that they do not earn enough from employment or Centrelink to cover their weekly expenses. The impact of disconnection on children in the house is very stressful for parents, who tend to feel that they have failed to provide their children with the most basic care.

Stakeholder interviews were conducted to inform the study of the reasons people get disconnected. As one informant explained, *'it is very common for people who get disconnected to lack the life skills that they need to manage their finances and make ends meet'*. With low budgets and a range of financial pressures, these life skills are tested. The experience of balancing these challenges is made more difficult by the presence of mental illness among some people who experience disconnection, and the number of people with a physical and/or intellectual disability. A large number of the consumers interviewed for the case studies were receiving a Disability Support Pension for themselves, or had children with a disability or an illness. Providing the medication necessary to treat their children added another financial burden.

Most of the case-study participants were extremely embarrassed about being disconnected and many did not tell their friends and family. It was common for them to have cold showers, and buy take away food as most of the time their fresh food would go off very shortly after being disconnected. One participant sold her washing machine and her television in order to source the money necessary to get reconnected.

The importance of social networks and clear places of contact emerges very strongly in the case studies. People with supportive family and friends are often able to mitigate their circumstances fairly well, escaping the most negative impacts of disconnection. For others who are sole parents, or who have recently immigrated to Australia, the experience of being disconnected is more confronting and often very frightening. Community organisations and local faith-based groups play a critical role in supporting people during these times, but often people are only connected to these avenues of support through accident. In one instance a single mother who was still disconnected at the time of the interview had only begun to receive help because she took her child to weekly activities at church. As with many other participants, the main barrier now preventing her from making contact with available help and assistance was a lack of access to a phone.

As community groups are the means by which the case-study participants were contacted, the experience of those who have not made contact with these services remains largely hidden. In small rural and remote towns, the two case-study participants were even less likely to seek help through community organisations and would go to extreme lengths to avoid the public shame of having to make contact with these kinds of services.

Energy bills were fairly high for many of the consumers interviewed, confirming that there is value in developing services that assist low-income consumers to increase their energy efficiency. Often this would require a home visit and some guidance about how to minimise energy use, where to access affordable and energy-efficient appliances and light bulbs, and other simple measure to reduce their bills.



While it is clear that many utility retailers have gone to great lengths in helping to prevent some people being disconnected, overall most consumers felt that there was not enough contact or warning before they were disconnected. There remain anecdotal reports of consumers being disconnected on a Friday, despite most utility retailers moving away from this practice. Other consumers, particularly those from a non-English speaking background, are not well versed in how to negotiate with utility retailers or how to interpret energy bills. It is fairly common for small misunderstandings about the bill to lead to disconnection through poor communication between the utility retailers and consumers.

## Case Study 1

### Background

Sally<sup>22</sup> is a single mother with a two-year-old son living in public housing in outer Sydney. At the time Sally was interviewed, she had been without electricity for around a month and has not yet been reconnected.

### Immediate causes of disconnection

Sally received an extension of two weeks for her electricity bill and was gradually paying it off when she received a second bill. The cost of paying both bills at the same time was very difficult for her to meet. She received a two-week extension on her second bill but it wasn't enough as she was finding it very hard to find the money to make the repayments. Two late notices were sent to the house, but Sally still couldn't afford the amount that she had to pay.

### Discovering the disconnection

*'I was so shocked I was in tears when I realised the electricity wasn't working'.*

When she discovered the disconnection, the thing that upset Sally the most was not knowing how she would care for her two-year-old son in the house, as she needs electricity to heat up his food and wash him properly.

Before Sally's electricity can be reconnected, her electricity provider requires her to pay the full amount owing on both bills (approximately \$595), as well as a late fee and a reconnection fee.

### Financial circumstances

Centrelink is Sally's main source of income; she receives between \$200-\$221 a week. Sally doesn't receive any financial support from her former partner (the father of her two-year-old son). At the time she ran into debt, she was not aware of Centrepay. Now she would like to set up an automatic payment for her electricity bills through Centrepay so that she can get re-connected. She has started having amounts deducted for her gas bill but after she pays rent and buys nappies for the fortnight *'there is only a little bit left to live on'*. Sally's son suffers from asthma, which creates an additional cost of around \$30-\$40 each month. With her son to care for, Sally has trouble gaining employment.

### Initial response

*'I was so embarrassed I felt I couldn't tell anyone about being disconnected'.*

For the first week Sally told no one about being disconnected. Eventually she told her mother, who lives about 30 minutes away by public transport. Her mother was very shocked when she first found out, but has apparently been helpful since then. Sally also told some of her friends, but they 'have their

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<sup>22</sup> Names have been changed to protect participants' privacy.

own problems' so they can't really help her out. At first Sally tried to keep the disconnection a secret from her son's father, but he found out one day when he came to visit. He was very surprised, because he *'didn't know the company could disconnect someone when there were young children living in the house'*.

## Impacts

Sally describes feeling isolated. *'Not being able to watch television is pretty lonely.'* Just before she was disconnected, she had bought a large amount of food. The food in the fridge went off pretty quickly, and she was particularly disappointed about wasting the meat in the freezer. Sally has been buying fresh food each day, which is more expensive than shopping in bulk.

## Coping mechanisms

Most of the time, Sally uses her gas stove to cook their food. Her cousin and aunt live nearby, and she has been travelling there with her two-year-old son for some dinners and showers. Sally doesn't want to move in with the father of her son, which she says *'isn't an option'*, as she doesn't see him very often.

## Getting help

One of the ways Sally has contact with other people is through taking her son to weekly activities at church. The day before the interview she mentioned her situation to someone who worked at the church and he gave her a list of services that may be able to help, encouraging her to call one of them.

The main thing stopping Sally calling one of these agencies is that she only has a mobile phone and it has no credit meaning she can't make out-going calls. Without electricity she can't charge the mobile phone either, which means that other people can't contact her very easily. Sally said that she might go back to the man who helped at the church and ask him if she could use his phone. She is also worried because she has heard that people have to have an appointment to see someone and she believes they won't have time to see her.

## Concluding remarks

Sally describes being disconnected as horrible. While the experience wasn't over at the time of the interview, she never wants to go through it again.

*'You should do whatever you can not to get disconnected, go on a payment plan or do something'*. Once she is reconnected she says she won't let it happen again.

## Case study 2

### Background

Karinya is a single mother living in public housing on the outskirts of Sydney with her five children, aged six, nine, ten, sixteen and eighteen years old. Karinya's husband left the family some time ago after a lengthy court case in the Family Court over their finances. One of her children has a severe disability and requires regular hospital treatment.

At the time of disconnection, Karinya's gas and electricity were supplied by the same provider. In February this year, she was disconnected from both these utilities for around two months.

### Immediate causes of disconnection

Prior to disconnection, Karinya received one warning from the utility retailer and then a man came around to the house with a slip of paper and put it under the door. She had an existing arrangement with Centrepay for \$30 to be deducted from her Centrelink payments towards her electricity bill and \$30 towards her gas bill.

Centrelink stopped paying Karinya money after her husband took her to Court and made a financial claim against her. His claim was successful and the Court ordered her to pay him \$10,000, on the basis that he would assist in caring for the children. After the case was over, her husband left and she has not seen him since. As her Centrelink payments suddenly stopped, so did the Centrepay payments to her utility bills. After contacting the utility retailer, she was allowed a one-week extension on her bill and when she couldn't pay, a man from the utility company soon came to the house and disconnected both the gas and the electricity. This was the first time Karinya had ever been disconnected. She owed \$348 on her bill.

### Financial circumstances

At the time of disconnection, Karinya had no income from any source, although she was caring for five children. She was not able to work because of having to look after her children and it *'is a full-time job caring for all of them'*. As her Centrelink allowance had been cut off, she was facing very difficult times.

In addition to the regular cost of living, Karinya needs to find money to pay for medical expenses for her ten-year-old son who was born with a disorder that requires him to have an operation every couple of years to reconstruct his feet. Each time he has this operation he needs to be cared for and rehabilitated while he is in a wheelchair for many months.

As a result of events that occurred during the Court case, Karinya believes she will never be entitled to any Centrelink benefits again regardless of her circumstances and the health of her children.

### Discovering the disconnection and initial response

Karinya was at home when a man from the utility company came around and disconnected the electricity and gas and put locks on the box so that she couldn't access it, leaving her *'absolutely floored'* and in shock. It was the first time she had been late with a payment. Karinya simply did not know what to do and had no idea how she was going to get the money to feed and support her children.

Karinya will never forget the time of year that she was disconnected, as she was without electricity for her daughter's eighteenth birthday. This was the *'worst feeling a mother can ever have'*.

## Impacts

Around four to five weeks after Karinya was disconnected, things began to get more serious. The Department of Community Services (DoCS) came to Karinya's house and removed her three youngest children from her care. Karinya believes her children were removed because she did not have electricity connected to the house, and because she couldn't cook or take care of them. Having the electricity disconnected was more difficult than not having access to gas. Karinya had never had any contact with DoCS before, but they just *'arrived at 8.00 am one morning and carried her children out of their beds while they were sleeping'*.

One of Karinya's girlfriends volunteered to care for the children. After DoCS agreed, the three children went to live with her for the next six months. Karinya was not allowed to visit the children unless she was supervised by DoCS. Karinya describes this as the loneliest and saddest time in her life:

*'Not only was I not allowed to see my kids, I couldn't see my closest friend anymore either.'*

## Coping

Karinya's experience of disconnection is closely intertwined with the experience of losing her children, which was extremely traumatic. Karinya has access to very few support networks and is not in touch with her family. She hasn't seen her mother since she left home when she was eleven years old, when she was pregnant with her first child.

## Getting help

In Karinya's mind, the first step towards having her children home again was to get the electricity reconnected. This took some time. Karinya tried many sources to get enough money to pay her bill. All her friends were *'in the same boat and had next to no money'*. Karinya eventually got her electricity reconnected by getting some energy vouchers and selling some of her belongings. When the man from the utility company came to the house to disconnect her power supply, he told her that there *'were plenty of charities out there who could help to get vouchers'*.

The main problem Karinya encountered was that *'no charity could pay the whole bill'*. She went to St Vincent de Paul, Barnardos, the Salvation Army, and even approached the Hillsong Church, *'which was the most embarrassing moment in my life'*.

St Vincent de Paul gave her \$90 worth of energy vouchers. She then sold the television and the washing machine to come up with the rest of the money. As she says, *'the killer is I had to pay a \$75 disconnection fee and a \$75 reconnection fee, and they won't let you get reconnected until you pay the whole amount'*. Now she has to pay money to the person next door to use their washing machine for big things and she washes the rest of the clothes in the bath. After she managed to pay the bill, a friend from church recommended that she contact EWON to ask for assistance. As she had already paid the bill, EWON said that there was *'little they could do to help her'*.

Karinya was eventually allowed to have her children back in her care in August this year. She believes she never would have been able to have them back if it wasn't for the help of *'one brilliant person'* at the Department of Housing. *'They're the reason I got my kids back'*, she says. While Karinya was without Centrelink income and trying to find employment, the Department of Housing calculated how much she was able to afford and took her rent down to \$3.75 each week for a period of six months. Karinya believes the Department of Housing showed her support because she was a long-term tenant and they understood why she was facing very hard times.

*'If it wasn't for them I would have lost these kids permanently over a stupid bill. Things you don't think of – having no electricity or gas with children, I didn't know that if my electricity was cut off I would lose my kids.'*

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## Final comments

Nine months on from the initial experience of disconnection, Karinya now works six days a week to provide for her children. After paying her previous bill, she moved to another electricity and gas company that is a *'lot better'*. It remains an enormous challenge for her to care for her five children and work full-time, and Karinya is not sure what will happen next time her ten-year-old son needs to have an operation and how she will care for him while maintaining her employment. Karinya is adamant that she will never allow anyone to take her children away from her again and that if she ever confronts similar circumstances, she will sell everything she owns to pay her electricity bill.

## Case study 3

### Background

Jacinta lives with her husband and two children aged seven and nine years old in a small town in NSW with a population of around 12-13,000 people. They own their own house and are paying off their mortgage. Jacinta cares for her elderly parents who live nearby. Around five weeks before the interview, Jacinta had been disconnected from electricity on a Friday morning but had managed to get reconnected again within the same day.

### Immediate causes of disconnection

At the time Jacinta was disconnected she was *'going through a rough time with her husband'*. Their bills were piling up and they couldn't find the money to pay them. Jacinta's electricity bill was around \$470. Although she was on a payment plan with the electricity retailer, requiring her to pay around \$100 per week, she wasn't able to stick to it. Jacinta missed three payments in total, at different points in time (not in a row). The first time she couldn't pay because she was in hospital sick and the second time she didn't have the money. She contacted her electricity provider both times to explain what had happened. The first time they said that she would have to pay a little extra to catch up. The second time they called her and gave her a warning about possibly being disconnected. Jacinta says the man she spoke to was nice enough and explained that she now needed to pay \$150 each week. Jacinta made the first payment and then couldn't afford to make the second payment and forgot to ring them, resulting in the disconnection. She was due to get paid the following Monday and was waiting until after the weekend to pay the bill on pay day.

### Financial circumstances

Although both Jacinta and her husband are employed, they struggle financially. Jacinta's husband earns around \$700 a week and pays \$270 each week to their mortgage. Jacinta has a casual job that doesn't bring in much money. She also receives a Parenting Allowance from Centrelink. Although Jacinta also cares for her own parents who live nearby, she is not eligible for a Carer's Allowance as she does not see them every day. Her mother has recently been diagnosed with cancer and her parents are in a similar situation to her; money is very tightly budgeted. Jacinta finds it hard because she doesn't have enough money to care for herself and her children and feels very dependent on her husband.

### Discovering the disconnection

On the day of disconnection, Jacinta had been at a football carnival all morning and came home to discover a note under the door and a sticker on the electricity box. Jacinta panicked because she had been arguing with her husband recently and was fearful about what he would do if he found out. Jacinta tried to call the electricity company straight away but the cordless phone wasn't working because it doesn't work without power. While her husband and children were still out Jacinta went to a friend's place and borrowed her phone to call the utility retailer. She spoke to a woman who insisted the whole bill must be paid in order to get reconnected.

Jacinta borrowed the money from her friend and managed to get to the Post Office seven minutes before closing time at 4pm on the Friday afternoon. She was reconnected within forty minutes of paying the bill. Jacinta also had to borrow an additional \$70 from her friend to pay the reconnection fee.

## Initial response

Jacinta *'burst into tears'* when she discovered their power had been cut off. No-one had called her to warn her that they were about to disconnect the electricity. She describes feeling hopeless and not knowing what to do, especially because the phone wasn't working. Her priority was not to let the kids see that they had been disconnected and to solve the problem before her husband found out, as he often gets angry with her. Jacinta told her mum and her friend that they were disconnected, but has never told her husband.

## Impacts

While Jacinta was disconnected for less than twenty-four hours she describes the experience as very frightening. Jacinta's eldest child has Attention Deficit Disorder (ADD) and is on medication to assist him to manage his behaviour. He also suffers from migraines and when his temperature is too high he has fever convulsions and needs to have an ambulance arrive quickly. Jacinta was unsettled by the phone not working while they were disconnected, and also because they had been disconnected on a Friday. She worries that if she had come home later in the day *'they would have been without power for the whole weekend'*.

## Coping and getting help

Without the generosity and support of her friend, Jacinta does not know what she would have done that afternoon. Although she is aware that energy and water vouchers can be used to help people in her situation, she would feel humiliated if she ever had to go and apply for them because she knows all the people working at the community centres in her town and doesn't believe they would keep her circumstances confidential.

*'Everyone knows everyone in my town, so I could never bring myself to go to Vinnie's to get vouchers, someone might see me going there and they would talk.'*

Even if Jacinta was able to access the vouchers over the phone, she says she would still feel humiliated having to use them at the local post office where everyone knows her family. She knows one lady in the town who regularly uses energy vouchers, but *'other people don't seem to phase her and she isn't ashamed'*.

## Final comments

Recently when Jacinta had trouble finding money for a more recent electricity bill she called the utility retailer and organised a payment plan of around \$70 per week, which she feels is affordable for the time being. She spoke to someone more senior in the company this time who was more helpful. The worst thing about being disconnected for Jacinta was the embarrassment and the panic she felt about where to get the money from so quickly. When asked if she would do anything differently next time if she was to face the same set of circumstances, Jacinta says she doesn't know what she would do:

*'There's not much you can do – just hope that you find someone to help you.'*

## Case study 4

### Background

Zoe lives in private rental accommodation with her partner and four children, aged between six months and ten years old. Two of her children have a disability. They have been disconnected from electricity three times.

### Immediate causes and history of disconnection

The first time Zoe's family were disconnected they were participating in a Community Assistance Program with their utility retailer, which included a payment plan. Their bill was extremely high at the time, almost \$2000, which Zoe believes is because there is something wrong with their fridge. Their family bill is often \$1000 each quarter. Zoe has asked someone from EWON to assist her by contacting the electricity retailer. She was told by the electricity retailer that a service person would come and audit the house, but this has not eventuated.

At the time of disconnection, Zoe had organised for a Centrepay arrangement to be set up, however Centrelink deducted the amount from the wrong payment and twice her payments did not process correctly. She was allowed three chances with her bill. Zoe was very annoyed about the mistake as she says *'they blew two of those chances by taking it out of the wrong payment'*. The third time, Zoe wasn't able to pay. The community organisations had been very helpful according to Zoe, but it was a lot of hassle to develop a budget and set up the payment plan through Centrepay, only not to be able to pay in the end.

The second time Zoe was disconnected, she had an agreement in place to pay \$100 each fortnight. She says she found it very hard to stick to this agreement because there were other bills to pay and her husband was having trouble finding work at the time.

The third time Zoe was disconnected, she thought she had paid the total bill, however there was still \$20 remaining. She was disconnected while she had \$20 outstanding. Without any warning or contact from the utility retailer, one day a man came to the door and said he was there to disconnect the electricity. She asked him to wait while she called the utility retailer to ask what was happening, but he would not wait. The most recent time she was disconnected, she was without power for a day before she was able to get reconnected.

### Financial circumstances

With six people living in the house money is stretched. Zoe receives Newstart Allowance and a Parenting Payment. She finds it hard to work while she has a six month old baby. Two of her other children have disabilities and require special care. Zoe's husband is self-employed and often has difficulty finding regular work. A lot of the time, Zoe is left with about \$150 each week to feed everyone, including their four children.

### Discovering the disconnection and initial response

Each time Zoe has realised that they have been disconnected she has been very upset, made worse by having very limited contact with the utility retailer before disconnection.

*'I don't understand why the man who came around last time couldn't wait until I called the company so I didn't have to pay the reconnection fee. It turned out I only owed \$20 which I could pay right away'.*

As soon as she was disconnected, their home phone stopped working because it was a cordless phone, which means that *'everything becomes more difficult if you aren't able to contact anyone and you have young kids'*.



## Coping and getting help

Various sources of assistance have been helpful to Zoe in the past. She has only ever been disconnected for short periods of time and she has friends and family nearby who can help out. Once she managed to get \$180 worth of energy vouchers, although this only goes a small way to paying her electricity bills, usually around \$1000. When she tried to switch electricity companies, however they wouldn't let her because she had an outstanding amount with the previous company. Zoe is still waiting for someone to come and audit their house, which is old and run down. She believes that their old appliances are costing them extra money but doesn't know how to go about getting new ones.

## Final comments

*'They're not the only bills you have to pay, if only they were more considerate and polite about what other bills you have.'* *'If they can see that you have kids in the house, they shouldn't be able to disconnect you.'* Zoe needs electricity to sterilise things for the baby, wash him properly and heat up the food.

## Case study 5

### Background

Lali is a young single woman living in suburban Sydney. For the last year or so her father has lived with her because she has poor health and needs support. Lali's electricity was disconnected last year for around three days.

### Immediate causes and history of disconnection

Lali was on a payment plan whereby her electricity payments were paid directly from her Centrelink income under the Centrepay scheme. Prior to being disconnected, Lali was in credit with her payments and she requested Centrelink stop the Centrepay payments until her credit was used up so that she had some extra money. Centrepay was not restarted however, and she was soon in debt to her electricity retailer. She only realised her error once she had been disconnected, after calling the retailer and then Centrelink.

### Financial circumstances

Lali was unemployed at the time of disconnection, and still is. She has been receiving Newstart Allowance from Centrelink for some time now.

### Discovering the disconnection and initial response

Lali was at home with her father when her electricity was 'cut' by a worker from her electricity company. He did not warn her before turning off the electricity. Lali found him outside and he then explained that he had received instructions to disconnect her electricity. Lali was '*very angry, upset and shocked*'. Because she hadn't heard from the electricity retailer, she couldn't understand what had gone wrong and had forgotten that her Centrepay arrangements had stopped.

### Impacts and coping

Whilst disconnected, Lali and her father were able to go over to a neighbour's and use their fridge and television. Lali said that she wasn't necessarily emotionally upset, just frustrated that she had to rely on others for help.

### Getting Help

Once Lali realised that her Centrepay payments were still cancelled, she visited Centrelink to discuss why they hadn't been restarted. As she did not have the means to pay the outstanding amount, Centrelink told her about energy and water vouchers that she could get from the Salvation Army and the Hillsong Church nearby. Lali used these vouchers along with money borrowed by her father to pay her outstanding bill.

### Final comments

Lali feels that the utility retailer should send mandatory monthly statements rather than quarterly statements to ensure that customers are aware of outstanding amounts.

## Case study 6

### Background

Cathy is a single mother raising a daughter, now six years of age. She lives in a regional city and rents her mother's home (whilst her mother lives with her Grandmother nearby). Her electricity was disconnected four months ago for approximately ten days.

### Immediate causes and history of disconnection

Cathy rang her electricity retailer to query a current bill of \$600. In accessing her records, the electricity retailer informed Cathy that she still owed \$400 from four years ago (the \$400 was an electricity bill generated by her father after Cathy had moved out of the premises). The total amount owing was now \$1000.

Cathy had evidence that the \$400 bill had been paid by her parents four years ago, but despite faxing in the necessary information and talking with the electricity retailer on a number of occasions, the issue was not resolved. She was given the 'run around' for several weeks leading up to the disconnection.

Usually, Cathy's mother would assist her in paying her bills, however, this time her mother could not help and the electricity was subsequently disconnected.

### Financial circumstances

Cathy receives a Parenting Payment from Centrelink because she is a single mum and does not work. She has had difficulty paying her bills in the past, so her mother usually pays the bills for her on her credit card and then Cathy pays her back in increments. It is often the case that Cathy doesn't open the bills – she just gives them to her mother.

Cathy has other ongoing debts and bills such as a bank loan, rent, food, and general outgoing costs for her daughter. During this time, Cathy's dog had been found by the pound and she needed to pay \$500 in full so the dog could come home.

### Discovering the disconnection and initial response

Cathy came home with her daughter one evening to find that she had no electricity. Cathy usually enters her home via the garage, and the garage door would not open. She realised that the electricity had been shut off. Her daughter handed Cathy the mail, in which there was a disconnection notice.

There was no suggestion from the electricity retailer to go onto a payment plan in the lead up to the disconnection.

Cathy had not seen any warning notices and didn't realise that she was close to being disconnected. *'The first thing I felt was anger, I didn't know that I was going to be disconnected.'* Cathy had thought everything was resolved because she could prove that the \$400 had been paid.

### Impacts and coping

As a result of the disconnection, Cathy lost two weeks worth of food which she had bought the previous day. Her mother was away, and Cathy had no access to her mother's house to stay there. Her partner was living with his mother at the time and Cathy didn't feel comfortable staying at their house. She was also too embarrassed to call her friends for help at the time. For the first two nights of the disconnection, Cathy and her six-year-old daughter stayed at home in the dark and used torches to get around.

In the first few days they had to have cold showers and buy take-away food for dinner, which is more expensive than to cooking at home. Her daughter had to buy lunch from the school canteen.

Cathy felt so guilty for *'putting her daughter'* through an ordeal such as this. *'If it was just me I wouldn't mind so much, but she's only six...'*

After two days, Cathy was able to stay at her mother's home, and remained there for the next week until the electricity was reconnected to her home.

## Getting Help

First, Cathy went to her local Anglicare centre and explained the situation. The Anglicare volunteer contacted the electricity retailer on Cathy's behalf to work out how much was still outstanding. The retailer asked Anglicare to fax through the proof of payment of the \$400 again as they had no record. As it was the end of the business day, Cathy was asked to return the next day to continue the process and to organise a payment plan. By this point Cathy was too frustrated and abandoned the idea of getting help in this way.

Finally, Cathy approached her friend who asked her own father to help Cathy out. Cathy ended up borrowing money from her friend's father, who paid the bill on his credit card. Cathy has arranged to repay this money over a period of 18 months, and believes she will end up repaying \$1500 due to the credit card interest incurred.

## Final comments

Cathy was aware that she could get energy and water vouchers and had received them before. She had never heard of EWON.

## Case study 7

### Background

Joel lives alone in metropolitan Sydney in public housing. His electricity was cut off by the retailer after he returned from a four week overseas trip. He went without electricity for about four weeks until he was reconnected.

### Immediate causes and history of disconnection

Before his overseas trip, Joel received a letter from the electricity retailer indicating that he needed to update his Disability Support Pension details for entitlement to a concession (pensioner rebate). They requested that he respond by telephone to update his details. Joel ignored the letter because his details had not changed and he didn't think it was necessary to contact the company.

At the time, Joel also had an outstanding amount owing to the electricity retailer (which he received notification of once he returned from overseas).

Joel believes that both factors led to him being disconnected, and that he may have been sent written warning whilst overseas.

### Financial circumstances

Joel is unemployed and has received a Disability Support Pension from Centrelink for the past ten years. At the time of disconnection, he was struggling to pay a range of other bills.

### Discovering the disconnection and initial response

When Joel returned home from his trip the lights wouldn't turn on. He was confused and pretty shocked when he realised the electricity wasn't working. Joel has an episodic mental illness. *'I was very anxious and didn't handle it well.'* Joel was scared to approach the retailer as he didn't have any money to pay the bill and felt worried that his financial situation would get worse.

### Impacts and coping

At first, Joel simply tried to live without electricity. He went to stay with his parents on a few occasions during this time (sometimes he would stay there for up to four days), but his parents live quite a long way out of Sydney.

### Getting Help

After about four weeks, Joel went to speak with someone at the electricity retailer about the disconnection but couldn't resolve the situation. After his second attempt he sought legal advice and he was given the contact details of EWON. EWON was extremely helpful. They opened a file for him and set up a payment plan with the electricity retailer on his behalf. EWON corresponded regularly with Joel to make sure he was making payments.

*'At this stage I started to feel like I was back on track.'*

If it wasn't for EWON Joel is adamant that he wouldn't have been able to get reconnected as swiftly as he did, and he might not have been reconnected at all.

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## Final comments

Joel feels that he could have received more notification from the electricity retailer. The letter sent requesting updated disability pension details should have clearly notified him of the fact that his electricity would be cut off if he did not respond. He feels they also could have contacted him by phone and advised him of the steps involved to get reconnected, or at least sent a letter advising him of what had been done and when he was going to get reconnected (his lights just *'turned on one day, I had no idea when it was going to happen'*.)

## Case study 8

### Background

Sia is young woman living in a regional town in NSW. She lives alone in public housing. About six weeks ago, her electricity was disconnected for three days. Before that her gas was cut off for around two months and she has only recently had it reconnected.

Currently, Sia knows that she is about to be disconnected from electricity again as she has been unable to pay her bill.

### Immediate causes and history of disconnection

Sia generally finds it difficult to *'keep her head above water'* with her finances. In the lead up to the disconnections, she had allowed some friends and her partner to stay with her. When they all moved out they didn't leave her any money for rent or utility bills, which were in her name.

Sia was disconnected from gas because she owed \$1000 and although they gave her a partial discount she was not able to pay. She didn't contact the electricity retailer to explain and she was disconnected shortly afterwards. A similar situation developed with her electricity bill. A payment plan was in place but Sia defaulted three times on the plan. As a result, Sia was told that she was no longer eligible to go on a payment plan with her existing electricity retailer. She was given an extension to pay the bill but she no access to finances to pay the full bill, resulting in the disconnection.

### Financial circumstances

Prior to the disconnections, Sia's financial situation had deteriorated to the point that she declared herself bankrupt. Her main source of income is a Disability Support Pension and she can work only small amounts to supplement her benefit. Sia was struggling to pay all of her household bills including her loan repayments and her rent. Her flat mates left her with a rent backlog of \$4000 for which she is being held accountable as the lease is in her name.

Sia is not close to her family and would never ask them for financial assistance. She will not borrow money from friends.

As a result of struggling to keep her gas and electricity connected, Sia has gone without shopping for food for four weeks and has been unable to afford her diabetes medication for the past two weeks. She is physically and emotionally fragile as a result and now faces a Court case in relation to her lease.

Sia's friend once took her to a local Anglicare centre to see if there was any way in which they could help her with her finances. This was a very uncomfortable experience, even though Anglicare gave her some energy and water vouchers. The vouchers did not cover her whole utility bill but she was told she wasn't eligible for any more vouchers for another twelve months, from Anglicare or any other community centre.

### Discovering the disconnection and initial response

On both occasions Sia knew that a disconnection would occur and was not surprised to come home to find her gas or electricity no longer available.

*'I was pretty angry that they snuck the note in the letter box and didn't even come to the door.'*

## Impacts and coping

Each disconnection has occurred at different times rather than concurrently. When Sia had no gas to cook with, she could heat up food in the microwave. When she had no electricity, she could use her gas stove.

Rather than go to a friend's place for a hot shower, Sia had cold showers for two months while she had no gas. She was too embarrassed to tell her friends what had happened.

For the three days while she had no electricity she would spend the time in local shopping centres to pass the time away from darkness, or would visit a friend in the evenings.

## Getting Help

The experience of being disconnected from gas was very different to being cut off from electricity. On phoning the gas retailer about getting her gas reconnected, Sia spoke with an employee who was very understanding and genuinely wanted to help. This employee organised a payment plan for Sia, which she has managed to adhere to thus far.

On phoning her electricity retailer to discuss her difficulty in paying the bill, Sia was told that they would not put her on a payment plan due to her defaulting on one previously.

Sia ended up paying the full \$200 for the electricity in order to get re-connected. In order to do this, Sia defaulted on another rent payment and is now in further arrears.

## Final comments

Sia has been extremely stressed in the past couple of months to the point where she can *'no longer talk to her electricity provider'*. Sia's case worker (for her Disability Support Pension) is now calling the electricity retailer on Sia's behalf to try to get Sia back on a payment plan.



## Case study 9

### Background

Ian is in his 50s and originally from Eastern Europe. He has been living in Australia for a few years now. Ian has no close friends or family in Australia and lives alone in a flat, which he rents privately in central Sydney. Ian was not actually disconnected from electricity, although he has come very close on a number of occasions.

### Financial circumstances

Ian has found it very difficult to adjust to the cost of living in Sydney. He is on a Disability Support Pension and works as much as he can to supplement the benefit. Currently, more than half of Ian's income is spent on rent. He is having difficulty paying his bills and buying food.

### Getting Help

Ian was given a five-week extension on his electricity bill. The electricity provider also discussed with him the option of going on a payment plan. Ian decided that he would try to find the full amount first before going onto a payment plan.

Out of desperation and because he had nowhere else to go Ian walked into a local Anglicare centre. He didn't go there specifically about his electricity bill. He was hoping to find help to deal with a whole range of pressures he was facing.

Anglicare gave Ian enough energy and water vouchers to pay most of his electricity bill. Ian managed to pay the remaining portion of the bill and his electricity remained connected.

Whilst Ian received help for his bills on that occasion, he knows that further struggle awaits him not only with utility bills, but also with rent and food. He is not optimistic about his future in Australia.

# Appendix A Survey Instrument

## Getting disconnected

Answer questions by placing a circle around the number next to your answer.

- 1 How many times have you been disconnected from electricity or gas, or had your water restricted, for non-payment in the last 12 months?** (*Circle one response only*)
- 1 Once only
  - 2 Twice (*see note below*)
  - 3 Three times or more (*see note below*)
  - 4 Never → *Please do not continue with this survey*

***If you have been disconnected/restricted more than once in the last year, please answer this survey thinking about ONLY THE MOST RECENT OCCASION.***

- 2a Last time you were disconnected, what was cut off/restricted?** (*If you were disconnected from more than one service, circle all that apply*)

- 1 Electricity
- 2 Gas
- 3 Water

- 2b If you had more than one disconnection/restriction at the same time, please choose one of the services you were cut off from and answer the remaining questions about this service only. Please indicate your choice below:** (*Circle one response only*)

- 1 Electricity
- 2 Gas
- 3 Water

- 3 At the time you were disconnected/restricted, were any of the following things happening in your household?** (*Circle all that apply*)

- 1 It was hard to find money for rent/mortgage repayments
- 2 It was hard to find money for credit card repayments
- 3 It was hard to find money for loan repayments
- 4 It was hard to find money for household bills
- 5 Your gas/electricity/water bills were unusually high
- 6 There was other debt/financial stress
- 7 Relationships in the household had broken down
- 8 Someone in the household had lost their job or had less work than usual
- 9 Someone in the household was ill or injured
- 10 The house was difficult to heat/cool
- 11 Pipes or taps in the house were leaking
- 12 None of the above

- 4 Did you contact your electricity/gas/water company (eg by telephone or in person) in the period just before the disconnection/ restriction?**

- 1 Yes
- 2 No

- 5 Were you contacted by your electricity/gas/water company in the period just before you were disconnected or restricted?**

- 1 Yes
- 2 No

***If you had no contact with your provider before you were disconnected, select 'not applicable' at Question 6 then go to Question 8.***

- 6 If you had contact with your electricity/gas/water company in the period just before being disconnected, did they suggest any of the following?** (*Circle all that apply*)

- 1 A payment plan
- 2 A special program to help you pay (eg a customer assistance program)
- 3 An extension for your bill
- 4 Emergency relief
- 5 Contacting a financial counsellor
- 6 Paying the bill by having regular amounts deducted from your Centrelink payment.
- 7 Energy or water vouchers
- 8 Contacting a charity or community group
- 9 None of the above
- 10 Not applicable – no contact with provider before disconnection

- 7 (If a payment plan was suggested to you by your electricity/gas/water company) Were you able to afford the payment plan?**

- 1 Yes
- 2 No
- 3 Not sure
- 4 Not applicable – payment plan not suggested

- 8 Before you got disconnected, approximately how long had it been since your last payment (of any amount)?** (*Circle one response only*)

- 1 1 week or less
- 2 2-3 weeks
- 3 1 month
- 4 2-3 months
- 5 4-5 months
- 6 6 months – 1 year
- 7 More than 1 year

**9 Did any of the following factors stop you seeking assistance before you were disconnected? (Circle all that apply)**

- 1 Didn't know I could ask for assistance
- 2 Didn't know where to go or who to call
- 3 Lack of transport
- 4 No phone (or no credit on mobile)
- 5 No appointment available for financial counselling
- 6 Afraid
- 7 Embarrassed
- 8 Other (specify below)
- 9 None of the above – nothing stopped me seeking assistance

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**10 Did any of the following factors stop you accessing energy and water vouchers to help you pay your bills before you were disconnected? (Circle all that apply)**

- 1 Didn't know energy or water vouchers existed
- 2 No appointment available at a community or welfare group (to get energy or water vouchers)
- 3 Not eligible for energy or water vouchers
- 4 Couldn't find an organisation that offered energy or water vouchers
- 5 Found an organisation that offered energy or water vouchers, but none available at the time
- 6 Didn't want to ask for/use energy or water vouchers
- 7 Other(specify below)
- 8 None of the above – there was nothing stopping me accessing vouchers

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**Being disconnected**

**11 People do a range of things to manage the situation when they are disconnected/ restricted. Did you do any of the following?**

(Circle all that apply)

- 1 Used candles/lanterns for light
- 2 Had a cold shower/bath at your house
- 3 Had a shower/bath at someone else's house
- 4 Washed clothes in someone else's laundry
- 5 Washed clothes in a public laundromat
- 6 Cooked on the BBQ
- 7 Cooked in someone else's kitchen
- 8 Bought takeaway/prepared food because you couldn't prepare food at home
- 9 Stayed somewhere else (eg with friends/family)
- 10 Sent children to stay somewhere else (eg with friends/family)
- 11 Did things to avoid being at home
- 12 Used a neighbour's electricity (eg ran an extension cord from next door)
- 13 Other (specify below)
- 14 None of the above

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**12 Did any of the following things happen as a result of your electricity/gas/water being cut off or restricted?**

(Circle all that apply)

- 1 Children in the house became anxious or distressed
- 2 Other people in the house became anxious or distressed
- 3 Someone in the house was unable to attend school or work
- 4 Children were unable to do homework
- 5 The household felt isolated due to inability to use radio/television
- 6 You/others had difficulty caring for infants
- 7 People were unable to wash themselves
- 8 People had no clean clothes to wear
- 9 You/others had to throw out food from the refrigerator/freezer because it had gone off
- 10 Someone in the house became ill
- 11 Someone in the house was injured
- 12 Someone in the house was unable to use a medical device or machine (please specify device/machine:\_\_\_\_\_).
- 13 Other (specify below)
- 14 None of the above

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**Note re Question 11:** Some of the practices referred to in this question are dangerous and illegal. EWCAP, Urbis and the utilities retailers distributing this survey do not condone these practices.

## Getting reconnected

**13 Overall, how easy was the process of getting reconnected?** (Circle one response only)

- 1 Very easy
- 2 Fairly easy
- 3 Not very easy
- 4 Not at all easy
- 5 Not sure

**15 Did you try to get help or information about reconnection from any of the following sources?**

(Circle all that apply)

- 1 Speaking directly with the electricity/gas/water company
- 2 Printed information on the back of your bill
- 3 A financial counsellor
- 4 Centrelink
- 5 A charity or community group
- 6 The Energy and Water Ombudsman (EWON)
- 7 Friends/family
- 8 Other (specify below)

\_\_\_\_\_

\_\_\_\_\_

**14 Did you have to pay any of the following in order to get reconnected?** (Circle all that apply)

- 1 Pay a bond
- 2 Pay a reconnection fee
- 3 Pay a late payment fee
- 4 Something else (specify \_\_\_\_\_)
- 5 No, none of the above

**16 After you got disconnected/restricted, when did you start trying to get reconnected?** (Circle one response)

- 1 Within 24 hours
- 2 2-3 days
- 3 4-7 days
- 4 More than a week later (specify \_\_\_\_\_)
- 5 Have not been reconnected yet
- 6 Not sure

**17 How long did it take to get reconnected (from when you were cut off)?** (Circle one response only)

- 1 Within 24 hours
- 2 2-3 days
- 3 4-7 days
- 4 More than a week (specify \_\_\_\_\_)
- 5 Have not been reconnected yet
- 6 Not sure

**If you have not been reconnected, select 'not applicable' at Questions 18 and 19, then go to Question 20.**

**18 Which of these sources provided the information you needed to get reconnected?** (Circle all that apply)

- 1 Speaking directly with the electricity/gas/water company
- 2 Printed information on the back of your bill
- 3 A financial counsellor
- 4 Centrelink
- 5 A charity or community group
- 6 The Energy and Water Ombudsman (EWON)
- 7 Friends/family
- 8 Other (specify below)
- 9 Not applicable – haven't been reconnected yet

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**19 People do a range of things to get reconnected. Which of these (if any) did you do?** (Please circle all that apply)

- 1 Got a Centrelink advance
- 2 Got a voucher/rebate from a charity/community group
- 3 Borrowed money from friends/family
- 4 Got a loan through a pawn broker or money lender
- 5 Cut back on buying food or other groceries
- 6 Delayed other payments
- 7 Asked a financial counsellor to sort things out with the electricity/gas/water company on your behalf
- 8 Made a complaint to the Energy and Water Ombudsman (EWON)
- 9 Joined the Centrepay scheme (where money goes from Centrelink straight to the electricity/gas/water company)
- 10 Arranged a payment plan with the electricity/gas/water company
- 11 Other (specify below)
- 12 None of the above
- 13 Not applicable – haven't been reconnected yet

\_\_\_\_\_

\_\_\_\_\_

**20 If you waited longer than a day to start trying to get reconnected, were there any reasons why you didn't try to get reconnected sooner?**  
(Circle all that apply)

- 1 Didn't know what to do
- 2 Didn't want anyone else to know about it
- 3 Felt a bit embarrassed
- 4 Wanted to sort out your finances first so you could pay
- 5 Had other financial commitments/debts that were a higher priority
- 6 Couldn't get to a telephone to call anyone
- 7 Had to wait for an appointment with a financial counsellor
- 8 Didn't think electricity/gas/water company would have any sympathy or be willing to help
- 9 Other (specify below)
- 10 None of the above
- 11 Not applicable – didn't wait longer than a day

**21 Prior to you being disconnected, how much money did you owe on your bill?**

- 1 \$50 or less
- 2 \$51-\$200
- 3 \$201-\$500
- 4 \$501-\$1000
- 5 \$1001-\$1500
- 6 \$1501-\$5000
- 7 \$5001 or more

## About your household

**22 Which of these best described your household at the time of being disconnected?** (Circle one only)

- 1 Family household
- 2 Group household
- 3 Single-person household
- 4 Other (specify \_\_\_\_\_)

**24 When you were disconnected, how many people in your household were aged...**  
(write No. people on each line that applies)

- \_\_\_ 0-4 years
- \_\_\_ 5-11 years
- \_\_\_ 12-16 years
- \_\_\_ 17-25 years
- \_\_\_ 26-45 years
- \_\_\_ 46-65 years
- \_\_\_ 66+ years

**26 When you were disconnected was anyone in your household ...** (Circle all that apply)

- 1 Aboriginal and/or Torres Strait Islander
- 2 Unemployed
- 3 A sole parent
- 4 None of the above

**28 Did anyone in your household speak a language other than English at home at the time you were disconnected?**

- 1 Yes
- 2 No

**23 When you were disconnected, did anyone in your household have...** (Circle all that apply)

- 1 A medical condition that required regular treatment/medication
- 2 A medical condition that required the use of machinery that connects to household electricity
- 3 A mental illness (including depression/anxiety)
- 4 An intellectual disability
- 5 Physical mobility problems
- 6 No-one in the household had any of the above conditions

**25 When you were disconnected, were you...**  
(Circle one response only)

- 1 Renting – public housing
- 2 Renting – from a real estate agent/landlord
- 3 Paying off a mortgage
- 4 In a home you had fully paid off
- 5 Other (specify \_\_\_\_\_)

**27 What was your household's main source of income at the time you were disconnected?**

(Circle one response only)

- 1 Salary/wage from paid employment
- 2 Age pension
- 3 Disability allowance
- 4 Carers allowance
- 5 Parenting payment
- 6 Newstart allowance
- 7 Other payment administered through Centrelink
- 8 Other source of income (specify \_\_\_\_\_)

**Thank you! Please return the survey (and your entry form for the prize draw if you wish to enter) in the reply paid envelope provided.**

## Appendix B Case Study Interview Guide

## EWCAP Case Study Interview Schedule

Hello, it's ##### from Urbis, the research company, here. Can I speak to (name)? He/she has said she would like to do an interview with me over the phone at this time. *(If not home ask when would be an appropriate time to call back).*

(Name), I would like to speak to you today about when your (electricity/gas/water) supply was cut off. As I explained before, we are independent researchers doing a study on what happens to people when they get disconnected from their electricity, gas or water supply. Not much is known about what people in this situation do, how they get by, where they go to for help – that sort of thing. We'd like to find out more about this so that more can be done to help people who find themselves in this situation. I want to stress that I am not from any electricity, or gas, or water company. Also, anything that you say is absolutely confidential. Your name won't be published anywhere, nor will any other details that could be used to identify you or your family/household. Is it OK to continue?

1. Can we just start with you briefly telling me about what happened when you became disconnected from electricity/gas/water? Explore:
  - what disconnections occurred
  - how long ago this happened/time of year
  - how long they were disconnected for
  - what they or somebody else did to get reconnected
  - whether they have experienced disconnection before/how often etc for gas/electricity/water.
2. To help me get a better picture of your circumstances at this time, could you tell me some more about your home circumstances when you were disconnected? Explore:
  - rural/urban setting
  - living arrangements (alone, with family, friends etc, how many in total)
  - whether children were living in the household at the time (number, ages etc)
  - whether elderly people, or people with disabilities or special care or health needs were living in the household
  - rented or owned property/public/private housing
  - financial circumstances (employed, unemployed etc)
  - availability of family supports/friends living nearby.
3. Can you briefly outline for me the circumstances that led to the electricity/gas/water being cut off? Explore:
  - normal arrangements for paying the bill
  - whether or not on a payment plan
  - their view of the major causes/reasons for the disconnection
  - whether they were 'juggling' the payment of bills at the time etc.
4. When you were cut off, how did you feel and what did you do to manage the situation until you got reconnected? Explore:
  - initial responses/ actions/ feelings at the time
  - what actions they took to replace/substitute for the loss of energy/water



- what impact this had on them emotionally, physically, financially etc.
5. Did you seek help or assistance of any kind from anyone outside the household during this time (either to help you manage the situation, or to resolve the problem with the gas/electricity/water company?) Explore:
    - if they sought help from anyone (friends, services etc). Who first? Who else?
    - if yes, who they went to and what happened
    - if yes, how long did they wait? Why did they wait eg embarrassment, didn't know where to go etc)
    - whether they got the help they needed/wanted/how helpful the response was/how soon did reconnection occur
    - what difference this made to them
    - if not, explore reasons why not (eg embarrassment, didn't know where to go etc)
    - whether they would have sought help if they had known where to go
    - whether they have heard of/aware of (eg EWON, financial counselling services, community organisations, Payment Assistance Scheme/PAS, Energy Accounts Payment Assistance Scheme/EAPA), and whether they would use them – why/why not
    - whether the consumer would have liked or needed any other form of information or assistance during this time.
  6. During the time you were disconnected, what contact did you have with the gas/electricity/water company? Explore:
    - nature and frequency of contact
    - how helpful the contact was
    - what led to the supply being reconnected
    - whether or not the consumer would have liked or needed any more information or assistance from the supplier, or from anyone else (eg friends, service providers in getting reconnected)
  7. What, for you was the *worst* thing about your experience of being disconnected? What, if anything, was the most *useful* help or assistance you received?
  8. What, if anything, would you do differently if you found yourself in a similar situation again (ie find yourself disconnected; about to be disconnected)? Why is that?
  9. Finally, is there anything else that you would like to suggest that would help people who have been disconnected?

Is there anything you would like to ask me about this project?

Would you like my phone number in case you want to ask for more information at a later stage?

Thank you for talking to me today. I have a cheque for \$50 that I would like to send to you to thank you for your time. Is it OK if I get your address so I can post it to you? (Goodbye).

# Appendix C Stakeholder Discussion Guide

# EWCAP Stakeholder discussion guide

## Introduction

1. What is your role in relation to people who have been disconnected from electricity, gas or water? What sort of services does your agency provide generally? To people who are disconnected?
2. How often/how many people in this situation would you normally come in contact with, say in a 12 month period? Is this mainly in relation to electricity? Gas? Water restriction? Do you often come across people who have been disconnected from more than one utility at a time? People who have experienced disconnection on a regular basis? People who have been disconnected for long periods of time?
3. In your experience, what are the most common circumstances or triggers that lead to people becoming disconnected? Is there a general pattern there, or are the circumstances quite varied? (Evidence; examples)
4. What about the people who become disconnected? Are certain groups or types of people more vulnerable to disconnection than others? (Prompt: eg ATSI, NESB, rural customers, people with low literacy) Why is that?
5. Have there been any changes that you have noticed over time in the *types of people* who are becoming disconnected or the *circumstances* in which this has occurred? If so, why is this happening do you think?

## Impacts

6. Turning now to the *impacts* of disconnection, what sorts of impacts have you observed in your dealings with clients/customers? (Prompt: physical, emotional, financial, safety, health etc) What are the most common impacts that you see? Which, if any, impacts do you think clients find the hardest to deal with? Why is that?
7. Do you think these impacts are particularly difficult for any specific groups/or people in certain circumstances? Why is that?
8. In your experience, what sorts of things do people do to cope with being disconnected?

## Seeking help

9. At what point do you usually come in contact with people who have been disconnected? What are the main 'triggers' for people deciding to seek help at this time? What sorts of assistance are they generally looking for/do they need at this point? What sort of assistance are you able to provide? How adequate is this, do you think? Is there often a need to refer people to other types of services? If so, where?
10. Do you know how these people come to know about your service/organisation? Are you often/usually the first 'port of call' or have people tried to get assistance from elsewhere first? Is there anything that organisations such as yours could or should be doing to better publicise the assistance available?
11. In your experience, how easy or difficult is it for people who are disconnected to obtain support, advice or information from services? Are there particular barriers or problems they face eg lack of awareness; location of services; shame/embarrassment? (Evidence; examples). Do certain groups or types of customers find it especially difficult to get assistance? Why is that? What could be done to address these barriers?

- 
12. Do you think there are many people who are disconnected who would like or need some assistance who miss out? What evidence do you have of this? What could be done to better assist these people?
  13. How aware do you think people are of adequate current schemes such as Centrepay, EAPA, PAS, NILS and refits? How adequate do you think these schemes are in addressing the needs of people who have been disconnected? How, if at all, might these schemes be improved?
  14. What are the main barriers that people face in getting reconnected?
  15. Have you any comments to make on the role and response of retailers in their dealings with people who have been disconnected and who are trying to get reconnected? For instance, generally how well do they handle this situation? How appropriate are their policies and procedures? Is there much variation across the retailers, individuals within retailers? Is there anything that you think the retailers could or should be doing to improve their dealings with disconnected customers? Why's that?
  16. Are there any other issues that you would like to raise that are relevant to this study of the impacts of disconnection?