

Put on hold?

Cyclone Gabrielle, Covid-19 disruption and business as usual – do our electricity consumer protections work when whānau most need them?



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Introduction

This *Put on hold?* report is the result of research completed by FinCap (the National Building Financial Capability Charitable Trust) between April and June 2023. The research considers the effectiveness of the Consumer Care Guidelines – consumer protections put in place to ensure energy retailers can help whānau avoid energy hardship.

We explored their effectiveness in the context of both everyday life, and times of significant disruption to communities – specifically Covid 19 alert levels 3 and 4, and Cyclone Gabrielle.

To prepare this report, we leaned on the expertise and contacts we've gained in our role as the lead organisation supporting financial mentors across Aotearoa. Every day, these mentors go above and beyond to help whānau avoid or reduce the risk of financial hardship.

About FinCap



FinCap is a registered charity. We support 190 free financial mentoring services throughout Aotearoa in their work. In 2022, these services supported almost 50,000 whānau across the motu. We lead the way in:

- training and developing financial mentors
- collecting and analysing client data
- facilitating collaboration between services.

We also advocate on the financial issues that affect whānau in Aotearoa. Our goal is to influence system-level change to improve financial wellbeing in Aotearoa.

Executive summary

Many whānau in Aotearoa experience or face energy hardship. Some use less electricity than is necessary to stay healthy so they can lower their bill and make it affordable. Others have difficulty paying their bill and face having their electricity disconnected.

To help address electricity hardship, we need a robust framework that ensures electricity retailers will help those who can't afford the electricity they need. The framework we have at present is known as the Consumer Care Guidelines. This is a voluntary industry code implemented by the Electricity Authority.

We conducted research over a period of 3 months in 2023 to assess the effectiveness of the Consumer Care Guidelines. We looked at their effectiveness both in general, and in the face of significant disruption. For example, we considered how effective they were during Cyclone Gabrielle and Covid-19. Our research included desktop research, and interviews with financial mentors and legal advocates.

We found clear evidence to show inconsistencies in how electricity retailers implement the guidelines. Documentation shared by the Electricity Authority showed that their internal reviews also indicate issues with the guidelines' effectiveness. To be fully effective they would need to be mandatory, with the protections in some areas strengthened.

The Electricity Authority has not regularly published information showing how many post-pay residential customers were disconnected after the quarter ending 31 December 2021. In response to our information request, they noted they don't hold any specific data on the number of automatic disconnections of prepay customers. However, the information they did provide for 2022 and 2023 so far shows the rate of disconnections for post-pay customers to be inconsistent across electricity retailers. Some retailers show less than one disconnection for non-payment per 1000 customers per quarter. Others disconnect a higher proportion – sometimes more than one in 100 per quarter.

Key interview findings

The goal of the interviews we completed was to get qualitative insight into whether the guidelines work in practice. The insights we gained were consistent across the country, whether there was disruption in the community at the time or not.

Interviewees noted frustration and confusion around inconsistencies in how electricity retailers were helping communities affected by disruptions like Covid-19 and Cyclone Gabrielle. Clear public requirements for electricity retailers would have reduced the strain many felt during these times.

Interviews also showed that electricity retailers are likely seeking shortcuts to getting payment from Work and Income wherever possible. In doing so they're not helping to address the underlying issues causing energy hardship. If Work and Income support for electricity payments is changed or removed, many would face severe financial hardship. If the consumer protection framework required retailers to help, it would considerably lower this risk.

Other findings

- Many were not aware of the Consumer Care Guidelines or did not trust that voluntary guidelines were reliable.
- The electricity required for a healthy home is unaffordable for many. The guidelines don't guarantee that all electricity retailers will do what they can to address the underlying issues behind this.
- Whānau often face barriers to accessing essential electricity supply in the first place, due to previous debt issues.
- "Smooth pay" is a helpful tool when there is difficulty paying bills. But this method, or redirections from Work and Income, are not accepted payment methods for all electricity retailers.
- There is difficulty navigating the inconsistent service of electricity retailers provided by their contact centres.
- Proactive offers of early assistance for difficulty paying are not provided, or are ineffective.
- Community workers do not feel fees and charges are transparent or justified.
- Community workers have seen less disconnection in recent years. This is attributed to more support from Work and Income.
- Work and Income is doing the heavy lifting to prevent harm from severe energy hardship. Retailers appear to rely on this rather than providing help themselves. Work and Income recoverable grants for electricity bills also contribute to the issues whānau face with debt to government.
- Electricity retailers can be very inflexible when establishing payment plans for arrears. There is not much consideration given to what is realistic, given the financial hardship of the whānau.
- There are significant gaps in protecting whānau on prepay electricity arrangements from energy hardship. Many whānau have these arrangements due to past energy hardship.
- There are examples of electricity retailers helping to reduce or avoid energy hardship. This shows that a robust consumer protection framework could be implemented.

Other findings pointed to areas where the guidelines need further development to be effective in practice.

The impact of Covid-19 and Cyclone Gabrielle

Even though the guidelines are voluntary, they may have influenced electricity retailers to provide better help to their customers than expected during Covid-19 and Cyclone Gabrielle. However, this was entirely at their own discretion.

There was nothing in place to prevent an electricity retailer disconnecting a customer for not paying their bill:

- when they were sick with Covid-19
- when they needed power to be able to clean up after a system outage during Cyclone Gabrielle.

The Electricity Authority confirmed they had not completed any analysis on the outcome of disconnections during Covid-19 alert levels 3 and 4. This is despite them sending a public letter to electricity retailers regarding this. The letter stated their expectation that complying with the guidelines would mean customers would not be disconnected for not paying their bill during those alert level settings.

The Electricity Authority denied a request for any information or analysis on disconnections:

- in areas affected by Cyclone Gabrielle, or
- during the flooding that triggered states of emergency between 3 February and 14 March 2023.

They advised us that this information did not exist.

We may never know if customers on pre-pay plans were disconnected due to insufficient funds during these periods of disruption. The Electricity Authority does not monitor the outcomes for whānau on these arrangements.

Conclusion

Many electricity consumers are still facing debt issues after Covid-19. There are clear signs that many will also have ongoing financial issues due to Cyclone Gabrielle. These issues will continue to contribute to energy hardship if action is not taken.

The research findings as a whole point to an urgent need for strengthened consumer protections. These protections should impose mandatory requirements on electricity retailers to help consumers facing energy hardship. This is the central recommendation of this report; a longer list of recommendations is available in Section 5.

1. Research methodology

Our research into the effectiveness of the Consumer Care Guidelines included both desktop research, and face-to-face interviews.

We started by completing desktop research. As part of this process we requested information from the Electricity Authority, our national regulator. We asked them to share any industry reporting or internal analysis they had that was relevant to our study, but not currently published.

Next, we conducted interviews with 14 participants from around the motu. This group included 13 financial mentors and one legal advocate. We chose participants with a mix of backgrounds and experience, including:

- participants from both urban and regional areas
- participants working in mainstream and Māori-led organisations
- those who are part of stand-alone financial mentoring services, and
- financial mentors who operate as part of a wider social organisation.

Participants were also based in regions with varying climates and annual average heating costs.

Interviews were mostly conducted online, and lasted between 30 minutes and one hour. We provided the interview questions to participants in advance.

- We held one interview with a team of four, rather than as four individual interviews.
- One interviewee chose to respond to our questions in writing.
- Two participants work in regions badly affected by Cyclone Gabrielle. Several others are from areas affected by the severe flooding in Auckland in early 2023. There were no clear findings about the effectiveness of the Consumer Care Guidelines in relation to these events.

All our participants work with whānau facing financial challenges. Many of these whānau blame themselves for not being able to access the electricity services they need. However, our interview participants understand the barriers to financial wellbeing these whānau face in their communities, and the systemic issues that cause this hardship. This makes our participants' insight invaluable to this study.

2. Context

2.1. Timeline of electricity reform in Aotearoa

2005	Electricity Commission first publishes arrangements for the benefit of low income consumers. ¹
May 2007	Mrs Folole Muliaga passes away after electricity at her home was disconnected by an electricity retailer when collecting an outstanding balance. The coroner found that the disconnection contributed to her death. ²
July 2007	The Electricity Commission substantially reviews arrangements for the benefit of low-income consumers. ³
2009	The above guidelines are updated and split into two guidelines for medically dependent and vulnerable consumers. ⁴
2010	The Electricity Authority is established and takes over the guidelines.
2014	A group of energy retailers establishes a working group <i>"to consider and make recommendations on benchmarking of alignment"</i> relative to the Vulnerable Customer and Medically Dependent Customer guidelines. ⁵
April 2018	Initiation of an independent Electricity Price Review by the Minister of Energy and Resources. ⁶
May 2019	Final report from Electricity Price Review including recommendations for mandatory minimum standards for protecting vulnerable and medically dependent consumers. ⁷
March 2020	The Covid-19 pandemic leads to a State of National Emergency being declared. All of Aotearoa enters Alert Level 4, which requires self-isolation, for over a month.
June 2020	An Electricity Authority project begins to reform industry led Vulnerable Customer Codes and Medically Dependent Customer codes into combined Consumer Care industry guidelines. ⁸
July 2021	Electricity Authority voluntary Consumer Care Guidelines take effect. ⁹ Letter from Electricity Authority to Ministry of Business Innovation and Employment noting unresolved issues raised during consultation. ¹⁰
August 2021	A period Covid Alert Level 4 for all of Aotearoa begins. Electricity Authority letter to electricity retailers on expectations of no disconnection for non-payment during Alert Levels 3 or 4. ¹¹

September 2021	Energy Hardship Expert Panel appointed. ¹²
December 2021	Energy Hardship Reference Group first hui. ¹³
January 2022	Ongoing interruption to regular reporting of disconnections for non-payment by the Electricity Authority begins.
March 2022	Public discourse and debate around the increasing cost of living intensifies.
July 2022	Full Consumer Advocacy Council appointed. ¹⁴
August 2022	Electricity Industry Amendment Bill passes. The Electricity Authority is given an additional objective which makes clear that creating mandatory code to protect consumers facing energy hardship is within the regulators' scope. ¹⁵
January 2023	Declared state of emergency in response to flooding in Auckland and surrounding regions.
February 2023	State of National Emergency declared in response to Cyclone Gabrielle.
March 2023	<p>First electricity Consumer Sentiment Survey released by the Consumer Advocacy Council. Findings include that:</p> <ul style="list-style-type: none"> → 42% of residents and 28% of small businesses found it harder to pay electricity bills than a year ago → 10% of residents experienced payment pressures in the past 12 months, and were forced to go on pre-pay, or borrow to pay a bill or made special arrangements with their retailer because of financial hardship. ¹⁶ <p>Energy Hardship Panel Discussion paper includes proposed mandatory consumer care obligations on all electricity retailers. ¹⁷</p>
June 2023	Electricity Authority releases a corrected summary of electricity retailer self-assessments as to their alignment with the Consumer Care Guidelines. Some electricity retailers fail to provide a self-assessment. Others note they are not aligned with the guidelines. ¹⁸
September 2023	Scheduled Electricity Authority public consultation on a signalled options paper relating to the Consumer Care Guidelines. ¹⁹

2.2. Energy hardship in Aotearoa

It is well established that far too many whānau in Aotearoa face energy hardship.

This report examines the role of consumer protections that require electricity retailers to contribute to preventing electricity hardship. Such protections cannot solve energy hardship on their own. However, they can contribute to a wider range of initiatives working together on the issue and also ensure the conduct of electricity retailers does not cause or compound energy hardship.

At the time of writing, a government appointed energy hardship expert panel is preparing final recommendations on alleviating energy hardship. Relevant to this report, an earlier draft strategy out for consultation by the panel included a draft strategy of *“reviewing and strengthening the Consumer Care Guidelines including expanding to include mandatory consumer care guidelines on all electricity retailers.”*²⁰

An electricity price review completed in 2019 also identified energy hardship as an issue. It recommended *“mandatory minimum standards to protect vulnerable and medically dependent consumers”*²¹ along with other initiatives to resolve the issue.

The Ministry of Business Innovation and Employment has an active workstream for accurately defining and measuring the amount of energy hardship in Aotearoa. It has developed the below definition which is generally accepted.

Energy hardship is the opposite of energy wellbeing. That is, it is the situation when individuals, households and whānau are not able to obtain and afford adequate energy services to support their wellbeing in their home or kāinga.²²

That workstream is yet to finalise how it will appropriately measure and track the exact number of whānau experiencing energy hardship. It is established that energy hardship is a significant challenge to the wellbeing of too many in Aotearoa.

To not pre-empt more robust measurement, this report suggests a low-ball placeholder could be the findings of Te Ara Ahunga Ora research that suggests 12% of adults' attitudes to finances reflect that they are 'daily distressed'.²³ This, and a few other named segments revealed in the research, had listed “likely circumstances” which would indicate an ongoing risk of energy hardship.

The community workers interviewed for this report relayed the challenges whānau they assist face, which provides context for how electricity hardship is experienced in Aotearoa.

“Many whānau are unable to keep adequate warmth in their homes when needed, such as winter times.” – Financial mentor in a Cyclone Gabrielle impacted area

“Most clients can’t afford firewood or keeping a heat pump running most of the time as this rises the bill even more.

Many households are living in houses that are overcrowded and that increases the risk of children being sick and mould. This increases doctors’ visits and visits to the hospital that usually have a financial impact on the entire whānau overall. This can also impact people going to work which then has a negative outcome for the families as well.”

– Financial mentor in a North Island rural centre

“Power has been an issue. Early on when I first started we were able to negotiate but power bills weren’t as high.” – Financial mentor in a South Island rural centre

“I have been in my role as a financial mentor for five years. Over the years I have seen a huge increase in people’s non-ability to afford their winter and spring power bills, it seems to be getting more and more expensive each year, ideally the working poor could benefit from financial govt support in the same form as a winter energy payment.” – Financial mentor in a regional city

“When you’ve got people with health issues or even mental health issues, you know, it [difficulty paying for electricity] doesn’t really do anything for going forward.” – Financial mentor in a South Island rural centre

It is also widely known that energy hardship is often directly caused by substandard housing quality or is at least related to the widespread problem.

Many homes in Aotearoa are very expensive to keep at a healthy temperature and tenants have the greatest challenges in improving the quality of their homes. A shortage of housing means tenants often have no choice but to accept substandard housing.

There are also some who cannot access a home in the first place. Previously unaffordable and unpaid energy bills can contribute to being unhoused, as many offering homes on the private rental market credit check potential tenants.

“Most of the time it is the house that is the problem whether its draughts or the wrong types of curtains. Little things like that where they are not confident to say anything to their landlord.”

– Financial mentor in Christchurch

“We’ve got no social housing, we’ve got a waiting list of 4,000 for social housing. I’ve got people living down the road from me who are homeless and sleeping in their vans. It’s not just the big cities.” – Financial mentor in a North Island rural centre

Electricity retailers sit in a unique position as businesses. If a whānau is having difficulty paying for electricity, then it is an imperative time to ensure they are aware of the range of assistance that is available to improve their financial position.

Aspects of energy hardship may also be less immediately obvious than a missed bill payment. For example, a whānau might use so little electricity for keeping up with the world that it impacts their health. This in turn causes a further strain on the resources they were trying to conserve in the first place, on top of the immediate challenges to their quality of life. Electricity retailers are in a unique position with smart meter data that could trigger proactive outreach to offer assistance where there is ongoing very low usage, or a drastic change in usage.

There are also those who might be paying and making serious trade-offs. If they are not aware that assistance might be available or do not trust that assistance will help them, then whatever framework is in place for industry to play their part in effectively addressing energy hardship is failing.

“They pay the power but they don’t pay for food... they might also go out and get a loan to pay the power.”

– Financial mentor in Auckland

“When people come in here in a crisis it is for power and for food.” – Financial mentor in a Cyclone Gabrielle impacted area

“Power is always a priority for our clients even if a financial burden is present, most whānau will go without the main essentials like food or car payments to make sure they have the electricity running. They will make sacrifices elsewhere to ensure they can make regular payments and stop disconnection. They prioritise these payments as many are on their last electricity provider and cannot afford to lose connection as it will result in no supply at all.” – Financial mentor in a North Island rural centre

“The ones who do get winter energy payments usually are trying to pay so many debts that it is absorbed in debt payments or food expenses.” – Financial mentor in Auckland

“It is very disturbing to see anyone who is very hungry. There are people who you suspect might be and there are people who you don’t expect and if they didn’t come in [to the financial mentoring service] you wouldn’t know. I think that that portion of community is probably a lot larger than what we realise.” – Financial mentor in Auckland

“The ones who are paying aren’t necessarily coping.” – Financial mentor in Auckland

“Yes, families are substituting other essential living costs such as food to deal with the expenses of heating their home and then having to apply for food support to compensate. Families are being forced to weigh up paying for winter sports or putting that money towards power bills to keep their homes warm which in turn means the children miss out on those extracurricular, health and wellbeing, and social experiences.” – Financial mentor in a regional city

“Our food parcels are going up because people are trying to make ends meet. We’re seeing a few relationship breakdowns too... you can’t put it all on financial but that would be part of the stressor.” – Financial mentor in a South Island rural centre

“For most of our clients, power is the second priority. It just seems so hidden and trying to untangle what is power hardship versus housing hardship versus not having enough money for food just seems so deep. For most of our clients the power bill does get paid.”

– Financial mentor in the Hutt Valley

There is a large body of research and more work underway to understand the nature and size of as well as solutions for resolving energy hardship in Aotearoa. The insights from interviewees for this report confirm this work is essential for the wellbeing of our communities.

2.3. The Consumer Care Guidelines

To get electricity supplied to a home in Aotearoa a whānau must access the system through an electricity retail supply contract. Electricity is an essential service people have no choice but to purchase, and almost all need it for their health, wellbeing and social participation in Aotearoa. Electricity retailers are currently permitted to disconnect supply to coerce payment.

What are the consumer care guidelines?

The Electricity Authority implemented industry guidance from 1 July 2021, stating they *“expect retailers to use our consumer care guidelines to provide a consistent and supportive standard of service to domestic consumers.”*²⁴ Among other purposes, the guidance for electricity retailers aims to help whānau *“minimise harm caused by insufficient access to electricity or by payment difficulties.”*²⁵

The guidelines deliberately provide protection to whānau members considered “consumers” rather than “customers.” This is because although these “consumers” do not receive the bill, they are an impacted end user when there are issues paying for or accessing essential electricity services.

Despite the “expectation” to align, *“[a]lignment with these guidelines is voluntary...”*²⁶ *“Retailers can align with the guidelines by adopting the recommended actions and/or taking alternative actions that achieve the purpose and outcomes in Part 1”*²⁷

What protections do the guidelines aim to realise?

Key expectations in the Consumer Care Guidelines are that electricity retailers:

- Clearly commit to how they will help whānau facing difficulty accessing or paying for electricity when creating a consumer care policy that is readily available with a named contact in charge of actioning their policies.²⁸
- Ensure medically dependent consumers never have electricity disconnected for non-payment.²⁹
- Ensure disconnection of a whānau on post pay is to be a last resort³⁰ (where no one living at the property is a medically dependent consumer) and is only after support has been offered in five attempts to contact a customer.³¹

- Offer a whānau facing difficulty paying who are not on a pre-pay contract:
 - information on energy efficiency, assistance on finding the lowest cost plan and metering configuration within practical consumption profiles for the whānau
 - referrals to financial mentors with a pause on collections for at least seven days
 - referrals to community organisations offering energy efficiency advice
 - payment plans for arrears suitable to circumstances of the whānau and to revise these payment plan if it turns out to be unaffordable once enacted
 - referrals to Work and Income for financial assistance. ³²
- Ensure fees and conditional discounts charged to whānau are reasonably cost-reflective and transparent. ³³
- Extend referrals when whānau on prepay are frequently disconnecting, using very low amounts of electricity or are offline for several days. ³⁴
- Help each whānau signing up to a contract to understand which plan best meets their whānau needs ³⁵
- Record relevant information about whānau at sign up for the purpose of proactively supporting where they might be facing difficulty paying or maintaining connection. ³⁶

What steps would a whānau take to realise the guideline's protections?

Currently it is up to whānau to initiate the enforcement of the protections in the guidelines. This requires the whānau to be aware that the guidelines are relevant to their circumstances and the issue they face. Where this is identified, they can complain that the electricity retailer is not meeting industry standards to the relevant alternative disputes resolution body – Utilities Disputes Limited.

What did the Electricity Authority say was next when implementing the guidelines?

In the Electricity Authority's final decision it noted the Electricity Price Review's recommendations for mandatory minimum standards. It also committed to monitoring electricity retailer's alignment with the guidelines and where the intended outcomes and purpose of the guidelines not being achieved to *"...immediately progress a workstream to explore whether making one or more components of the guidelines mandatory would be consistent with our statutory objective."* ³⁷

The Electricity Authority reviewed electricity retailers' self-reporting of alignment with the Consumer Care Guidelines a year on from implementation and found inconsistency, as discussed in the next section.

3. Effectiveness of the Consumer Care Guidelines

To assess whether the Consumer Care Guidelines can help when there is significant disruption to whole communities, this report will first establish whether they are effective in general.

On Monday 1 June 2023, the Electricity Authority released revised documents detailing its analysis of electricity retailers' self-reported alignment with the Consumer Care Guidelines.

Some electricity retailers with significant market share did not provide an alignment report to the Electricity Authority, despite follow up. Some electricity retailers also indicated they were only partially aligned with the expectations of the guidelines.³⁸

This in itself shows that even if the guidelines do work they are not being consistently followed across the industry while compliance is voluntary.

Further to that summary, the Electricity Authority completed an Operational Review of the Consumer Care Guidelines in February 2023. It noted *"Authority staff's stakeholder engagement indicates the Guidelines are potentially not fully effective and changes to improve consumer outcomes could be desirable."*³⁹ It also noted *"it is clear from Authority Staff's engagement that changes to the voluntary nature and potentially some updates to the content of the Guidelines could be necessary."*⁴⁰

At the time of writing, the Electricity Authority has signalled on its website that there will be a public consultation on an options paper relating to the Consumer Care Guidelines in September 2023, following the public release of the abovementioned analysis.⁴¹

The interviews with community workers about actions from electricity retailers revealed key themes around how the guidelines are inconsistently implemented. There were also findings around the guidance varying in its effectiveness at preventing or alleviating energy hardship in practice.

The common issues raised are outlined below and are ordered as they best correspond to the "journey" in the current Consumer Care Guidelines.

3.1. Purpose and publication of the Consumer Care Guidelines

3.1.1. Awareness and confidence

Many interviewees stated they could not recall the guidelines. Some searched for them and made observations after draft questions were sent through in advance of the interview for this report.

This is despite FinCap having made efforts to disseminate to financial mentors that the Consumer Care Guidelines had been implemented, as well as what practical steps could be taken to utilise the expectations they contained. Often these tools for community workers only become widely familiar for financial mentors when peers relay that the protection framework is effective at resolving an issue.

Most of the community workers expressed scepticism that the guidelines would be followed based on their experiences advocating with electricity retailers and other organisations. Seasoned financial mentors and legal advocates working on debt issues would know that robust regulation had been needed to ensure fair outcomes in the credit law space.

“I had a look at the guidelines and was a bit like yeah, nah, it’s a bit fluffy.”

– Financial mentor in a city impacted by Cyclone Gabrielle

“Given the business model I think the only thing that would strengthen it is more consequences if they get it wrong.” – Legal advocate in a regional city

However, one mentor noted that they had seen better outcomes with one electricity retailer that might be linked to the Consumer Care Guidelines. They went on to explain how they had seen this retailer proactively assist whānau.

“I think Meridian has taken them on board.” – Financial mentor in Christchurch

There were also a couple of financial mentors interviewed who had been part of a focus group with the Electricity Authority during the development of the Consumer Care Guidelines. One expressed that they often had not seen energy issues in their work and suspected this was due to the assistance available from Work and Income. The other noted frustration at trying to use them throughout the interview.

“The customer care package is a guideline, it isn’t a flow chart for the customer care team to go through. Let’s be honest it is all at their discretion.” – Financial mentor in a North Island rural centre

“I tend to call out the consumer care package when appropriate, especially when dealing with a complex situation where the clients feel unheard and it has become a battle between the provider and the client trying to find a resolution.

They fall on deaf ears.

Most of the customer care, by the time it gets to the frontline with people dealing with crisis’ taking a phone call, they have no education with the consumer care policy or they are just passing people on to a budget advisor or moneytalks to sort it.” – Financial mentor in a North Island rural centre

“I’ve used the consumer care lines in my work and have found that sometimes it may work and sometimes it doesn’t depending on who is at the other end of the phone and how complex my client’s situation is. Sometimes my clients fit into an unknown area that isn’t covered. They don’t fit in boxes and it makes negotiation very hard and furthers financial harm most times.”
– Financial mentor in a North Island rural centre

The frustrating inconsistency experienced by this mentor suggests the need for expanded mandatory requirements and penalties. These could incentivise consistent electricity retailer alignment and adequate assistance whenever a whānau is at risk of facing hardship or disconnection.

3.1.2. Cost of electricity

Many of the interviewees pointed out that the underlying issue with debt relating to electricity is that it is unaffordable. This issue puts resolving energy hardship in direct conflict with one of the four overarching principles for the Consumer Care Guidelines which includes *“Retailers have a right to be paid for their services delivered...”*⁴²

“It is fundamentally unaffordable”

– Legal advocate in a regional city

“On the flipside you have to have something to work with. There is no use ringing up and saying what we can do to make this work when nothing will make it work. You can ring Work and Income and ask them to pay the power bill but that takes money off their income.”

– Financial mentor in a South Island rural centre

“Power is really expensive... I don't know how you solve that. A big thing is the uncertainty of what it is going to be.” – Financial mentor in Auckland

As acknowledged in the last comment above, progressing initiatives to avoid bill shock due the varying nature of electricity usage and pricing is one potential area for improvement across industry.

Regardless, if electricity is unaffordable a support framework to avoid energy hardship must accept that sometimes it is simply impossible to pay. The Welfare Expert Advisory Group established that many whānau in Aotearoa do not have enough income to meet basic core costs and minimal costs associated with participation in community.⁴³ This should not guarantee disconnection or reducing spending on other essentials such as food if electricity is too expensive relative to income.

3.2. Signing up for electricity services

3.2.1. Access to electricity services

During the development of the Consumer Care Guidelines, FinCap and other organisations made clear that there is a gap in protections. Currently, no electricity retailer is compelled to provide a whānau with electricity. Part 4 of the Consumer Care Guidelines sets out recommendations on actions for when a customer signs up or is denied a contract.

The Electricity Authority also wrote to the Ministry of Business Innovation and Employment at the end of consultation on the guidelines noting the issue was raised but remained unresolved.⁴⁴ That the issues are ongoing was confirmed by mentors in interviews. There were some success stories, but it seemed there were still significant barriers for some to access electricity at all.

“I definitely have people who have done insolvency procedures and then it is very difficult to get someone to give them power. That or someone who has previously had a default and is moving from emergency or transitional housing, moving into their own place and they find it difficult to get connected... sometimes some people use other people’s names.”

– Financial mentor in Auckland

“[Two industry staff] were giving our whānau a second chance. Being instrumental to the success of our whānau being able to get power supplied to their homes.

Many power companies still resist taking on clients either bankrupt or who have an adverse credit rating despite support from budget services.” – Financial mentor in a Cyclone Gabrielle impacted area

“This young person ended up getting the power put on, that’s what happens a lot around here, people will get the power put on in someone else’s name. Whānau members.” – Financial mentor in city impacted by Cyclone Gabrielle

The voluntary nature of relevant parts of the Consumer Care Guidelines that recommend electricity retailers reconsider a denied contract is clearly not helping much. The main work around that financial mentors observed were a whānau having no choice but getting the electricity put on in someone else’s name or prepay electricity. Prepay will be discussed further along in this section.

Where the account is in someone else’s name a hardship issue can go on to impact someone else’s credit rating or risk economic harm for both parties, where one withdraws the electricity supply or one deliberately burdens another with debt. There are also issues with engaging with a company to access bills, notices and support when the power is technically in someone else’s name.

Less common but twice mentioned in interviews with financial mentors along the East Coast of Te Ika-A-Māui was another form of precarious energy supply. This could also create a safety risk as well as debt related issues.

“They pass the lead over the fence and plug in. That did happen, we had clients doing that in the early days. People will find a way.” – Financial mentor in city impacted by Cyclone Gabrielle

If some whānau can’t get guaranteed access to electricity, then any consumer protection framework for keeping ongoing access to adequate amounts of electricity is fundamentally undermined.

3.2.2. Bundling

“The bundling has been a big change. Back when I started your power was your power... All the blending...When people get the bill they are just looking at the balance to pay until they bring it in and an FM can break it down for them and help them understand it which gives them options to adjust. They don’t think of it that way because it is bit like getting a consolidated loan where several debts are tossed into the mix and options to adjust strategically are minimised.” – Financial mentor in city impacted by Cyclone Gabrielle.

Several mentors raised frustration with the bundling of electricity billing with other products and services. Examples include a television or another appliance being provided “free” with a fixed term contract that has a large exit fee and which is likely to not be the lowest cost plan. Other bundling also sees internet and electricity charged together, a low price on one might put up barriers to switching to a low price on another.

The Consumer Care Guidelines include that “[r]etailers should consider allowing customers to elect that any part payments clear the customer’s debt related to electricity supply or distribution services first.”⁴⁵ Comments from financial mentors indicate that this isn’t improving outcomes for whānau.

“I get very frustrated that retailers are including deals where people get TVs or appliances to draw them in. Clients do not understand the contract or what they are signing... it is misleading and harmful, especially to our most vulnerable.” – Financial mentor in a North Island rural centre

“If you are getting behind with bundled services it is unclear what the processes are for the different services provided for collection, the rules and legislation are all different.”
– Financial mentor in Auckland

It therefore seems there are barriers to finding options to resolve energy hardship due to complication caused by the bundling.

Another question for further research remains from this finding around whether there is exploitation by industry of Work and Income providing grants to pay many electricity bills. These grants could be going towards electricity retailers charging more per kWh unit as opposed to maximising essential energy supply. Bundling could mean electricity charges actually reflect cost recovery for appliances and additional margins.

To be clear, this report highlights this potential issue for more research not out of concern that Work and Income is providing support that is preventing the most severe consequences of energy hardship. Instead, it is important to consider whether additional consumer protections are needed to ensure industry are not charging more than ideal and minimising the amount of heating to homes for the support provided.

Other findings in relation to support from Work and Income are discussed further along in this section.

3.2.3. Fair rates

Multiple parts of the Consumer Care Guidelines recommend that electricity retailers proactively help whānau get on the most appropriate tariff for their needs. The Electricity Authority provided information on request that included a report from February 2023 which stated that *“Authority Staff’s operational review indicates that at least four of the intended outcomes of the Guidelines are not being adequately delivered.”*⁴⁶ One of these was *“Customers being placed on the most appropriate pricing/payment plan.”*⁴⁷

Several interviewees mentioned they thought that efforts towards delivering the best pricing arrangements are not working in practice, including in reference to switching between standard and low user.

"If you know you're a low user. The company can tell you are a low user, they're not really contacting you well to tell you about the better deal... People don't look at the bill. People don't know how to understand their use." – Financial mentor in city impacted by Cyclone Gabrielle

3.3. Managing electricity accounts

3.3.1. Making contact and knowing the “magic words”

All interviewees were asked whether they thought a whānau would get the same answer as they would get when requesting the same assistance from the same electricity retailer. If a consumer protection framework is effective at delivering support, then it should not require an advocate for intended outcomes to be realised.

The responses were universal. In their position as community workers they get a different and more helpful response. Several mentors noted this was the same across multiple business and government organisations they interact with. One, explained that their expertise is trusted by some electricity retailers. Another spoke to the confidence they have, to escalate when needed to.

"Joe Bloggs wouldn't get any response at all." – Financial mentor in a North Island rural centre

"You always get a much better response across the board [as an advocate] not just power companies." – Financial mentor in Auckland

"I'm gonna say it's just like Work and Income. If the client was to ring up then it would be a different story than if we were there in support." – Financial mentor in Christchurch

"Absolutely not hence why many arrive through our doors. I wouldn't say clients don't have the skills or expertise to negotiate their own repayment plans it's more the fact that energy retailers have more trust and faith if the repayment plan is supported by a FM." – Financial mentor in a regional city

An aspect of this test as to whether a framework is working is whether everyone must know “magic words” that trigger assistance from an electricity retailer. To be effective at assisting those most in need, frontline staff must be able to recognise signs a person might need assistance and offer to connect them with assistance, regardless of if someone has said “I need help” or “put me through to your hardship team please.”

"I would say it very much depends on who you get at a call centre. A lot of times too a client doesn't know what to ask for or what to say. They won't say they are in hardship, just "I don't have money" and they don't get the same response that we do." – Financial mentor in Christchurch

"I know what words to use, your average joe consumer does not." – Legal advocate in a regional city

"If more people in the community were able to have a nav[igator] sitting beside them then they would know what is available." – Financial mentor in Christchurch

The above quotes also spoke to a theme of support workers being valuable navigators where knowing the “magic words” are a barrier. Even if the issue is resolved in the electricity industry, those receiving assistance will probably still face the same barrier with other creditors outside the industry that are contributing to energy hardship.

Twelve points in the Consumer Care Guidelines recommend a referral to a financial mentor and this is a worthwhile recommendation. However, it is also notable that when asked, most financial mentors mentioned they were not aware of receiving referrals that originated from an electricity retailer.

3.3.2. Industry culture

Issues with the organisational culture of businesses in the electricity industry arose regularly in the interviews. One said this in reference to a recent experience with their local distributor.

“What I’m seeing more and more is we don’t have to speak to you, you have no voice.”
– Legal advocate in a regional city

These experiences erode trust in the industry and faith that electricity businesses want to help when help is needed. The community workers’ comments here might be reflective of a driving factor behind the sentiment expressed in the recent Consumer Advocacy Council survey. This found that *“Fewer than half of New Zealanders trust electricity providers to do the right thing by their customers.”*⁴⁸

Other comments in this theme largely reflected the way in which contact centres across most of the industry were not helpful. In some cases these centres were furthering distress experienced by a whānau facing difficulty paying for electricity.

“Calling them is miserable, the direct links we have, they say they’ll get back to us and yeah right! That is miserable too. It is not working. I’m sitting there chasing up emails all the time and its wasting time doing their role plus mine!”

– Financial mentor in a North Island rural centre

“The email space works well for a percentage of customers but if I was to say anything to any of the retailers it would be – you need some humanity on calls and you need to stop avoiding taking phone calls.” – Legal advocate in a regional city

“I did have one instance where my client gave me the name and so I asked for that person. My client was scared... I said to that person “you scared my client.” She was then really empathetic and said “I’m so sorry.” I said, “that is why I specifically asked for you, I needed to show my client not to be afraid.” – Financial mentor in a Cyclone Gabrielle impacted area

“The training to have someone real and willing to talk to you is all I can ask of a power company. You really don’t know who you’re going to get.” – Financial mentor in city impacted by Cyclone Gabrielle

Some also specifically pointed out that many whānau they work with are judged and discriminated against because of their financial position or other attributes and circumstances. This piles harm on top of, or contributes to, energy hardship issues. This stigma can be expressed as cold comments or conduct by staff at businesses, either deliberately or where they are not adequately trained on unconscious bias.

“Beneficiaries are really good budgeters. There are exceptions to the rule as there are with anything.” – Financial mentor in a South Island rural centre

“I think people can be treated really unfairly and judged.” – Financial mentor in Auckland

The Consumer Care Guidelines recommends that: *“Retailers should make sure their representatives who engage with customers about invoicing and/or debt collection are trained to build rapport with customers and recognise signs of pending or actual payment difficulties, including through material changes in consumption, and are empowered to provide effective assistance to all customers facing payment difficulties, to avoid the build-up of customer debt to the retailer.”*⁴⁹

Interviewees experiences indicate the above quoted recommendation is not resulting in universal better practice from industry when it is needed.

3.3.3. Annual check-in

As part of business as usual for all electricity customers, the Consumer Care Guidelines recommends a check in by electricity retailers each year with a customer to check if circumstances have changed.⁵⁰ A comment from a mentor indicated that if there are efforts in this space, they are not having the intended outcome.

“You sort of only talk to your power company when things are bad. They don’t think that is information you need to be sharing or maybe the power companies don’t reach out very often unless you’re not paying your bill.” – Financial mentor in Christchurch

The above comment was in reference to a colleague informing an electricity retailer that their customer had a new-born. This led to significant support from the retailer to help the whānau afford to keep the heater on over winter.

3.3.4. Community differences

Several of the financial mentors interviewed in regional areas also mentioned frustration in general that contact centres did not understand the context of life in their community. They instead observed a “one size fits all” response to contact.

“Where do people in power companies actually live? Is it an office in Christchurch that services the North Island? What space are you actually talking to us from? ...They need to get a little bit more local and vocal.” – Financial mentor in city impacted by Cyclone Gabrielle

“We’ve got no social housing, we’ve got a waiting list of 4,000 for social housing. I’ve got people living down the road from me who are homeless and sleeping in their vans. It’s not just the big cities.” – Financial mentor in a North Island rural centre

"A lot of the Samoan community, I find they are living about 11 people minimum in a three bedroom house... A minimum of 200 people move here each year for [a major employer in the regional area]." – Financial mentor in a North Island rural centre

"They've got no idea where we live. Well, they know where we live but they've got no idea... the roads, the ice, the weather conditions, the -15 frost. It just wouldn't gel." – Financial mentor in a South Island rural centre

These observations were in relation to some form of local ongoing or acute challenge from weather conditions or others wrongly assuming there was no multiculturalism in smaller settlements. If a contact centre worker cannot listen and understand the context of why someone might need assistance, and then have authority to act on unique information, then assistance can easily miss the mark.

3.3.5. Payment options

A lack of flexibility in payment options accepted by some electricity retailers was regularly raised as a barrier to whānau avoiding unserviceable electricity debt.

In order for whānau to avoid getting behind on energy payments, many financial mentors encourage direct redirection payments from Work and Income. Another commonly taken up option is a "smooth pay" arrangement with a set amount paid by automatic payment, where a whānau has the discretion to halt payments and average out costs for usage that is much higher in winter over the whole year. This was explained as preferable to direct debit where a varying amount can be taken at the direction of an electricity retailer. If there are insufficient funds in a bank account to pay the constantly varying amount then this can trigger a debt spiral. This occurs through default fees at the bank and late payment fees from the electricity retailer, on top of a payment that already cannot be met. That, or it can trigger an unarranged overdraft at the bank with associated charges.

"My clients rarely pay the power when it comes in, instead automatic pay or smooth pay is needed.

I've explained I don't support direct debit.

There is a misunderstanding with direct debit, I check their statements and they say "I don't know why I'm owing because I have a direct debit." – Financial mentor in a Cyclone Gabrielle impacted area

"Direct debit is a problem. If you pay \$50 this week, your power bill could be \$90 next week and they are taking it out so we can't do a cash flow for a fixed amount and it is unstable. Its creating instability in the whānau home because they actually don't know what they are going to use, they can't forecast, and it is not like a smooth pay. I think that smooth pay needs to be across all providers as an option. I'm seeing people where we have to check-in every week because of their power bill." – Financial mentor in a North Island rural centre

"Smooth pay definitely helps the ones that are struggling. It is a good tool that companies have come up with." – Financial mentor in Christchurch

"I don't think we have many people who are on pre-pay... I was very surprised that someone said some companies are not letting people effectively do smooth pay. A lot of our clients do smooth pay themselves. They just think "I'm going to pay \$50 a week." – Financial mentor in the Hutt Valley

Given the mentors agree "smooth pay" is working, any further development of the Consumer Care Guidelines could consider requiring flexibility for all whānau to switch to this payment method, to avoid arrears on any electricity account arising.

It was also alarming to hear that some electricity retailers would not accept automatic payment redirections directly from Work and Income. This indicates that the benefits of price competition between retailers may not be flowing through to those who need low electricity prices the most.

3.4. Payment difficulties

3.4.1. Proactive early assistance

The Consumer Care Guidelines recommend early assistance is offered to avoid large debt levels accumulating. One mentor who was familiar with the recommendation specifically said they were not seeing it work in practice and noted the frustrating consequences.

"My frustration as a mentor is that sometimes energy providers will allow large amounts of arrears to accumulate and then try to negotiate when it is in the thousands which only leads to unrealistic payment arrangements where disconnection follows." – Financial mentor in a North Island rural centre

One interviewee spoke to the energy required to navigate the world when facing vulnerability. This insight reinforces the need for proactive early assistance to lower barriers for engagement with an electricity retailer.

"Coming here takes all the strength they have got." – Legal advocate in a regional city

One interviewee also observed the need for proactive offers of support to get better outcomes for whānau Māori they assist.

"I do find that those are less inclined to complain [about going onto pre-pay] are Māori. They say to me there is no point in saying anything because you're not going to get anywhere anyway." – Legal advocate in a regional city

It is unsurprising that potentially more regularly marginalised whānau feel there is no point in reaching out to engage with an organisation who bills them. Many will have had negative experiences in the past.

When combined with above findings on whānau not knowing what to say if even deciding to engage with an electricity retailer about an issue, this points to the need for stronger protections. The consumer protection framework needs to compel electricity retailers to reach out and offer appropriately flexible assistance to reduce barriers to uptake and improve outcomes.

3.4.2. Unclear or unreasonable fees

Part 9 of the Consumer Care Guidelines recommends fees charged are clearly disclosed and reflect costs.⁵¹ Considering interviewees trawl through contracts and billing as a profession, the fact they were bamboozled by fees charged on electricity bills is alarming. Following up the lack of effective clarity is taking away their time that could be spent helping resolve other financial or social issues.

"Making the retailers standardise the bill and properly explain the charges would help a lot. I've just been reading a bill with a \$25 fee only labelled "charges" and I don't have time to chase it up with the retailer for an hour and a half when it is really part of a very sensitive and complex tenancy issue.

I did have a quick look on their website and couldn't find anything that jumped out in the terms or conditions or anything else to clearly explain the fee and decided to move on to other issues. People with the biggest problems in life seem to always end up bearing the biggest brunt of this sort of rubbish from companies too focused on just making money." – Legal advocate in a regional city

A couple of interviewees also pointed out that even after work to get a needed pause on payments from an electricity retailer for a whānau they are working with, they are then left uncertain as to how billing systems will apply fees. This leaves them uncertain as to whether more charges will arise while they are working hard to understand the full picture of options for resolving the presenting impossible financial position of a whānau.

"In the meantime, they give you that, but have they added more fees or have they sent yet another bill out?" – Financial mentor in a South Island rural centre

"I don't know what happens with the overdue amount. I'm just thinking about this client we have who is behind and trying to catch up. He's not engaging with us enough for us to be able to do anything for him but he's just constantly getting pinged by the overdue fee.

I was thinking with that, what happens if you are in arrears and you've agreed a payment plan for the arrears, what happens to that overdue fee. Is that wiped? My feeling is that it is not." – Financial mentor in the Hutt Valley

We also heard frustrations on how some fees could stack up within a very short period of time, or not seem to be an amount that could be justified.

"I've got one of my clients at the moment who put the power on in a place for five days and with some convoluted story about she was going to be moving in with a boyfriend. They separated, she never moved in. So, she turned the power off five days later and that is a \$250 debt. Five days!" – Financial mentor in the Hutt Valley

Any further development in the Consumer Care Guidelines could consider how to ensure fees charged more standardised, transparent and certain. It is a reality of life that disclosures of fees several clicks deep in webpages or in contracts are unlikely to be noted until it is too late.

3.4.3. Financial support from Work and Income

The most persistent theme throughout interviews, was observations that the main assistance offered by most electricity retailers is instructing a whānau who has arrears to approach Work and Income for financial support. There were some mixed views around this pathway to avoid disconnection or energy hardship amongst interviewees.

During the development of the Consumer Care Guidelines, staff from the Electricity Authority often spoke of the intention that other forms of support in a long list at paragraph 43 of the document should all be explored, before a referral to Work and Income, at the end of the list.

The guideline caveats that the referral is recommended “as a final step” at 43.k. in the document. It appears other forms of assistance are not being offered or are not being offered in a way that sees them taken up by whānau who could benefit. Later discussion of payment plans for arrears may offer insight as to why Work and Income assistance seems most common.

“When I’ve intervened, the power company has been very quick to give me what I need to get on to Work and Income.”

“Either they have already gone to Work and Income or the power company isn’t making that threat as early.” – Financial mentor in the Hutt Valley

“It’s that recoverable grant from Work and Income if you are eligible for it.” – Financial mentor in Christchurch

“I think power companies are actually heaps more reasonable than they used to be and that they don’t get to disconnections and Work and Income is way more reasonable than they used to be in that they will just pay arrears then hand another debt on to the client.” – Financial mentor in the Hutt Valley

“I want to know from the retailers how often they have proposed to someone in arrears – “go to Work and Income, they’ll pay for it.”

They have this assumption and the retailers are resting on their laurels thinking “it is all good, MSD will pay.”

It is a false sense of security really because MSD won’t always help.”

– Legal advocate in a regional city

“It’s not uncommon, I think a client I had on Monday had had four energy bills paid [by Work and Income] in the last couple of years.” – Financial mentor in Auckland

“If the amount of money being put in from Work and Income is increasing then you’d hope there would be less debt as well as disconnections.” – Financial mentor in Auckland

“Once you get over 10, 15, 20 grand of WINZ debt what’s the difference between 20, 40 and 60? It’s just a big number that you’re not going to pay off.” – Financial mentor in Auckland

"It seems like a black and white. So, I suspect at Work and Income they are encouraged not to be punitive about it at all. Obviously, there is a whole issue with debt to Work and Income."

– Financial mentor in the Hutt Valley

"The [Work and Income] breakdowns, we can see that she got assistance last month and assistance two months ago. What is going on there? So as far as the responsiveness of the power company goes, I've got this impression that the go to phrase is "go and see Work and Income, will Work and Income help you?" ...That's what I'm thinking is happening more these days."

– Financial mentor in city impacted by Cyclone Gabrielle

As noted in some of the interview quotes, this assistance from Work and Income is generally in the form of a "recoverable grant" that whānau are required to pay back. Some elaborated that, with enough advocacy or persistence, they had seen those usually not eligible otherwise, receive support for electricity bills from Work and Income. There were significant barriers to overcome to achieve this. An example was having to physically go to an office and refuse to leave until assisted, missing work and getting further behind financially in the process because of the immediate crisis.

This finding does reflect that Work and Income is providing support that prevents disconnection. This prevents a debt collection tool being used that would otherwise deliberately impose severe challenges to the wellbeing of whānau to coerce payment. This is a good thing. Some commentary seemed to suggest greater flexibility on electricity support from the agency from around 2017 and further through Covid 19 Alert Levels 3 and 4.

The Work and Income support is preventing serious harm. However, any change in settings at the agency could quickly remove the support. Financial mentors also regularly note that Work and Income can often be hard to contact due to busy phone lines and that some staff there don't follow policy at times. It should not be relied upon as the only back stop to prevent severe energy hardship.

Some financial mentors were concerned that electricity retailers relying on this system meant that they were not contributing appropriately to preventing a cycle of unaffordable electricity.

"Calling the energy providers is just another hurdle and barrier as nine times out of ten we cannot contact anyone who is appropriate enough to deal with our complex cases. By the time the client and myself have called during my meeting we have wasted valuable time chasing up this creditor to try and resolve the actual problem."

"If you are not getting put on to one department, you're getting put on to another department and by the time we finish nothing has been resolved and they just advise the client to go to Work and Income... they are not addressing why the person can't afford it, there is no red flag, there is no financial mentor that is linked in to be involved."

"I want a change in the system so that as soon as I provide a privacy waiver it is flagged on the file that there needs to be collaborative discussion going forward. I'm tired of being left behind and they overstep me. I've just provided my service and got a whānau budget to work and they go and up their payments required an extra \$40, then my client defaults, breaches the agreement, then it is disconnection." – Financial mentor in a North Island rural centre

“Its all good getting a WINZ advance but do people ever pay them off!? There will be people who are 90 who still have WINZ debt. Yes, it is interest free and it is better than owing a payday lender but it is still a debt.”

– Financial mentor in Auckland

“She’d got three advances for power in the last year... The whānau situation behind it, she actually had to address her situation, which was that she was also providing for other whānau who were of the ability to receive some type of income.” – Financial mentor in city impacted by Cyclone Gabrielle

“Energy providers are encouraging people to go to Work and Income because they have a liaison there for arrears. They are not fixing the problem but enabling it as the client now has a \$1,000 to WINZ to pay while new arrears continue to arise. It is not addressing why that person is in hardship in the first place it is band aiding it.” – Financial mentor in a North Island rural centre

The Consumer Care Guideline recommending that electricity retailers send whānau in arrears on post-pay to Work and Income as a final step, is not working in practice. Retailers are either unaligned or their offers of other assistance are ineffective. Many are staying connected because the assistance is available, but a consequence is that whānau are increasing their debt to government which already disproportionately burdens some whānau that have children.⁵² Attempting to repay Work and Income for previous charges while covering current electricity use can also potentially compound the energy hardship issues.

3.4.4. Lack of flexibility in payment plans

The Consumer Care Guidelines recommend electricity retailers contact a whānau in arrears with billing for post-pay and offer to “resolve a payment issue by finding a suitable payment plan.”⁵³

However, there is no guidance or rules about what might be considered a suitable payment plan. Most interviewees shared that electricity retailers had often been firm and inflexible when negotiating the structure of payment plans.

“Energy providers are willing to accept payment arrangements but only on their terms. Not based on the client’s actual financial position and what they actually can afford and there are no arrangements to separate arrears from current usage.” – Financial mentor in a North Island rural centre

“They were pregnant or had just had a baby and had a really big power bill like \$800, maybe three months usage or something. They had to make payments of \$80 a week which was the minimum required or they were sending it to debt collection.

It was so unreasonable. She had a baby and they didn’t care... It’s really quite silly to expect someone to pay their usual power usage and \$80 when they are on a low income. If they had that kind of money they wouldn’t have got in arrears.” – Financial mentor in Auckland

"I see the frustrations as I sit there while [my client] is making this call and they are saying "they are just passing me from person to person, they are not listening, they are not talking to me, they are not asking what is going on," they just have a set bar – this is how much you owe and this is the payment we want to receive, if you've got arrears we'll chuck you to Work and Income and be done with you." – Financial mentor in a North Island rural centre

"That's the other thing that irritates me, the whole thing across all sectors; energy, telcos and insurance are doing it to – "you've got X amount of weeks to pay this back." Of course it doesn't happen like that. It is simply not like that. All the electricity retail providers need to ensure they can pivot quickly to recognise that something really bad is happening." – Legal advocate in a regional city

"You are better to get an advance through WINZ than try and negotiate with a power company." – Financial mentor in Auckland

"I've had multiple tenants in this situation where the timeframe to get the property manager or the landlord to sort out an issue with a hot water cylinder is considerably longer than the credit cycle of the retailers." – Legal advocate in a regional city

Two interviewees also raised that they had assisted whānau who were in debt to a pre-pay retailer, which they were surprised could even happen. One of the examples was relevant to this topic.

"She was with [a pre-pay retailer] and they were going to charge her to disconnect and strangely she owed them but it wasn't a lot of money. It was something ridiculous like \$30 or something... I rang them up and said you're going to make this debt \$100 by Thursday as she is going to have to reconnect it and that her mother had just died. Eventually, it took about three goes, they agreed to give her another two days but it was really hard going." – Financial mentor in Auckland

There were also some experiences of electricity retailers assisting successfully with appropriate payment plans or insights as to why payment plans sometimes are not realistic in the first place and need revisiting. The Consumer Care Guidelines includes recommendations for an electricity retailer to make contact if a partial payment is made or energy consumption drops, while a payment plan is established, to see if the repayments need review or are appropriate.

"I think it worked out to be \$40 a week and \$18 on top of the arrears and the client was happy. That was a situation where the power provider gave that amount and the client was happy to pay that." – Financial mentor in Christchurch

"I have negotiated many repayment plans over the years providing that the budget allows for this to happen. Most energy companies have been relatively easy to work with even when we've hit a speed bump and had to go back and renegotiate." – Financial mentor in a regional city

"Some of the companies are really good to work with... But you can't take an extra \$10 out of somebody's budget when they don't have \$10 to pay on their power. They've still got to feed their family. They've still got to pay their rent." – Financial mentor in a South Island rural centre

"But in some situations, this is normally not the case, whānau agree to repayment plans they know they can't keep.

It is often the case that retailers lead the decision, because whānau are scared to negotiate.

“Having a three-way conversation and leading the discussion to support our whānau, gives them hope and the confidence to communicate in a positive manner without struggling.” – Financial mentor in a Cyclone Gabrielle impacted area

A few interviewees also mentioned frustrations that electricity retailers would not separate arrears and current charges on bills. This could potentially pause fees and allow an arrangement where arrears were repaid at an affordable rate.

“A solution to the arrears problem can be easily fixed by creating a safe place provided by the energy providers for clients to pay small amounts each week towards the arrears without any interest or any fees accumulating and to pay the principle of the debt and continue the regular instalments.” – Financial mentor in a North Island rural centre

The recommendations in the Consumer Care Guidelines around forming suitable payment plans and renegotiating payment plans will need revisiting if they are to provide an effective protection.

3.4.5. Efficiency education and initiatives

There were several examples of misunderstandings encountered around how whānau look to efficiently use electricity.

There were also concerns about the suitability of technology installed through some government initiatives.

“We know of people who will not turn their TV on because they are afraid of how much it will affect the power bill. But in reality, that is not causing the problem.”

– Financial mentor in Christchurch

“A few years back the council was pushing for people to get rid of fires and put in heat pumps. Of course, they were putting in the wrong type of heat pump... they couldn't handle the cold... Then there was the lack of knowledge around how to use a heat pump effectively, you're seeing a lot of people with really high power bills because of that.” – Financial mentor in a South Island rural centre

The Consumer Care Guidelines recommends information is proactively provided by electricity retailers for whānau on community assistance programmes, as well as energy efficiency tips. The guidelines being voluntary means there is little visibility over how electricity retailers are or are not helping whānau understand how to effectively and efficiently use electricity.

3.4.6. Underconsumption of electricity

Some of the financial mentors were aware that many energy hardship issues stemmed from “under consumption” where people go without the electricity needed for a healthy home. It was pointed out there is a wider cultural issue around whānau in Aotearoa not prioritising heating.

“The energy consciousness level has risen amongst consumers but it has now tipped over into a fear” – Legal advocate in a regional city

“There are a lot of people who just suffer and sit in the dark and don’t make a noise and I’d say the elderly would be a huge portion of growing need.” – Financial mentor in Auckland

“Lots of people say they never turn the heater on, they are too scared.”

– Financial mentor in Auckland

“New Zealand has got this mindset of suffer through it and put another jersey on which it feels like we are trying to move away from. But actually, that is still present in mainstream, well insulated, double-glazed homes.” – Financial mentor in the Hutt Valley

“I definitely have some people who I’ve worked with who won’t turn the heater on.” – Legal advocate in a regional city

Electricity retailers are in a unique position, with vast amounts of data and expertise, to see where there are drastic household reductions or there is generally low electricity usage. The Consumer Care Guidelines regularly recommends there be offers of assistance where there are signs of underconsumption. The interviewees revealed no evidence that this was making a difference with the current consumer protection settings.

3.4.7. Referrals to financial mentors

The Consumer Care Guidelines recommend referrals to financial mentors at 12 different points. These recommendations were supported by mentors stating in interviews that they know they can help achieve better outcomes. No one asked could identify many referrals made by electricity retailers but FinCap is aware of them regularly being made to the MoneyTalks helpline from retailers that are then referred on to local services.

“A lot of people just don’t know that there are people out there offering navigating for them. If people knew advocates and navigators were available to help I think they’d contact them quite frequently.” – Financial mentor in Christchurch

However, on the flipside, some commented that some electricity retailers do not provide ways for financial mentors to contact relevant staff efficiently. Some retailers have provided these to mentors and perhaps the recommendation that a retailer publish on a webpage, “names, and provides contact details form the role in their organisation with responsibility for the retailer’s alignment with these guidelines’ intended outcomes in Part 1”⁵⁴ is not being met or needs further elaboration.

“It would be much more beneficial if we could have direct internal access to the accounts team for all energy providers throughout the country so we could communicate from the get go through email rather than wait minutes sometimes hours on end for someone to clear our calls.” – Financial mentor in a regional city

“But if we had say Genesis with Joe Bloggs and Mercury with Mark Smith or whatever. If we had one contact per organisation, that we knew we could deal with for debt management that makes

it easier for us to ring up and say we've got this client, da da da, what can we do? Its just for us so we don't have to do that big ring around and chase our tail like the clients do." – Financial mentor in a South Island rural centre

3.4.8. Realistic grace periods with referrals

The Consumer Care Guidelines recommends an electricity retailer offer to pause collection steps, in relation to arrears or payment difficulties, for up to 14 days when referring to a financial mentor.

When discussing this, many interviewees thought the timeline was too short in the current context of the support they provide. These reflections also give insights to the multiple challenges whānau are facing when they cannot pay for their essential energy costs, as well as insights as to the demand on financial mentors' limited resources.

"Usually, you need a month with someone to realise what is really going on. Say they've come in and you realise that they could get working for families and they never have had working for families. Then you might have to get their kids an IRD number and you might need to register and then IRD take their process.

Or if they were entitled to Accommodation Supplement and had no idea. You can't get a WINZ appointment for say two weeks and then the payments start the week after and then the payments might start the week after and then you know what their budget is...

...If their solution might be that a Kiwisaver withdrawal might catch up on arrears and that might be a good thing for them in that situation it's still going to take a week or two to get all the documentation and a couple of weeks to get the outcome. So, I think a month would be a more reasonable amount of time." – Financial mentor in Auckland

"No it's not, I think 30 days would be much more realistic. Depending on a client's circumstances it can take 2-3 appointments to have a realistic and operational budget, for us to do that within a 7-14 day period is sometimes not do able, this then leaves clients feeling like we were unhelpful.

I see and work with up to 25 clients a week with 80% having major debt issues, for example if 12 out of those 25 clients presented with power arrears/disconnections I'd need to set 12 realistic and bank statement verified budgets and then wait hours on end at the end of the phone just to speak with someone in between my other client appointments." – Financial mentor in a regional city

"Unless the client will travel to here [from another town in the wider region], which adds extra financial pressure on them then we've got to work our days and our staff to get to those towns. So seven to fourteen days is not realistic to do the budget and get everything that we need, or just even for us to get the full picture. It generally takes two if not three appointments to get all the information. The first appointment is getting to know the client and getting their trust." – Financial mentor in a South Island rural centre

Comments earlier in this section, on the ambiguity of whether fees and charges continue while an agreement to pause collections is made, are also relevant here. If the Consumer Care Guidelines were to be made mandatory, as currently drafted, this protection is too limited and would often not be effective in practice.

3.4.9. Economic harm

A financial mentor mentioned that economic harm⁵⁵ is a factor in some of the energy issues they see. The Consumer Care Guidelines do not recommend specific actions in relation to these issues, although at least one electricity retailer does acknowledge family violence issues in its Consumer Care Policy.⁵⁶ It is a requirement in at least one overseas jurisdiction to have a family violence policy that meets minimum standards.⁵⁷

“It can be other people in the house, living arrangements have changed but just one person is left with all the debt... Abusive relationships, we see a lot of that. The person with the least money is left with all the debts in their name.” – Financial mentor in Auckland

It may be appropriate that a separate framework for addressing family harm be developed alongside the Consumer Care Guidelines as issues that arise are not always in relation to energy hardship. Issues with the handling of joint accounts and private information are one example of where issues with family harm can be exacerbated.

3.4.10. Business issues

Generally, those interviewed assist whānau rather than businesses. However, one financial mentor had assisted a person they believed was a sole trader who faced substantial hardship to keep up with electricity bills.

“She was not eating for two days when she came in but she had paid her power. I got her a food parcel and she couldn’t concentrate on the appointment because she’d seen there was a bagel and she was really hungry. It was really sad, she was doing her absolute best to pay all her bills.

It was very disturbing that she was so hungry. If you passed her on the street you’d think she was fine and she was not.

The pride in actually having your own business and your reputation. You know, she clearly wanted to fulfil her obligations and certainly was depriving herself of many things to meet those.” – Financial mentor in Auckland

Currently the Consumer Care Guidelines only apply to “domestic” supply, not small business retailing. The above example demonstrates that there is sometimes a blurred line and a need to explore whether it is appropriate to extend consumer protections to small businesses.

3.5. Disconnection for non-payment, debt collection and disputes

3.5.1. Prepay

Many interviewees observed that whānau end up on prepay plans where their electricity supply automatically disconnects when they run out of cash flow. They often end up there because they have had ongoing issues with debt and are credit checked out of other offers.

Many also said pre-pay is expensive or that fees could stack up and that these make it more difficult to pay for electricity. Others were concerned that pre-pay forces a decision whether to have a heat or eat.

“Adverse credit reporting... a lot of people fall into arrears because they can’t afford their bills and it is a vicious cycle from there where all the retailers won’t take them and they end up pushed on prepay. I don’t understand why but it is horrendously expensive” – Legal advocate in a regional city

“I do not advise my clients to go on prepay power unless it is absolutely necessary. Consumption can be unpredictable and most of my clients in the past would run out of power before pay day and end up having to borrow or take out a loan just to put the power back on.

The cost of prepay is higher and punishes my clients who are unable to source other energy contracts. It is the last resort... all my clients in the past who had prepay would put that on before they had food.” – Financial mentor in a North Island rural centre

There were also observations that there were benefits to “bill shock” being avoided, by prepay payment preventing a debt occurring. Also, that some electricity retailers offer an app to keep a regular eye on how much power is being used relative to remaining credit. However, there were two instances mentioned of a debt still arising and an observation that having to monitor usage so intensely can be stressful.

“With prepay, one advantage is that they can analyse their power statement quite frequently. They get the app... they can see how much they spend a day and adjust things if it is too expensive.” – Financial mentor in Christchurch

“Some of it seems really expensive. Some people seem to be really in tune with the usage but I think they do without to keep it down. It’s sort of a strange thing, it probably psychologically affects them quite a lot to be focused on their power usage every day.”

– Financial mentor in Auckland

“I’ve got a client who has a \$2,000 power bill because Globug mucked them around and I’ve got to try and sort them out... he got a letter saying “sorry we can’t provide Globug at this house, we’ve forwarded it on to Mercury and now he’s going where the hell am I going to get the money from?” – Financial mentor in a South Island rural centre (This financial mentor noted that they managed to resolve this issue with the electricity retailer after the interview).

The Consumer Care Guidelines recommends much fewer protections for whānau on prepay electricity plans. It is also widely known that the Electricity Authority does not currently publish any monitoring of disconnection activity for these plans. Our information request confirmed they don’t hold any specific information on prepay disconnections.

This is concerning in light of interviewees’ observations that most have no choice but to be on prepay and will often be the most at risk of having difficulty paying for essential energy services. There are significant gaps in the consumer protections of whānau on prepay plans.

3.5.2. Disconnection

An intended outcome of the Consumer Care Guidelines is that “[r]etailers seek to keep customers connected, avoiding disconnection for an unpaid electricity invoice, by implementing these guidelines, and only use disconnection as a last resort measure.” In providing what information it held about post-pay disconnections from January 2022 to March 2023 the Electricity Authority made an acknowledgement:

*“The Authority recognises that much of the data is incomplete due to the way we have collected retail data in the past. The Authority is currently investigating the way in which we collect and use retail data and is in the early stages of work to improve this function.”*⁵⁸

Disconnection of essential electricity supply for non-payment is a safety risk to a household and can cause serious harm. It is therefore concerning that the Electricity Authority does not appear to have been actively monitoring the impact of the Consumer Care Guidelines on disconnection rates for three quarters of the time they have been implemented.

Most of the data provided is based on voluntary self-reporting where some electricity retailers have not reported some quarters. There are clear trends of some of the electricity retailers with larger market share regularly disconnecting a far greater proportion of their customers in most quarters of 2022 and 2023 so far. In contrast, some larger and medium sized retailers are barely disconnecting for non-payment, if at all, in some quarters.

More research is needed to see if there is any link between the electricity retailers with lower disconnection rates and greater reliance on checks for credit worthiness at sign up. Likewise, to research if there are certain initiatives or business decisions which mean some retailers better look after their customers by not disconnecting when whānau cannot pay.

When the community workers were asked whether they saw many whānau disconnected for non-payment where electricity retailers were billing after consumption in recent years, the answer was no. This was often discussed in combination with observations about increased Work and Income assistance as discussed earlier in this section.

“I don’t have people who are disconnected because they are here.” – Financial mentor in Auckland

“If clients are engaging with them [electricity retailers] then that can be the difference between having their power disconnected or not.” – Financial mentor in Christchurch

“My sense is we used to be poised with, okay, this is what you do when a client brings a disconnection notice in. Now we very rarely get people coming in with disconnection notices.”
– Financial mentor in the Hutt Valley

“They usually come in before they are disconnected.” – Financial mentor in Christchurch

There was still some concern expressed that disconnection is available as a debt collection tool in general, given electricity can be essential to health and safety.

“I think there should be other avenues than disconnecting your power, especially in the wintertime.” – Financial mentor in a South Island rural centre

That whānau engaged with a community worker are avoiding disconnection, may indicate some success or support in the Consumer Care Guidelines recommending referrals to this support.

3.5.3. Debt collection

As discussed earlier in this section, some interviewees thought they had seen improvements to how electricity retailers and Work and Income assist with electricity issues over the years they had worked supporting whānau.

Even with potential improvements, the incoherent regulatory framework surrounding debt collectors' conduct in Aotearoa ⁵⁹ means a lack of protections in the past continue to cause harm. Other research has found financial mentors report that energy charges are the most common source of debt leading to debt collection activity. ⁶⁰

Two mentors specifically commented that the common challenges from electricity issues they see are in the debt collection space.

“Our most common energy issue with clients is that they are currently paying their power bill whether that is with the help of Work and Income or not. Then they have multiple old bills in debt collection.” – Financial mentor in the Hutt Valley

“If I was to run a credit report it wouldn't be surprising to see an energy debt on the report despite them being up to date now.”

– Financial mentor in Auckland

“They usually remember the bill. They'll say “oh yes, that was when I was at a different address or in a different relationship.” I don't think I've had any where it has been a surprise.”
– Financial mentor in the Hutt Valley

In jurisdictions that pursue competition between profit motivated electricity retailers, decision makers working on consumer protection frameworks to prevent harm from energy hardship ultimately face an ultimatum. That is if essential energy services are unaffordable for some whānau then the framework must either allow debt to accumulate or allow disconnection to halt debt.

Disconnection can pose immediate risk to the health and safety of whānau. Unserviceable debt can have a long-term impact including financial exclusion where appropriate protections are not in place. Both disconnection and debt collection need appropriate regulatory intervention in order to improve outcomes, so that all whānau in Aotearoa access the electricity they need.

3.5.4. Dispute resolution

The Consumer Care Guidelines and code requirements co-ordinated by the Electricity Authority instruct electricity businesses to repeatedly build awareness of Utilities Disputes resolution service.

Two interviewees mentioned that Utilities Disputes presence is helping their work with whānau by deterring unfair conduct. This is reflected in the scheme being available as a place to raise as a potential escalation when negotiations are not going to plan. It was also noted as a useful service when engaged.

"She was on a standard rate but she had been a low user for the last two years. She was in arrears... This first person I spoke to, because I knew what I would do if they couldn't help me, and it was a good conversation, there was no "you will do this and da da" it was just "do you have a supervisor I can talk to?"

The person they put me on to, she was a person who wore two pōtae. The first pōtae she was wearing she couldn't help... she was offering some solution but really it was no, no, no...

I said that doesn't sound very good, thanks for talking to me but I'm just letting you know that I am going to email a complaint.

Once that word dropped (clicks fingers) we did a 180 degree turn around we got the credit and she back dated too for a few months. I thought to myself "how hard was that mate!"
– Financial mentor in city impacted by Cyclone Gabrielle

"We are seeing less billing disputes, likely from the uptake of smooth pay and the ability to go to dispute resolution.... Utilities Disputes do awesome work but I don't think the retailers are doing well at telling people they can go there though." – Legal advocate in a regional city

"Its about escalation, you've got Utilities Disputes things. They come back in the industry's face quite prominently and all of a sudden they are coming to the party. Those are a good measurement of quality control and integrity, are you doing the best you could for the people you are working with from a power provider point of view?" – Financial mentor in city impacted by Cyclone Gabrielle

Utilities Disputes is effectively the only place the community can currently go to make the recommendations in the Consumer Care Guidelines a reality. This is by getting the scheme to investigate electricity retailer conduct against "industry standards," being the voluntary guidelines.

It is positive that interviewees who reference or use the scheme find it effective. All initiatives to promote the scheme when needed are therefore worthwhile and, as one interviewee noted, there is room for more awareness to be raised around the service being available.

3.6. Effective assistance for whānau

3.6.1. Actioning robust protections is viable for retailers

The Electricity Authority itself and the interviewees in this report, have noted that the Consumer Care Guidelines are not always reflected in electricity retailer's conduct or not always effective.

However, many financial mentors pointed out examples showing that it is possible for electricity retailers to assist effectively and a framework to ensure this happens every time is practically possible.

"He was over the threshold for MSD. The power company was helpful and helped get a good solution for all. She gave as an extension, we got his Kiwisaver and he was able to pay that off. I needed to a budget first, I was over two hours with this client. [The electricity retailer staff member] was trying to do anything to try and help this client... she went over and beyond."

– Financial mentor in a Cyclone Gabrielle impacted area

"I have had one where they have paused the arrears payments for the winter which was really helpful." – Financial mentor in Auckland

"Meridian do heat pump servicing. Some clients have heat pumps that aren't working or need servicing and Meridian will send out a technician to that household. It is a case by case scenario."

Meridian will also help out with firewood." – Financial mentor in Christchurch

(colleague commenting on the above) *"Most of the public wouldn't know that unless they were linked up with navigators or had advocates in there on their behalf."* – Financial mentor in Christchurch

"They just told her don't reduce her heat pump usage because a baby had just arrived. Keep doing it and don't turn it down for the sake of saving power. They would analyse her account over the winter period and said if they saw the power spike then they would take a further 10% off what was negotiated prior." – Financial mentor in Christchurch

From what some electricity retailers have told FinCap at hui, they have also managed to not disconnect many, if any, whānau on post-pay during Covid 19 Alert Levels 3 and 4 or in areas impacted by Cyclone Gabrielle during initial recovery. Data made available by the Electricity Authority does confirm multiple retailers disconnected 0.0% of customers in September to December 2021 when the Alert Levels were active in all or some parts of Aotearoa.⁶¹ It seems it is possible not to put the safety of whānau at risk by disconnecting them when they cannot pay.

Industry stakeholders subject to proposed regulation often will argue that any enhancement of consumer protections and better outcomes are commercially unviable or unimplementable. However, as a positive note to end this section, these findings demonstrate better conduct is happening at least some of the time and is entirely possible.

4. Cyclone Gabrielle and Covid-19 Alert Levels 3 and 4

The last three years have seen some form of significant disruption for day-to-day life in every community across Aotearoa. Staying connected to the outside world and safe and healthy wherever a whānau finds themselves accommodated are basic needs met at least in part by electricity.

Consumer protections like the Consumer Care Guidelines need to deliver during these times even more so than when the world is business as usual. Climate change will cause more frequent and severe disruption to communities across Aotearoa in years to come, on top of the risk of pandemic, earthquakes, volcanic activity and other crises.

This section looks at experiences around electricity issues relative to the Level 3 & 4 Covid Alert settings from August 2021 and Cyclone Gabrielle. The Consumer Care Guidelines were in place through these events.

While the time limited research for this report set out to understand the Consumer Care Guideline's effectiveness in assisting whānau impacted by severe flooding in and around Auckland in January 2023, there were no significant findings to note.

4.1.1. Electricity assistance during Covid Alert Levels 3 and 4 (August – December 2021)

All of Aotearoa moved to Covid Alert Level 4 on 17 August 2021 for two weeks. Auckland remained in some form of Alert Level 3 until the framework was replaced by Covid-19 Protection Framework (traffic lights) on 2 December 2021.⁶² This report just examines these instances of Alert Levels 3 and 4, where almost all whānau would have spent most of their time at home with very limited direct contact with the outside world.

Such restrictions created greater pressure on whānau to purchase essential electricity supply to sustain people being home more often. Some will have needed electricity as part of isolating while recovering from Covid-19.

This could be coupled with less income as many were unable to work and government subsidy schemes did not match all previous income, especially for those who were previously relying on working extra paid hours to make ends meet. It was also a time where there might be more barriers to accessing support when having difficulty paying for electricity.

It is worth noting that the Electricity Authority released an open letter to electricity retailers on 20 August 2021. This stated the Electricity Authority considered disconnections of post pay and prepay customers in these circumstances did not align with the Consumer Care Guidelines.

*"The guidelines recommend that disconnections for non-payment, of both post- and pre-pay customers, should not occur at a time that may endanger the wellbeing of the customer or any consumer at the premises (paragraphs 66 and 73). The Authority considers pandemic-related lockdowns (including under COVID-19 Alert Levels 3 and 4 as currently defined) fit this criterion."*⁶³

Despite sending this letter the Electricity Authority confirmed *"No analysis was undertaken in relation to COVID-19 alert levels 3 and 4."*⁶⁴

At times FinCap has heard from the industry that very few electricity disconnections for non-payment did occur during these times. Numbers collected by the Electricity Authority counted 1,699 in the relevant quarter across the industry in comparison to 3,543 in the same quarter in 2020 with multiple electricity retailers having 0.0% of customers disconnected.⁶⁵ However, it has been noted by some that some pre-pay retailers continued automatic disconnection for non-payment and these wouldn't be in the official numbers.

The voluntary nature of the guidelines means the Electricity Authority was likely left with no avenue to prevent or further deter these undesirable outcomes. It also did not apply any resource to monitoring the safety of whānau on prepay electricity during a national crisis.

The interviewees recalled mixed experiences with electricity issues during the Alert Level 3 and 4 lockdowns. Some electricity retailer systems continued to send out letters demanding payment and threatening action. Some electricity retailers had useful extra supports in place beyond the recommendations of the Consumer Care Guidelines but the inconsistency of what was available from industry caused frustration.

"There was a power company in the second week of Covid giving out \$250, there was an inconsistency." – Financial mentor in a Cyclone Gabrielle impacted area

"Covid was a bad time. I was doing a lot of referrals to MSD. People were getting demand letters and when we were working remote it was really hard."

– Financial mentor in a Cyclone Gabrielle impacted area

Consistency, simplicity and clear public commitments across the whole industry's support would have greatly supported community workers who spoke to the difficulty in connecting with whānau who were often very distressed. A disconnection from electricity or telecommunications could have immediately cut off the ability to access support.

"We worked from home, so I was dealing with clients from home. Problem was that the mental health was so high with every single one of my clients, that was the crisis."

"Bills weren't getting paid left, right and centre. They seemed a bit more lenient, but I think the problem was already there before Covid. They were worried about their power bills and being disconnected and stuff but what could we do? We couldn't get hold of any of the agencies at that time and the emails were useless." – Financial mentor in a North Island rural centre

"Although we had the cloud phone on the computer, if the internet was lagging it was no good." – Financial mentor in a Cyclone Gabrielle impacted area

There were some resources for supporting whānau available to some financial mentors, which made resolving an issue faster once the dots connected. One such scheme was the "Power Credits" which gave financial mentors the ability to offer a one-off debt waiver or credit against electricity bills in certain circumstances, with many of the electricity retailers. Some in the industry also had more authority to provide meaningful assistance.

"There is [an industry person] that was my go to during that time. They would check in as to how it was all progressing after I called and she and [her colleague] made me look really good."

People would say to me "I've never been able to get a power contract in my name before."
– Financial mentor in a Cyclone Gabrielle impacted area

"Any clients who did test positive and fell into arrears with their power bill, we were able to use that pūtea [from our role with the Covid Relief Fund] to clear their energy bills." – Financial mentor in Christchurch

"Yes, energy expenses increased for everyone. However, energy suppliers were easy to work with and gave some really good options. Almost like smooth pay but not, advising consumers to pay a set weekly amount to pay for the current charges but also tackling the arrears at the same time without penalties such as late fees, disconnection, and debt collection. The power credit scheme was also running at the same time which helped many whānau." – Financial mentor in a regional city

Interviewees also pointed out that the ongoing financial impacts from this period continue. There is often a significant amount of time from when a whānau acquires a debt through to them exhausting every option they can see for addressing that debt, before they then present for assistance from a financial mentor.

"There is definitely financial hangover from there. Whether it is on the electricity bill or the electricity bill got paid and a new loan got taken out or some other debt, it can be disguised. The debt from that time and the poverty from that time is definitely hanging over."

– Financial mentor in Auckland

"[Since Covid] more of our whānau are struggling, they're not able to get adequate warmth in their home, especially in the winter time... They are balancing between having a warm home compared to buying food." – Financial mentor in a Cyclone Gabrielle impacted area

The guidance from the Consumer Guidelines along with a strong nudge from the Electricity Authority not to disconnect, may have guided the approaches electricity retailers took when deciding to offer extra support.

However, the research and interviews did not produce any evidence that firm protections were in place relative to the risk to the safety of someone being disconnected with more barriers than usual to communicating and seeking assistance. It was entirely up to electricity retailers' discretion as to whether they provided suitable assistance to whānau impacted by Covid-19 Alert Levels 3 and 4. This is still the case now as whānau still face energy hardship contributed to by this disruption almost two years ago.

4.1.2. Electricity assistance during Cyclone Gabrielle and the ongoing recovery

On 10 February 2023 the Hon Kieran McAnulty, Minister for Emergency Management released a statement which, among other things, warned that the incoming Cyclone Gabrielle could mean *"Power cuts could affect EFTPOS and ATM machines, so make sure you have some cash at home or food and water to last 3 days."*⁶⁶

Eleven people passed away in circumstances relating to Cyclone Gabrielle.⁶⁷ The cyclone heavily impacted areas from Northland through to Hawkes Bay between 12 and 16 February 2023. At one point 225,000 homes were without electricity.⁶⁸ This outage was due to physical damage to the electricity system rather than electricity retailers disconnecting whānau for non-payment at their discretion.

Many organisations will learn lessons from having to respond to Cyclone Gabrielle. One interviewee in an impacted area noted electricity retailers' communications ahead of the disaster need to be part of that reflection.

"With the responsiveness of the power companies. I think they probably needed to look at what was their interaction with customers prior to these events." – Financial mentor in city impacted by Cyclone Gabrielle

A hui open to all financial mentors in cyclone and flood impacted areas took place in early June, after the events in January and February. Many joining the hui reported that they were only at this point receiving an influx of whānau seeking help with financial issues related to these events. They reported many whānau were so emotionally strained by the consequences of the cyclone that it had taken to this point for them to start finding the energy to work out practical steps for their future. These steps included dealing with financial issues.

Some at the hui also said the need in the community was many times greater than that caused by Covid-19 disruption. There may well be much more support needed from electricity retailers, in relation to energy hardship contributed to by Cyclone Gabrielle, for some years to come.

Two interviewees were without electricity due to the cyclone. They shared insights as to their own experiences, as well as what the whānau they work with went through, in May 2023 interviews.

Some whānau were still sharing that they were without electricity supply at this time.

"With those affected by the cyclone some still do not have power supplied to their homes and are living in alternative accommodation still making payments at reduced amounts to stay in credit for when they are able to go home." – Financial mentor in a Cyclone Gabrielle impacted area

"People are still without power and the hoops they are having to jump with no money and no insurance!"

– Financial mentor in a Cyclone Gabrielle impacted area

Beyond any immediate risk to health or even life for some medically dependent consumers, the loss of electricity can have flow on financial impacts on whānau impacted by a disaster. It also can limit the ability for timely repairs to homes.

One interviewee did however point out that for some there were more pressing issues during, and in the immediate aftermath of, Cyclone Gabrielle.

“People didn’t know that they had access to power because they were in silt. That is what happened in Te Karaka. What was more prominent on their mind? It was where am I gonna live?” – Financial mentor in city impacted by Cyclone Gabrielle

“Losing food and frozen in our fridge and freezer. We were without electricity for three weeks. No power supply meant we had no access to our water pump. We weren’t able to stay in our property. With limited funds we weren’t able to access a generator or essential items to make our where liveable.” – Financial mentor in a Cyclone Gabrielle impacted area

“Personally, the impact for the majority of people who live within the city limits was minimal. We were out for a few hours on the Tuesday.”

For people further out like Te Karaka which is where our regions goes or even Manutuke going out towards the rural areas, their story might be a bit different. Up the coast as well.

Our ability to turn on the TV and keep up with all the news coming out [was an issue]. Our connectivity is out and I’ve still got an old TV with freeview.” – Financial mentor in city impacted by Cyclone Gabrielle

In observing they had a need to connect with the outside world and understand what was happening immediately after the disaster, an interviewee noted the bundling issues raised earlier in this report meant electricity retailers were involved in wider issues too.

“Power companies aren’t just power companies anymore. You’ve got connectivity. They’re selling it in packages.”

– Financial mentor in city impacted by Cyclone Gabrielle

Several of the initial replies to FinCap, having reached out to financial mentors in impacted areas, were focused on raising frustration at electricity retailers’ continuing to charge despite households having had a significant time without electricity supply. There may be a technicality that electricity retailers and networks can continue a fixed daily charge on billing despite outages. Regardless, it clearly struck a nerve with many when a bill arrived not long after they regained access to the internet. The interviewees mentioned this frustration that they and those around them faced.

One interviewee’s experience demonstrated that frontline call centre workers were not adequately trained on the role of financial mentors, or Energy Mates which is an industry funded energy efficiency initiative. This is of concern generally, as awareness could be expected if the electricity retailer claimed alignment with the Consumer Care Guidelines.

The issues in the previous section around knowing “magic words,” industry culture, inconsistency and electricity retailer staff not being responsive to the varying needs in communities, are also all present in the interviewee’s reflection of their own issue. The experience clearly frustrated this advocate and eroded their trust that retailers want to help.

“From my retailer there was no communication [before or after the Cyclone]. It was only me once I got home and was able to connect, the first thing I did was ring up my retailer to say “I’ve been without power from this time to this time and from looking at my charges I was still being charged a daily rate so I want to be compensated.”

The person I spoke to was very confident, sounded like he knew what he was talking about and it was an outright “no we don’t do that.”

I turned around and said, because that worked me up, that “excuse me I am a financial mentor and an energy mates coach” and he goes “I don’t even know what that is.”

So told him I want to escalate the call and it just so happened that none of the supervisors were around when he was on. He was sympathetic saying “oh I’m really sorry you’ve experienced that’s no good” and I ended up saying “stop patronising me.”

I asked again to escalate the call, he said there was no management available. I told him I was not happy with his arrogant service and asked to hear from his superior once she became available.

I am one of the lucky ones because I have direct contacts from my roles. Once I got to them she understood my concern. As we were talking I saw someone was trying to ring me from Wellington, she said oh that will be the guy I had dealt with. He had good notes and she read it out it said “I’m trying to get a hold of the customer, I wasn’t aware that we could offer...” She said “would you like to take that call” and I said definitely not. I wasn’t in the mood and I wasn’t in the right space.” – Financial mentor in a Cyclone Gabrielle impacted area

Like Covid-19 assistance and in general, the interviewees noted that industry is inconsistent as to what assistance is given. The issue of an advocate getting a far better response than an everyday member of the public also points to a gap instead of consistent consumer protections all could rely on.

“One of my colleagues she rang up her company to ask if she could have a credit note and they came back you’ve already been given a credit. \$8! I got \$110.” – Financial mentor in a Cyclone Gabrielle impacted area

“Its about half and half, some are getting support and help, some are getting mucked around.

I said if they’re getting mucked around then refer them to me and when I’m ringing the power company they are actually awesome. But prior – I’ve had clients, who have been affected who have turned around and said “why didn’t they just do that in the beginning.”

I’ve had phone calls where I’ve just said “kia ora, I’ve got this client. I’m calling on their behalf. I just want to know are you going to compensate, if you can compensate” and then they automatically kick into “oh I’m sorry your area was affected” and my client’s looking at me doing a pūkana and I ask them do they know who spoke to [with a previous bad experience].” – Financial mentor in a Cyclone Gabrielle impacted area

During the interviews in May, beyond noting issues getting consistent compensation for time disconnected or connecting at all, one interviewee noted few other immediate issues with electricity. There seemed to be links to the previous section’s findings about government agencies like Work and Income doing the heavy lifting to prevent issues.

“For the past few months, I’ve noticed that people aren’t coming in and saying “I need help with my power.” – Financial mentor in city impacted by Cyclone Gabrielle

“To me, Civil Defence payments [are helping]. Even before the disaster MSD was coming to the rescue.”

– Financial mentor in city impacted by Cyclone Gabrielle

We have also been told by some electricity retailers that they paused collection activity during and for some time after Cyclone Gabrielle, in impacted areas. This did not appear to be directly or effectively communicated to the public and left unnecessary room for distress.

The information the Electricity Authority provided on request, showed disconnections for non-payment continuing in this quarter for many electricity retailers. There was no break down by region for confirming whether disconnections were actually paused. The Electricity Authority also confirmed it was not analysing whether whānau were being disconnected for non-payment in impacted areas during a declared state of national emergency.

In May, the interviewees in impacted areas anticipated ongoing challenges to financial wellbeing, as well as wellbeing in general, for their communities.

“Some people are saying “hey don’t pay your power bill, stuff them, you’re not living in the house. I said hang on, when you go back to your house, what will happen then?” – Financial mentor in a Cyclone Gabrielle impacted area

“I can see a tsunami, I can feel a tsunami coming. You’ve got people with no power. You’ve got people who have disconnected their homes because they are not there so that they don’t have to pay daily rates. Then you’ve got some that want to be home.” – Financial mentor in a Cyclone Gabrielle impacted area

“I’ve heard of a case when one property has power connected, the community has connected their power to that property. The tenants who were renting out that property are living at a marae. The power is going to be in their name and other people are using that power.”
– Financial mentor in a Cyclone Gabrielle impacted area

“I’ve got a client in Bayview, they had to use those commercial fans to air out their property. There will be more power costs. They are pensioners.” – Financial mentor in a Cyclone Gabrielle impacted area

“We’ll have pensioners with no insurance. It’s going to be a tsunami of bankruptcies.”
– Financial mentor in a Cyclone Gabrielle impacted area

“I think because of this cyclone, these events, it’s sort of like pushed everything to the backburner. We were in Covid off and on for what, two years? Only now to go boom, boom.”

So that exhaustion of “what is coming now?” – Financial mentor in city impacted by Cyclone Gabrielle

It is essential that current gaps in consumer protection, noted in the previous section, are addressed. This should ensure that electricity retailers alleviate rather than compound potential energy hardship that is a flow on impact of Cyclone Gabrielle.

4.1.3. Preparing for essential electricity supply during future disasters

Being a significant event on the minds of many in Aotearoa, considerations of how to best prepare to cope without electricity when there is a disaster, were raised by some other interviewees.

One noted that the local climate in winter weather poses a much greater risk to safety in their community relative to cyclone impacted areas much further north.

"We don't even need to have a disaster, [the local network] has been replacing the power lines here and they seem to choose the coldest, wettest, greyest day they can find to do it. We have people who are sitting at home with no heating for a whole day.

Today for example there will be a street out and there will be people sitting at home freezing to death." – Financial mentor in a South Island rural centre

Several mentors noted that moves to electrification risk causing tension in their area, as it is sometimes removing sources of energy that locals have long found very helpful when electricity is no longer available.

"I've got a fire at my house. I can cook on it and keep warm, a lot of people don't have the ability to do that and it is one of the reasons why I got a free standing fire. But, that was at the time that the council was pushing to the heat pumps and that was when Canterbury had the three weeks' worth of power cuts, when they got those bad snows." – Financial mentor in a South Island rural centre

"With emissions policies there are less heating options so more whānau will be relying on electricity as a necessity." – Financial mentor in a Cyclone Gabrielle impacted area

"Around here heating is the biggest issue. Around here in the wintertime, if you've got a fire, you've got warmth." – Financial mentor in a South Island rural centre

One interviewee still noted that having a fire could not solve everything. Generators were noted as very much in demand by the interviewees in cyclone impacted areas. A mentor otherwise pointed out that generators could prevent some flow on effects like costs associated with replacing spoiled frozen food.

"I should have a generator in my back up plan. If we do lose the power what am I going to do with my freezers? If you keep the door shut they won't defrost but that can only go for a certain amount of time. Then all of a sudden you've got all this food that has got to be eaten or it spoils."

– Financial mentor in a South Island rural centre

"Maybe giving some subsidies to put solar panels in? Some are not using the grid but can tap into it when they need to." – Financial mentor in a South Island rural centre

The last reflection on new energy technology highlights the need for some consumer protections around the provision of this technology. Solar panels and batteries "behind the meter" must be specifically configured or designed to provide backup electricity

in an emergency. Many may assume that a system has capability to provide backup electricity, or a salesperson might not check whether this is required, and a whānau might find themselves without electricity once it is too late.

This issue could be particularly concerning if it formed part of an emergency management plan for a medically dependent consumer whose life depends on constant electricity supply.

On top of all these considerations about future disaster, it is important to note that voluntary Consumer Care Guidelines still leave room for electricity retailers to disconnect a whānau for non-payment whenever they like. This could be despite the whānau on the other end being in the middle of a declared state of national emergency.

5. Conclusion and recommendations

Community workers' insights and some Electricity Authority staff analysis indicates there are significant gaps in consumer protections surrounding the conduct of electricity retailers in Aotearoa. Electricity retailers should be required to appropriately assist whānau to avoid or resolve energy hardship. When Covid-19 and Cyclone Gabrielle disrupted communities, and while they continue to strain communities today, there is nothing prohibiting an electricity retailer from disconnecting a whānau who cannot pay for electricity essential to their health and wellbeing.

Assistance from Work and Income is doing the heavy lifting to prevent severe energy hardship but electricity retailers need to do more if Aotearoa is to cohesively address underlying issues causing energy hardship. Urgent work is needed to prevent harm occurring from poor conduct by electricity retailers towards whānau who are experiencing energy hardship.

Based on the findings of this report the following recommendations are made:

1. Gaps identified in consumer protections around how electricity retailers must assist whānau who face or experience energy hardship be addressed through urgent strengthening to increase the effectiveness and consistency of industry conduct.
2. The above consumer protections are designed to provide certainty to communities about the appropriate assistance electricity retailers will be required to provide where a declared state of national emergency or similar events occur.
3. Electricity retailers continue to offer extra assistance schemes for whānau continuing to be significantly impacted by Covid-19 and Cyclone Gabrielle.
4. The Electricity Authority better monitor the experience of consumers facing electricity hardship and the conduct of electricity retailers during declared states of national emergency. Any issues identified in such monitoring should be visible to public as well as what action will be taken to address the issues.
5. Work and Income continue to provide significant amounts of assistance to prevent severe energy hardship.
6. Work is commenced towards a framework defining minimum standards for how electricity retailers identify and respond to potential family harm.
7. Specific and robust consumer protections are developed to avoid energy hardship due to poor provision of new energy technology that can impact the cost of, or access to, essential energy supply.
8. More research is undertaken to understand, and work done to address, the harm that is caused by small businesses having limited electricity consumer protections.
9. With the increased shift to electrification, consultation ensures local knowledge informs the emergency management planning for when an event causes electricity outage in a community.

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