

August 2006

# Pre-payment meters in Tasmania

Consumer views and issues



A research project carried out for the  
Tasmanian Council of Social Service  
by Urbis Keys Young

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Thanks to the Research Reference Group – Alison Turner from the Office of the Tasmanian Energy Regulator, Ray McKendrick from the Energy Ombudsman’s office and Margie Law from Anglicare Tasmania’s Social Action and Research Centre – for making their time and experience available to us.

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## Introduction

This research was commissioned by the Tasmanian Council of Social Service (TasCOSS) and carried out by Urbis Keys Young.

**Part One** of this report, by TasCOSS, details the rationale and context for the research project, discusses some of its findings and makes recommendations relating to those findings.

**Part Two** is a detailed report of the research by Urbis Keys Young.

TasCOSS has sought to present research that is independent and we have therefore not intervened in the Urbis Keys Young report (except to clarify terminology). We have instead included a separate section that explains our interest in pre-payment meters and the research, identifies issues that emerged from the research and presents recommendations for action by Aurora Energy, the Tasmanian Energy Regulator and the Tasmanian Government.

# **PART ONE**

## **Research context and recommendations**

by the

**Kath McLean**

**Tasmanian Council of Social Service**



## **The Tasmanian Council of Social Service**

The Tasmanian Council of Social Service (TasCOSS) is the peak industry body for the non-government community services sector in Tasmania. Its membership comprises organisations and individuals active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to the sector, governments, and the general community.

TasCOSS has a long-standing interest in the supply of electricity to households as an essential for health, safety, comfort, and social participation. In its policy and advocacy efforts in this area TasCOSS seeks to ensure both the continued affordability of electricity and the adequacy and equity of protections for electricity consumers, particularly those living on low incomes and who are otherwise vulnerable and disadvantaged. It is these dual concerns that have prompted our interest in the use of pre-payment meters in Tasmania.

### **Pre-payment meters: the Tasmanian context**

Pre-payment meters have been in operation in Tasmania for a decade. They were first introduced as a trial in 1995 and made available for general use in 1997. In recent years, their use has grown significantly and currently some 38,000 Tasmanian households use the Aurora Energy pre-payment system, known as *Aurora Pay As You Go*, for their household electricity metering.

Since their introduction in Tasmania, pre-payment meters have remained unregulated, unlike electricity supply through standard 'black meters' which is regulated by the Tasmanian Energy Regulator through the *Tasmanian Electricity Code*, the *Electricity Supply Industry (Tariff Customers) Regulations* and periodic price determinations. As a consequence, consumers with pre-payment meters do not receive the same level of consumer protection, including price protection, enjoyed by standard tariff consumers.

TasCOSS has been concerned with the use of pre-payment meters in Tasmania and with their proliferation in recent years. Our concerns relate to the unregulated nature of the system and the fact that households using pre-payment meters can self-disconnect without the retailer or any regulatory body being aware. In effect, this can hide financial hardship from public view and isolate those experiencing hardship from the safeguards and systems in place to assist. Aurora Energy, as Tasmania's sole electricity retailer, is obliged to report to the Regulator the number of residential and small business electricity services disconnected by Aurora each quarter. In this way, the extent of disconnections from standard meters is monitored, and mechanisms have been put in place to provide safeguards from disconnection and to offer assistance to those affected by disconnection. This reporting requirement also allows for a regular assessment of the continuing affordability of domestic electricity supply. The fact that the many Tasmanian households that use pre-payment meters are outside of this reporting system is a concern to TasCOSS.

In recent years we have seen a substantial fall in what was an unacceptably high disconnection rate for Tasmanian households on standard 'black meters'. This is due in large part to the combined efforts of the Office of the Tasmanian Energy Regulator and Aurora Energy and both entities are to be congratulated for their success in lowering that rate. However, TasCOSS is concerned that the proliferation of pre-payment meters in those same years may have contributed to the fall in *reported* disconnections. There is no way of telling if this is the case.

In 2004, the Tasmanian Energy Regulator held an investigation into Tasmania's only pre-payment meter system, Aurora Energy's *Aurora Pay As You Go*. TasCOSS was a key player in the investigation and in subsequent discussions with Aurora Energy regarding improvements to their system. As a result of the Regulator's investigation, a number of changes to the *APAYG* system have been introduced, and more changes are intended with the proposed introduction of an addition to the *Tasmanian Electricity Code* to apply specifically to the conditions of use of pre-payment meters. This proposal is currently being considered by the Code Change Panel.

An important feature of the proposed new Code is the requirement that all new pre-payment meters installed have the capacity to monitor each disconnection and its duration. This will ameliorate a major concern we have with pre-payment meters by allowing consumers who experience repeated periods of disconnection to be offered support and assistance.

Currently there are two types of pre-payment meters in use by Aurora Energy in its *APAYG* system. The *Siemens* meter is the most widely used throughout the state while *Actaris* meters are used by a relatively small number of consumers only in Queenstown and surrounding areas. *Siemens* meters lack the capacity to monitor disconnections although the meters can record access to emergency credit. Although *Actaris* meters are capable of monitoring disconnections, we understand that Aurora Energy does not currently use that capacity. The eventual replacement of the almost 38,000 *Siemens* meters in use in Tasmania will be a major undertaking for Aurora Energy, but one that we believe will provide a vital safeguard for households using the *APAYG* system.

## The research

Although Tasmania is the only Australian jurisdiction in which pre-payment meters are currently in widespread and general use, their introduction is being considered by a number of other Australian jurisdictions as an alternative form of electricity metering. South Australia, for instance, has recently introduced a specific pre-payment meter code and has allowed the introduction of pre-payment meters for household use. Pre-payment meters are also in use in a number of remote communities in Western Australia.

There has been vigorous debate among consumer advocates, retailers and policy makers regarding the use of pre-payment meters in Australia, and regulators in several states and the ACT have formally considered issues relating to the introduction of pre-payment meters in their jurisdictions.

An impediment to a more informed debate on pre-payment meters in Australia is the absence of independent research on their use in this country. Most research cited is from Britain where pre-payment meters have been in use, under very different conditions, for decades.

It is for this reason, as well as to inform ourselves and our policy and advocacy work, that we commissioned this independent and comprehensive research on pre-payment meter use in Tasmania. Tasmania provides an important source of experience and information on pre-payment meters, including both the benefits and problems associated with their use. Data drawn from a sample of the sizable population of consumers using the meters in Tasmania provides important insights into consumer attitudes to and experience of pre-payment meters.

## **The process**

TasCOSS sought and received funding from the National Consumers Electricity Advocacy Panel to commission this important research. The Panel is an independent body established under the *National Electricity Rules* with the purpose to grant funds for advocacy by representatives of business and domestic electricity consumers. It is funded from a component of market customer fees charged by the National Electricity Market Management Company. The Panel comprises representatives, appointed by the Australian Energy Market Commission, of business and domestic consumers, as well as of electricity generators and retailers.

With the success of our submission to the Panel, TasCOSS established a research reference group to help guide the research and to offer advice throughout the process. The reference group comprised representatives from TasCOSS, Anglicare Tasmania's Social Action and Research Centre, the Tasmanian Energy Ombudsman's Office and the Office of the Tasmanian Energy Regulator. A research brief was prepared with the assistance of the reference group and expressions of interest were invited from a number of local and interstate research companies. Urbis Keys Young (Sydney) was selected by TasCOSS, also with the assistance of the reference group, and in the first part of 2006, the research was carried out with in-kind assistance from Aurora Energy and with additional funding from the Tasmanian Department of Infrastructure, Energy and Resources.

## **Issues arising from the research and recommendations**

While the majority of those responding to the questionnaire and taking part in the interviews are happy using pre-payment meters, the research findings reveal a number of issues concerning the use and conditions of use of pre-payment meters that require further discussion. In this section we detail these issues and make recommendations that we hope will lead to improvements in consumer protection for all households using pre-payment meters in Tasmania and that will especially assist those on low incomes and who experience other forms of disadvantage.

### **Disconnections**

A relatively high level of disconnection was reported with 23% of respondents having run out of electricity at least once in past 12 months. The majority (58%) had forgotten to re-charge their *APAYG* card and most remained without power for less than 24 hours. However, 6% of households were without power for longer, and running out of power was most common in single parent households (43%) and households where at least one person was unemployed (33%).

These findings support our concerns about self-disconnection and people living on low incomes. While the numbers are relatively small, it is a major problem for those it affects and the problem remains hidden from view.

### **Recommendation 1**

That new pre-payment meter technology with the capacity to monitor disconnection events and their duration be introduced as soon as possible to replace existing *Siemens* meters, and that the monitoring capacity of *Actaris* meters already in use be activated and the information provided used to assist households experiencing repeated and/or extended periods of disconnection.

### **Recommendation 2**

That assistance in the form of referral to government or non-government assistance services (for instance, financial counselling and/or emergency relief agencies) be offered to consumers who experience repeated and/or extended periods of disconnection. In addition, such consumers should be offered reversion to a standard meter without cost and advice on alternate payment methods available with standard meter accounts.

### **Recommendation 3**

That the Tasmanian Energy Regulator requires that Aurora Energy reports the numbers and duration of disconnections from pre-payment meters on a regular basis.

### **Connection fees**

Of the 20% of households with pre-existing pre-payment meters (that is, dwellings with pre-payment meters already installed when the survey respondent moved in), there is a higher percentage in private rental properties (49%), compared to those in public housing (22%) and of home owner-occupiers (15%). This finding validates a concern that the use of pre-payment meters is spreading more rapidly in private and public rental properties, often the only housing tenure available to low income people. The cost of connection with a pre-existing pre-payment meter is \$25.70 which is about half the cost of connection with a standard meter (\$52). We believe this price differential, offered at a time of likely financial stress, encourages people, especially people on low incomes, to keep pre-payment meters and affects their ability to make a balanced choice of meter type.

### **Recommendation 4**

That Aurora Energy equalise the connection fees between the meter types by bringing the fee for connection to standard meters down to \$25.70 so that consumers can make a balanced choice between the two meter types.

### **Payment options**

The most common reason reported for having a pre-payment meter installed is 'to avoid receiving large quarterly bills' (79%). This is not surprising since quarterly electricity bills are often a cause of financial stress for people living on low incomes, and Aurora Energy's major marketing messages for *APAYG* are 'no more bills' and 'no more surprises'. There are, however, other payment methods available from Aurora Energy that eliminate large quarterly bills and still allow consumers to have access to standard credit arrangements. These include CentrePay – where direct regular deductions are made from Centrelink payments to Aurora Energy; PrePay – where consumers have a card that they can use to make payments of any amount in advance on their electricity accounts; and EasyPay – a system in which Aurora Energy averages out expected electricity costs over 12 months (based on previous use) and consumers pay a set amount at regular intervals. The latter allows for annual costs to be averaged over a year so that increased winter expenditure is spread across the year.

This research demonstrates that certain household types are more at risk using pre-payment meters than others. Single parent households, for instance, report high levels of use of the emergency credit facility (79%), have run out of electricity in the past year (43%), have deferred other household spending (38%), and have experienced financial difficulty due to additional costs associated with having a pre-payment meter, for example, costs of travel to a re-charging outlet, costs of replacing a *APAYG* card (41%).

### **Recommendation 5**

That Aurora Energy, as part of its Hardship Policy, more actively promote alternate payment methods such as CentrePay, PrePay and EasyPay. This could include the provision of information about these payment methods to financial counselling and emergency relief agencies.

### **Information provision**

There appears to be a general low level of understanding among consumers about a number of aspects of pre-payment meter use, including costs relative to standard meters, general rates and charges and how to have a meter removed (see Research Report, Part 2 for details). In order for consumers to make informed decisions, they require high quality information at the time they need it. Unlike consumers with standard meters who receive quarterly bills and other information regularly from Aurora Energy, there is little or no direct communication after the initial installation of a pre-payment meter between consumers and the company. Although Aurora Energy does produce an occasional publication *Aurora Pay As You Go Update*, which is available from point-of-sale agencies, households with pre-payment meters do not have easy and regular access to new information about Aurora Energy, including the company's Hardship Policy, new products and payment options.

We believe this research indicates a clear need for better provision of information to pre-payment meters consumers.

In addition, like those for standard meters, increases in pre-payment meter rates and charges tend to be introduced annually and are advertised in the three regional newspapers. Many consumers, using both types of meter do not see these advertisements and are therefore unaware of rate increases. Knowledge of rate increases are especially important to pre-payment meter consumers since they are eligible for cost-free reversion to a standard meter within 28 days of a notice of amendment to rates and charges.

### **Recommendation 6**

That Aurora Energy provide pre-payment meter users with information by direct mail at least twice a year on changes to rates and charges, changes in card re-charging agencies, conditions for cost-free reversion to standard meters, concessions available, the Aurora Energy Hardship Policy and any new products, conditions, payment arrangements and/or changes that might be of interest to consumers.

### **Cost comparison**

The research elicited a wide range of perceptions of the costs of electricity with pre-payment meters compared with standard meters. The fact that pre-payment meters and standard meters employ completely different tariff systems makes it difficult for consumers to gauge the financial consequences of their meter choice. While we acknowledge the value of time of use tariffs to consumers who are able to vary their usage to take advantage of cheaper time periods, we would like to see this also offered through non-pre-payment meters. This would allow consumers to better compare costs between systems.

### **Recommendation 7**

That Aurora Energy investigate the feasibility of introducing a time of use metering option that does not require pre-payment.

### **Recommendation 8**

That Aurora Energy offer, on request, assistance to consumers with calculations of their potential costs based on the particular household's usage patterns, compared with costs on a standard meter.

### **Concessions**

The research reveals an incomplete knowledge among pre-payment meter users of government concessions available (one in three consumers were not aware of any type of concession). In addition, not all those who reported having a government pension as their main source of income were aware of concessions available (11% were unaware). We also note the very low level of receipt of the Heating Allowance (9%). A similar low level of knowledge of concessions and take-up of Heating Allowance may also exist among people using standard meters.

Since this research was carried out, the State Government has extended the Winter Electricity Rebate (available to Commonwealth Health Care Card holders) to cover the full year. We see this as a positive move that, by eliminating the need to apply for the Rebate only in the winter months, will encourage more eligible people to take advantage of this assistance, and will provide assistance all year to those on low incomes. However, we believe that the State Government needs to further promote its energy concessions.

The low take-up of Heating Allowance may not only demonstrate a low level of awareness of its availability, but may also be related to the eligibility conditions for the Allowance (which differ from other energy concessions in that they include a unique cash assets test). This is one example of the plethora of differing conditions that apply to State Government concessions in general. TasCOSS believes that it is time for a comprehensive review of all State Government concessions.

### **Recommendation 9**

That the State Government better promote its energy concessions, including through the funding of a mail-out containing comprehensive information about the availability of and eligibility criteria for energy related concessions, to all Aurora Energy customers.

### **Recommendation 10**

That the State Government undertake a comprehensive review of all State Government concessions with terms of reference that include the development of a single, standard eligibility criterion.

### **Standing daily charges**

The research reveals that almost half of those surveyed (45%) were not aware that there is a standing daily charge on pre-payment meters and that the charge accumulates whether or not any electricity has been used and whether or not the meter is in credit. We believe this is a low level of awareness of a significant component of household electricity costs. It also is an important factor for consumers to consider when re-charging *APAYG* cards with small amounts of credit since a proportion of the card's credit will be used to cover the daily charges that have accrued while disconnected (note also that the emergency credit used is also deducted from that credit).

The standing daily charge for the standard use (not OffPeak or HydroHeat) of a pre-payment meter is currently 89.81 cents per day. This is higher than the daily charge on standard meters (66.104 cents per day, comprising 60.215 cents for light and power plus 5.889 cents for hot

water). We can see no justification for the difference in daily charges between the two tariff types. Pre-payment meters may be more expensive to purchase, however, the retailer does not have billing, postage or credit costs or meter reading costs, and also enjoys the interest benefits of increased cash flow with the advance payments provided by pre-payment meter users.

#### **Recommendation 11**

That Aurora Energy equalise, at the lower amount, the standing daily charges for equivalent services provided with pre-payment meters and with standard meters.

#### **Recommendation 12**

That Aurora Energy provide its customers with clear and prominent information about standing daily charges, and about the fact that daily charges accumulate whether or not a pre-payment meter is activated with credit.

#### **Meter location**

There are two issues relating to the location of meters that emerged in the research. Firstly, we are concerned that a number of research respondents indicated that they needed to stand on 'a platform' in order to reach their meters. This is a potentially dangerous situation, particularly for those with mobility limitations. Secondly, some respondents suggested that meters should emit a warning when credit is getting low. This does happen, however, in most cases the warning sound would be inaudible inside a house since most meters are located outside.

#### **Recommendation 13**

Given that pre-payment meters need to be regularly accessed by consumers, Aurora Energy should ensure that all meters are located so that they can be used safely and conveniently.

#### **Recommendation 14**

That the warning sounds made by pre-payment meters be made audible inside of dwellings by means of appropriate technology.

#### **Re-charging APAYG cards**

The research indicates that the great majority of users of pre-payment meters usually pay for their APAYG card recharging with cash (88%) and that relatively few usually use other forms of payment such as EFTPOS, cheque and credit card. Some reported being charged a fee (\$1 or \$2) for EFTPOS transactions.

Aurora Energy does not require 'point of sale agents' or card re-charging outlets to accept payment by means other than cash, and agents will do so only at their own discretion. We believe that this disadvantages users of pre-payment meters by effectively limiting their payment options to cash. Aurora Energy customers on standard meters have many payment options including cash, cheque, credit card, EFTPOS, B-Pay, CentrePay and direct debit, and we understand that Aurora Energy pays the costs associated with these receipting channels.

#### **Recommendation 15**

That Aurora Energy encourage their 'point of sale agents' to accept a range of payment methods by covering the additional costs associated with credit and EFTPOS payments.

### **Pre-payment meter Code**

As mentioned above, a proposal for a Pre-payment Meter Code to be included in the *Tasmanian Electricity Code* is currently with the Code Change Panel. When introduced, this Code will offer a range of improved consumer protections to pre-payment meter users. These include equity with standard meter users in the hours in which disconnections cannot take place, an extension to six months of the period that consumers may revert to a standard meter without cost (to allow households to adequately test the meter to their particular usage patterns), the requirement that all new meters are capable of monitoring disconnection events and their duration, a requirement that the emergency credit level be reviewed every two years, and a range of reporting requirements to the Regulator. TasCOSS sees the introduction of the proposed Code as a positive step and one that will result in greatly improved protections for consumers.

### **Recommendation 16**

That the Tasmanian Energy Regulator expedite the Code change process and the introduction of the Pre-Payment Meter Code.

### **Conclusion**

The Tasmanian Energy Regulator's 2004 investigation into pre-payment meters in Tasmania marked the beginning of a process of improving conditions for consumers using the previously unregulated pre-payment meters. We hope that this research continues that process and results in further improvement for consumers. While the vast majority of those who choose to use pre-payment meters are obviously happy with their choice, we believe it is important to ensure that all consumers enjoy the best protections possible, especially where an essential like household electricity supply is concerned. It is vital that pre-payment meters remain a product of genuine choice and that consumers are not coerced in any way and for any reason into having a pre-payment meter installed.

This is important research, both for Tasmania and for other Australian jurisdictions. We commend the following research report to you as ground breaking, illuminating and engaging. We hope that the experiences and views of Tasmanian consumers reported here will provide a positive contribution to the ongoing debate about pre-payment meters, both locally and at a national level.

Kath McLean  
Tasmanian Council of Social Service  
August 2006

# **PART TWO**

## **Research report**

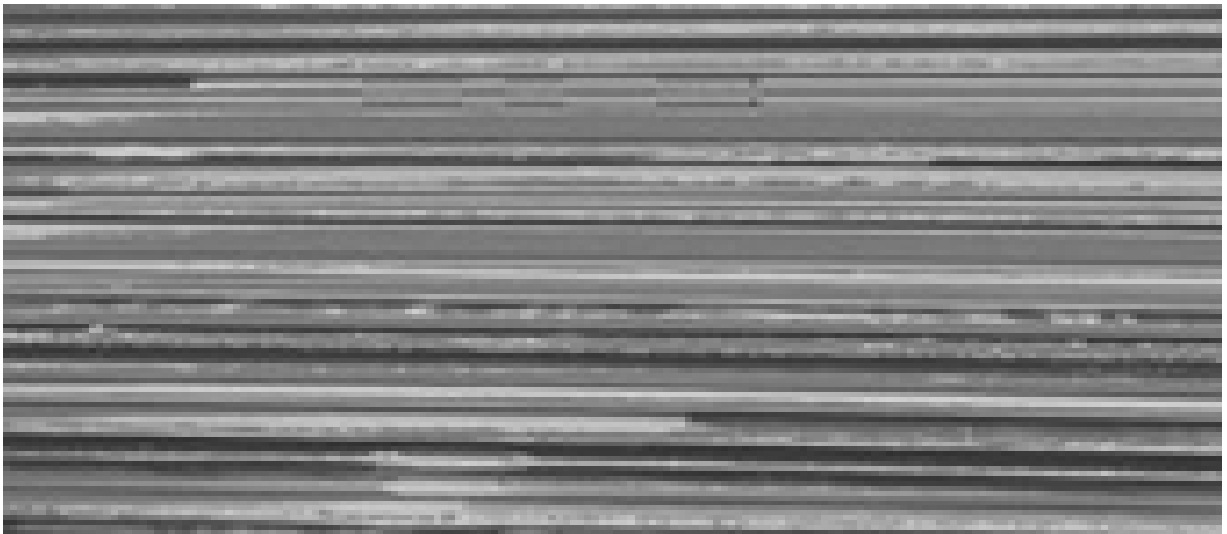
**By**

**Samantha Ross and Duncan Rintoul**

**Urbis Keys Young**



# Pre-payment Meter Use in Tasmania: Consumer Views and Issues



Final Report

Prepared for: TasCOSS

July 2006

Australia Asia Middle East

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## Acronyms

ABS	Australian Bureau of Statistics
APAYG	Aurora Pay as You Go
ESCOSA	Essential Services Commission of South Australia
TasCOSS	Tasmanian Council of Social Service

## Introduction

The Tasmanian Council of Social Service (TasCOSS) commissioned Urbis Keys Young to conduct a research project among people in Tasmania using pre-payment meters, an alternative form of electricity metering which allows households to pay relatively small amounts in advance for their electricity.

The broad aims of this project have been to explore:

- circumstances under which people have pre-payment meters in their homes
- experiences with and attitudes to pre-payment meters, including self-disconnection and the circumstances leading to self-disconnection
- the impact of pre-payment meters on how households manage their finances.

## Snapshot of the research participants

A high proportion of households participating in the research:

- were families with young children
- were owner occupiers
- included someone who was unemployed
- included someone who identified as Aboriginal or Torres Strait Islander
- had a low to medium household income.

A considerable proportion included someone with a medical condition that required regular treatment/medication and/or use of machinery that connects to household electricity.

A proportion similar to Tasmania overall had employment as their main source of income and a slightly higher proportion had a government pension as their main source of income.

The vast majority of households participating in the research had arranged for their pre-payment meter to be installed rather than moving into a home with an existing meter, and had a Siemens (as opposed to Actaris) meter.

## Practicalities of pre-payment meters

### *Using the meter*

The vast majority of research participants were satisfied with the practical aspects of their meters, giving an 'above average' rating for three key aspects: ease of physically getting to their meter, ease of understanding information displayed on their meter and usefulness of the information displayed on their meter. Respondents who moved into a home with an existing meter, were in private rental accommodation or had low incomes gave less positive ratings of these aspects than others.

Not all respondents were satisfied with the location of their pre-payment meter and some participants reported having to stand on a platform to reach their meter.

### *Recharging APAYG cards*

Most interview participants tended to use only one retail outlet for recharging their APAYG card, that was either convenient to their home or to other places they frequented, such as local shops or their workplace. Almost all respondents reported that the outlets they used to recharge their APAYG card were open at suitable times for them.

Most respondents travelled to their main outlet by car. For the majority of respondents, the travel to an outlet to recharge their APAYG card took a short period of time; however for over a quarter the journey took longer than ten minutes.

## executive summary

A significant minority of research participants reported being unable to use their preferred payment method (generally a non-cash method) when they recharged their card.

More than one interview participant had observed that the number of outlets in their area with recharging facilities had decreased during the time they had had a pre-payment meter.

### *Information from Aurora Energy*

Among those who recalled receiving information from Aurora Energy, most received this information either in a pamphlet/brochure/letter or by speaking with Aurora Energy staff over the telephone. Very few respondents had used the Aurora Energy website. Almost all of those who had received information from Aurora Energy reported this information to have been useful.

People who had moved into a home with an existing pre-payment meter appeared to have received less information from Aurora Energy than those who arranged to have their pre-payment meter installed.

A small number of interview participants were critical of the provision of information relating to rates and to rate rises.

## Perceived benefits of pre-payment meters

The main reasons why people arranged for pre-payment meters to be installed were to avoid receiving large bills and to keep control of household spending on electricity.

Some participants who had moved into a home with an existing meter said they had kept their pre-payment meter only because they could not see the point in changing over to a standard meter or because they wanted to avoid reconnection fees from switching.

Compared to the cost of electricity from a standard meter, most respondents suspected that electricity from pre-payment meters cost either the same or less. Interview participants were often unsure, but relatively unconcerned about the cost comparison, considering benefits such as avoiding large bills and convenience to be of greater significance than cost differences.

## Running out of electricity

### *Emergency credit*

Most participants were aware of emergency credit prior to the research. Over half reported having accessed it. Both awareness and use of emergency credit was higher among families with children, those who were in private rental or paying off a mortgage, and higher income earners. In contrast, households that included people aged 66 or older were less likely than most to be aware of or use emergency credit. Most people who used emergency credit felt the amount provided was 'just right'.

### *Running out of electricity*

One in four households reported having completely run out of electricity in the last 12 months. Most had only had this happen once, however some had gone through this 2-3 times or more often. Running out of electricity was particularly common among single parent households and households where at least one person was unemployed. Almost all respondents reported getting power back on within 24 hours.

The most common circumstance leading up to disconnection was forgetting to recharge an APAYG card. Other common precursors to running out of electricity included unusually high electricity usage, finding it hard to find money for household bills and being unable to get to an outlet to recharge an APAYG card.

# executive summary

## *Deferring other expenses to avoid running out of electricity*

More than one in five respondents reported that they had put off paying for other household expenses in an attempt to make sure they did not run out of electricity.

## *Relationship between use of emergency credit and running out of electricity*

There is a strong association between use of emergency credit, particularly regular use of the mechanism, and running out of electricity completely. There is a strong association between the frequency with which emergency credit is used and the frequency of running out of electricity.

## **Payment and finances**

### *Time of Use rates*

Around four in five participants were aware of the existence of Time of Use rates and the majority had used them. The perceived value of the cheaper periods was strongly associated with household income, but most people who used Time of Use rates found them useful. However, the cheaper periods were considered more beneficial for the operation of some items (eg laundry equipment) than others (eg heating).

### *Government concessions*

The majority of research participants were aware of at least one government concession for electricity. Just under half of the respondents were in receipt of at least one concession on their electricity. Awareness of concessions was higher among those more likely to be eligible for them. However, not all households with a pension as their main source of income were aware of government concessions.

### *Additional costs*

A large proportion of participants (close to half) had been unaware of the Standing Daily Charge on pre-payment meters before the research. Very few were aware of or had used the Aurora Progress Rate.

More than a quarter of respondents reported that there were additional costs associated with pre-payment meters that caused them financial difficulty.

## **Preferred meter type**

Almost all respondents said that, given the option to swap systems free of charge, they would prefer to keep using their pre-payment meter. This included the vast majority of both respondents who had arranged for the pre-payment meter to be installed themselves and those who had moved into a dwelling with a pre-payment meter already installed.

## **Considerations arising from the key findings**

There were a number of issues for consideration in the future planning and provision of pre-payment meters, arising from the research. These included the following:

- To maximise the convenience and safety of pre-payment meter users it may be appropriate to review where meters are currently located in people's homes and develop guidelines about where they should be installed in future.
- It seems likely that it would be difficult for some people to conveniently access an outlet for recharging their card without a vehicle; this may warrant further investigation.
- There is a consistent theme of single parents finding it difficult to access a recharging outlet which may require further investigation.

## executive summary

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- To minimise inconvenience to pre-payment meter users, it may be appropriate to introduce measures to encourage outlets to accept methods of payment other than cash.
- It may be necessary to conduct further research into the reported trend of outlets ceasing to offer recharging facilities, and to consider introducing measures encouraging outlets to continue doing so.
- It may be beneficial to take **specific steps to ensure ready availability of information** relating to pre-payment meter use, charges and ways to save money while using a pre-payment meter, and to ensure **information is available via means other than the Internet**. In particular, it may be necessary to take steps to more effectively **target information** on means of saving money to those most in need of assistance. Examples of potential information needs include:
  - providing more detailed information about how *some* usage during cheaper periods may be **adjusted to create some savings** while maintaining 'normal' usage of some 'essential' items
  - providing information on alternative means of saving money (eg energy saving appliances, concessions etc) for groups for whom Time of Use rates may not present a worthwhile saving (eg people who require constant heating of their home, older people and small households with low hot water usage)
  - providing consumers with more information to allow a cost comparison between standard and pre-payment meters to assist them make a more informed choice about which system is right for them
  - making pre-payment meter users aware of all factors affecting their expenditure on electricity including the Standing Daily Charge and changes to rates and charges, particularly as many of these households are likely to be dependent on managing limited financial means as closely as possible.
- Given that use of emergency credit, particularly on more than one occasion over a 12 month period, is a potential early indicator of disconnection, such an indicator could be utilised by Aurora Energy as a catalyst for intervening and offering assistance to these households before self-disconnection occurs (or is repeated).
- There may be a need to investigate awareness levels of APAYG Progress Rate among people who do not have a pre-payment meter installed.

# 1 Introduction

## 1.1 Background to the project

The Tasmanian Council of Social Service (TasCOSS) commissioned Urbis Keys Young to conduct a research project among people in Tasmania using pre-payment meters. This is the report in relation to that research project.

Pre-payment meters are an alternative form of electricity metering which allows households to pay relatively small amounts in advance for their electricity via rechargeable 'APAYG cards', as opposed to having an electricity account with larger quarterly bills.

Pre-payment meters have been used widely in countries such as Britain for some years, and more recently in various parts of Australia. They were introduced in Tasmania for general use in 1997. Currently in Tasmania approximately 17% of domestic electricity installations (some 37,000 households) are pre-payment meters (Office of the Tasmanian Energy Regulator 2005), a relatively high proportion among Australian jurisdictions. Pre-payment meters are operated by the sole electricity supplier in Tasmania, Aurora Energy, under a system called Aurora Pay As You Go (APAYG).

There is ongoing debate about the relative merits and potential problems associated with pre-payment meters. In general, advantages of pre-payment meters are said to include:

- increased ability for consumers to monitor and adjust their electricity expenditure
- avoidance of large bills
- avoiding dependence on and errors in meter readings
- avoidance of disconnection and reconnection fees for inability to pay accounts
- avoiding the need for consumers to have employees of the electricity company come to their home to read the meter
- providing a convenient way to repay and manage debt, with credit going directly to paying off debt
- the availability of Time of Use and other flexible tariffs Essential Services Commission of South Australia ([ESCOSA] 2004).

However, some sources have warned about potential problems associated with pre-payment meters and how they have been regulated. In 2004 the Tasmanian Energy Regulator reviewed the APAYG system. The review found the following:

- Mechanisms were lacking for identifying vulnerable customers for whom APAYG is not an appropriate option and for collecting information on self-disconnections.
- There was a need for a more formal performance-monitoring regime in line with that used for monitoring standard tariff supply, to provide information on conversion rates and rates of reversion back to standard tariffs, accessing emergency credit, self-disconnection rates and customer complaints.
- Differences in pricing structures between APAYG and the standard tariffs made it difficult for customers to compare APAYG and standard tariffs and make an informed decision about which system was best for them.
- A longer trial period, extending the period when reversion would not incur a fee, would be appropriate to allow adequate trialling of the system by households (Tasmanian Energy Regulator 2005).

Regulators in other Australian jurisdictions have also considered issues relating to the introduction of pre-payment meters. Potential adverse impacts of pre-payment meters raised in an international literature review commissioned by ESCOSA (2004) included:

- the capacity of pre-payment meters to hide fuel related poverty through self-disconnection
- the **absence of safety net** mechanisms other than emergency credit
- more specific issues, including:
  - lack of consumer information, absence of billing information and difficulty comparing tariffs with other payment methods, limiting consumers' ability to make informed decisions about pre-payment meters
  - potential costs to consumers associated with pre-payment meters, eg complications in retaining consumer concessions, inability to retrieve credit, the focus on debt repayment rather than affordability, fees including transaction fees on credit, the existence of ongoing daily fees even when no electricity is used, and costs incurred in arranging credit
  - the heightened risk among financially vulnerable consumers of self-disconnection and of consumers forgoing basic needs to avoid disconnection
  - the risk of accidental disconnection due to a pre-payment meter malfunction
  - the onus on the consumer to become proficient in operating the pre-payment meter, including locating credit purchasing points, taking readings, and understanding emergency credit processes
  - potential for consumers to be coerced into installing or maintaining a pre-payment meter in their home, including pressure from retailers and perceived difficulty in changing from a pre-payment meter to another system (ESCOSA 2004).

Pre-payment meters remain unregulated in Tasmania, and the APAYG system lacks a mechanism for monitoring impacts on consumers, therefore knowledge in this area has been limited to date. There has also been, to date, a lack of independent research into pre-payment meters in Australia; with this project being the first of this kind.

## 1.2 Project aims

The broad aims of this project have been to explore:

- circumstances under which people have pre-payment meters in their homes
- experiences with and attitudes to pre-payment meters, including self-disconnection and the circumstances leading to self-disconnection
- the impact of pre-payment meters on how households manage their finances.

A more detailed description of the issues covered by the research is provided at section 2.5. It is anticipated that the findings of this research will inform discussion relating to the potential impacts of pre-payment meters on consumers and the implications of introducing pre-payment meters more widely, including in other Australian States and Territories.

## 2 Methodology

### 2.1 Overview

*The project methodology comprised the following components:*

- review of key Australian documents relating to pre-payment meters
- postal survey distributed to a representative sample of 4,000 households in Tasmania with a pre-payment meter installed in their home; the survey was completed by 1,502 households
- in-depth telephone interviews with members of 16 households in Tasmania with a pre-payment meter installed in their home.

### 2.2 Sampling

Sampling of survey recipients was based on a geographic spread proportional to that of pre-payment meter users in Tasmania. For example, areas with the postcode of 7009 represent 4% of pre-payment meter users in Tasmania and the same proportion of the 4,000 survey recipients.

The response rate for the survey exceeded expectations, at 38% or 1,502 completed surveys.

Participants in telephone interviews were drawn in three ways. Three preliminary interviews, conducted to inform development of the survey instrument, were conducted with customers who belong to a consumer forum convened by Aurora Energy. Of the 4,000 survey recipients, 500 were also invited to call a free hotline and participate in a telephone interview instead of completing a survey. The response via this avenue was less than anticipated, with only three survey recipients contacting the researchers via the hotline. TasCOSS also invited participation in the telephone interviews through its community service networks. This resulted in a further 10 interviews. A total of 16 in-depth telephone interviews were conducted for the project.

To encourage participation in the research, both survey and interview respondents were offered entry to a prize draw with a single prize of \$500 cash. The prize was drawn and a winner notified by TasCOSS on the 16<sup>th</sup> June 2006.

### 2.3 Review of key Australian documents

A selection of key documents was reviewed in order to inform the development of research instruments and orient the researchers to the main issues relating to pre-payment meters. The following documents were reviewed:

- Sharam A (2003) *Second Class Customers: Pre-payment Meters, the Fuel Poor and Discrimination*
- Madden K and Law M (2005) *The Tasmanian Community Survey: Financial Hardship*
- Aurora Energy (2004) *Submission to The Office of the Tasmanian Energy Regulator, June 2004*
- Milbur Consulting (2005) *Committee of Enquiry into Financial Hardship of Energy Consumers: Issues Paper for Consultation with Stakeholders*
- Office of the Tasmanian Energy Regulator (2005) *Aurora Pay as You Go Review, Final Report*
- Essential Services Commission of South Australia (2004) *Consumer Issues with Pre-payment Meters, Final Report*

Full citations for these reports are provided in the Bibliography.

## 2.4 In-depth interviewing

In-depth interviews were conducted with pre-payment meter users to augment the quantitative data gathered in the surveys, to help with interpreting the survey data and to generate case study data with which to 'illustrate' the research findings.

Contact was made with participants in telephone interviews using the three methods described above.

A discussion guide was developed for the interviews which covered the same key themes as the survey instrument. The discussion guide provided some structure and ensured that certain issues were covered, however participants were given the flexibility to 'tell their story' to ensure that the feedback gathered through the research was as comprehensive as possible. The instrument is reproduced at Appendix B.

## 2.5 Postal survey

A self-complete survey, forming the 'backbone' of the research, was distributed via post to a sample of 4,000 households using pre-payment meters. The survey covered the following topics:

- demographic details and dwelling type of households using pre-payment meters
- reasons/circumstances around using a pre-payment meter
- perceptions of cost compared with standard meters
- impact/awareness of various costing factors including Time of Use rates and the Standing Daily Charge on the pre-payment meter
- ease and convenience of pre-payment meters and usefulness of the usage information they can provide
- ease and convenience of arrangements for recharging APAYG cards
- nature and usefulness of pre-payment meter product information and service from Aurora Energy
- usage and perceptions of emergency credit arrangements
- frequency, circumstances and duration of self-disconnection (referred to as 'running out of electricity')
- frequency of forgoing other expenditure in order to maintain electricity supply; and nature of expenditure forgone
- awareness and usage of government concessions available for electricity consumers
- perceived strengths and weaknesses and overall satisfaction/dissatisfaction with pre-payment meters, and ways in which they could be improved.

These topics were also addressed in in-depth interviews with pre-payment meter users.

All questions in the survey were multiple choice with provision to specify 'Other' responses where the options provided did not fit a participant's response. The survey and accompanying correspondence were subject to approval by the project Reference Group. The survey instrument with results is reproduced at Appendix A.

### 2.5.1 Survey distribution and collection

Surveys were printed, collated into envelopes with accompanying materials and distributed directly from Aurora Energy's printing and mailing facilities in order to maintain the confidentiality and privacy of the consumers. Both households with Siemens and Actaris meters were included in the sample.

The surveys were accompanied by information explaining the project and a separate cover letter from Aurora Energy introducing Urbis Keys Young as independent researchers and assuring recipients of the voluntary and confidential nature of the research. All surveys were accompanied by a separate entry form for the prize draw which also explained the voluntary nature of entry into the draw. Reply paid envelopes were supplied with surveys to remove a potential barrier to participation in the research.

Completed surveys and entry forms were returned by respondents to Aurora Energy and then forwarded for data processing and analysis.

## **2.6 Survey data analysis**

After removal of any identifying information (eg names, addresses where these had been supplied), survey responses were entered into a database and then analysed. The analysis of survey data in this report is on two levels:

- The top level analysis reports the responses of all respondents, based on the valid sample for each question (ie non-respondents to a question were filtered out).
- The next level of analysis reports responses of subgroups of the sample, based on characteristics such as:
  - household type
  - housing tenure (renting, buying etc)
  - household income and income source (salary or pension)
  - characteristics of people in the household (eg whether the household contains children, people aged over 65, people with medical conditions etc)
  - whether the household had arranged to have their pre-payment meter installed or had moved into a home with an existing pre-payment meter
  - whether the household would prefer to switch back to a standard meter or keep their pre-payment meter.

### 3 Snapshot of the research participants

This Chapter shows the demographic and other characteristics of the 1,502 respondents to the survey. It is not possible to draw conclusions about how representative or otherwise this sample is, as no comparison statistics are available for the total population of pre-payment meter customers in Tasmania. Nonetheless, we have provided, where appropriate and available, comparisons between respondent demographics and Australian Bureau of Statistics (ABS) data for Tasmania (from the 2001 Census, *Australian Social Trends 2006* and *Labour Force Statistics June 2006*) to give an indication of where certain groups may be more likely to have an APAYG meter.

Demographic information about the 16 interview participants is not described in detail as these participants were not recruited in such a way as to ensure representativeness; however, a slightly lower proportion of interview respondents lived in a household with children, a slightly higher proportion were aged over 45, a higher proportion – just over half – were receiving a pension as their main form of household income, and a higher proportion – just over a quarter – had found a pre-payment meter already installed when they moved into their home, rather than choosing to install it themselves.

#### Geographic location of survey respondents

Although the survey was anonymous, respondents were asked to provide their postcode and suburb. This data was geocoded into the four Tasmanian Statistical Divisions devised by the ABS.<sup>1</sup> The geographic location of survey respondents was as follows:

- Approximately 38% of respondents resided in the Greater Hobart Statistical Division.
- Approximately 28% of respondents resided in the Mersey-Lyell Statistical Division.
- Approximately 26% of respondents resided in the Northern Statistical Division.
- Approximately 8% of respondents resided in the Southern Statistical Division.

#### Household structure

The main characteristics of households surveyed were:

- 46% were families with children (34% couples with children, 12% single parents). This is considerably higher than the proportion in Tasmania overall (36%) (ABS 2001).
- 30% were couples without children. This is considerably lower than the proportion for Tasmania (38%) (ABS 2001).
- 17% were lone person households. This is considerably lower than the proportion for Tasmania (27%) (ABS 2001).
- 4% were group households; similar to the proportion for Tasmania (3%) (ABS 2001).
- 3% other.

#### Housing tenure

The main characteristics of housing tenure for those surveyed were:

- 77% were owner-occupiers (44% paying off a mortgage, 33% fully owned). This is considerably higher than the proportion for Tasmania overall (70%) (ABS 2001).
- 23% were renters (12% private rental, 11% public housing). This is similar to the proportion of renters in Tasmania overall, but represents a lower proportion of private renters than across Tasmania (17%) and a higher proportion of public housing tenants than that across Tasmania (6%) (ABS 2001).

<sup>1</sup> 18 of the 1,502 survey responses could not be geocoded, for various reasons including a suburb not matching a postcode given, and the use, in the geocoding process, of an ABS database which excludes very small suburbs.

## Illness, disability and mobility

ABS data are not available for these topics.

- 38% of households included someone with a medical condition that either required regular treatment/medication (36%) and/or use of machinery that connects to household electricity (5%)
- 10% of households included someone with physical mobility problems
- 2% of households included someone with an intellectual disability.

### *Other characteristics of people in households*

Census data are not available for age by household, and it is beyond the scope of this report to make inferences about household composition in regards to age that would enable statistics on individuals in the Tasmanian population to be compared with proportions of households participating in the survey. However, it is likely given the high proportion among survey respondents of households with children that the proportion with children under 12 is also higher than for Tasmania as a whole. We have made household versus individual-based comparisons regarding identification as Aboriginal or Torres Strait Islander and unemployment, as the differences are considerable.

The other key characteristics of households surveyed were:

- 30% of households included at least one child under 12 years of age (15% 0-4 years, 22% 5-11 years)
- 20% of households had a person aged over 65.
- 21% of households included someone who was unemployed. This is considerably higher than Tasmania's current unemployment rate of 6.6% (ABS 2006a)
- 7% of households included someone who identified as Aboriginal or Torres Strait Islander. This is considerably higher than the proportion of Aboriginal or Torres Strait Islander identified people in Tasmania (3%) (ABS 2001)
- 2% of households included someone from a non-English speaking background.

### *Weekly household income*

The weekly household income characteristics of households surveyed were:

- 16% had a weekly household income under \$300; similar to the proportion of Tasmanian households in this income bracket (15%) (ABS 2001).
- 37% had a weekly household income of \$300-\$599; significantly more than the proportion of Tasmanian households in this income bracket (27%) (ABS 2001).
- 25% had a weekly household income of \$600-\$999; similar to the proportion of Tasmanian households in this income bracket (22%) (ABS 2001).
- 11% had a weekly household income of \$1,000 or more; significantly lower than the proportion of Tasmanian households in this income bracket (24%) (ABS 2001).
- 8% not stated.

### *Main income source*

The main income sources for households surveyed were:

- 54% salary from employment (43% full time, 11% part time). This is similar to the proportion for Tasmania overall (57%)<sup>2</sup> (ABS 2006b).
- 43% pension or allowance from the government. This is a somewhat higher proportion than in Tasmania overall (37%) (ABS 2006b).
- 4% other. This is a similar proportion to that in Tasmania overall (6%). (ABS 2006b)

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<sup>2</sup> This figure includes 52% from 'Wages and salaries' and 5% from 'Own business or partnership'.

### *Pre-payment meter installation*

- 80% of households participating in the survey had someone in their household arrange to have the meter installed
- 20% of households participating in the survey had a pre-payment meter already installed when they moved in to their home.

### *Meter type*

As noted previously, there are two types of meter, Actaris and Siemens. Actaris meters are currently installed exclusively in Queenstown and surrounding area. Based on a count of the number of households with the Queenstown postcode (7467), 85 households participating in the survey, or 6%, had an Actaris meter installed.

## 4 Practicalities of pre-payment meters

### 4.1 Use of pre-payment meters

Pre-payment meters are around the size of a standard electricity meter and are located on the site of each dwelling that they serve (eg near the front door). The meters display a range of information including a display screen that shows how much credit is remaining.

#### User ratings

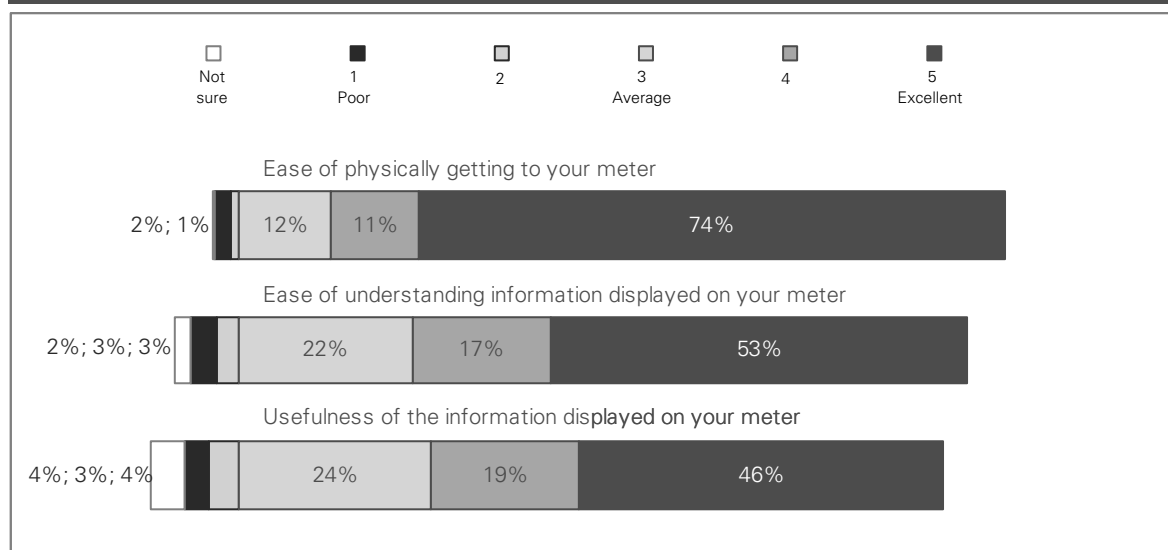
The vast majority of pre-payment meter users were satisfied with the practical aspects of their meters, giving an 'above average' rating for three key aspects:

- ease of physically getting to their meter (74% excellent, 11% above average)
- ease of understanding information displayed on their meter (53% excellent, 17% above average)
- usefulness of the information displayed on their meter (46% excellent, 19% above average).

Problems with each of these aspects were reported by less than one in twelve respondents.

Similarly positive responses were given by interview participants, several of whom also commented on the ease of operating the meter, for example that recharging the meter was a simple process and that emergency credit was 'activated' by pressing only one button.

TABLE 4.1: RATING OF THE USABILITY OF PRE-PAYMENT METERS



More detailed analysis of survey results shows that:

- Respondents who had a pre-payment meter already installed when they moved in were less impressed by the ease of physically getting to their meter (68% excellent) or the usefulness of the information displayed on their meter (40% excellent).
- Private renters were less impressed by the ease of physically getting to their meter (66% excellent) or the ease of understanding information displayed on their meter (53% excellent)
- Low income households were less impressed by the ease of physically getting to their meter (66% excellent) but more impressed by the usefulness of the information displayed on their meter (51% excellent).

Most interview participants did not have difficulty physically accessing their meter, although three required a step ladder or some other platform to reach their meter, and one found the information on the meter difficult to read as it was in a dark corner of his home. One participant, who lived on acreage, was inconvenienced by the positioning of the pre-payment meter against a peripheral building on his property rather than near his house. Both of these latter respondents had moved into a home with a meter already installed. Most respondents had the meter located just outside their front door, above the door, and were happy with this position, although one had had the meter installed inside his home and another said she would have preferred this option had it been available.

One interview respondent reported that the absence of bills from the electricity company made it difficult to monitor his usage of electricity. However, others found that by keeping track of meter readings and/or how frequently they needed to put credit into the meter, it was easier for them to monitor their usage than with quarterly bills.

## 4.2 Recharging APAYG cards

*APAYG cards are the mechanism for adding credit to a pre-payment meter. Similar in size to a credit card, APAYG cards are not disposable – every time a customer wants to add credit to their meter, they visit an approved retail outlet, transfer money onto their APAYG card, return home, and then swipe the card on their meter. In theory, cards can be recharged at a variety of outlets. Aurora does not require outlets to accept payment methods other than cash (ie credit, EFTPOS, cheque).*

### *Retail outlets used*

Customers can recharge their APAYG cards at a range of retail outlets. Newsagents were the most popular outlet (used by 54% of respondents), followed by service stations (32%), chemists (21%), supermarkets (15%) and corner stores (6%).

High income households (with more than \$1,000 per week) were more likely than others to use service stations (46%) and less likely to use newsagents (45%).

Most interview participants tended to use only one outlet, that was either convenient to their home or to other places they frequented, such as local shops or their workplace. However, several were also aware of alternative outlets they could use. A small number said that there were only one or two outlets convenient to them and that this was sometimes an inconvenience. However, one of these participants noted that there might be other outlets of which he was not aware.

More than one interview participant had observed that the number of outlets in their area with recharging facilities had decreased during the time they had had a pre-payment meter. One participant had discussed this with a shopkeeper who no longer provided these facilities. The shopkeeper said that there was no commercial or financial incentive for retailers to offer the facilities when retail purchases were not being made at the same time.

One Queenstown resident noted that she had tried unsuccessfully to recharge her APAYG card when visiting a neighbouring area, and was told that her card was incompatible with the system used in that area. This appears to have been a result of the difference between Actaris meters, which are used exclusively in Queenstown and surrounds, and Siemens meters which are used elsewhere.

### *Opening times*

Almost all respondents (94%) reported that the outlets they used to recharge their APAYG card were open at suitable times for them. Single parents were the most likely group to report difficulty with this (88% suitable, 12% not suitable).

Interview respondents also reported that opening times for local outlets were suited to their needs.

### *Travel<sup>3</sup>*

Most respondents (87%) travelled to their *main* outlet by car, usually as the driver (81%), but occasionally as a passenger (6%). Only a minority reported walking (14%) or catching public transport (3%)<sup>4</sup>.

The combined incidence of walking and catching public transport was higher than average (16%) among public housing tenants (32%), single person households (27%), low income households (26%) and pensioners (23%).

Interview respondents tended to walk or drive to recharge their meters in most cases. The majority of respondents did not find travel to recharge their card onerous, although one respondent noted that if he were unable to drive it would be difficult to get to an outlet.

It is important to note that Aurora Energy requires customers residing more than 20km from a recharge outlet to sign an 'out of area agreement' acknowledging that this is the case.

### *Travel time*

For three-quarters of respondents, travel to their *main* retail outlet took less than ten minutes (37% less than 5 minutes, 38% 5-10 minutes). This leaves 26% who travelled more than 10 minutes – a phenomenon that was less common among high income households (19%).

However, it is noteworthy that among interview participants, recharging APAYG cards was usually carried out either in conjunction with grocery shopping or other errands, and/or near the workplace.

One respondent noted that when he travelled into town from his property to run errands and recharge his card, the distance he needed to travel and the need to carry his card with him had caused inconvenience on occasions when he had forgotten to bring his card. Another interview respondent, who lived in a remote location, suggested that removing the \$100 limit on the APAYG card would lessen the number of occasions on which he would need to travel to recharge the meter.

### *Payment for APAYG card recharge*

Almost all respondents (98%) reported usually paying for their APAYG card recharge with either cash (88%) and/or an EFTPOS Savings or Cheque account (21%). Only a minority reported paying by credit card (5%) or personal cheque (1%). Cash payment was particularly common among public housing tenants (97%).

Around one in five respondents (18%) reported having visited an outlet that did not accept the payment method they had wanted to use for recharging their APAYG card. This was particularly common among those who reported paying by cheque (44%), credit card (40%) or EFTPOS (30%).

Among interview participants, there were a number of reports of outlets either not allowing EFTPOS payment for recharging specifically, or charging a fee of \$1 or \$2 for EFTPOS transactions relating to recharging APAYG cards. This appears to be a strategy for recouping banking and possibly labour expenses involved in the transaction, and for deterring EFTPOS payments for these sorts of transactions, particularly when no purchase of goods is being made in conjunction with the APAYG card transaction.

<sup>3</sup> Note – each of these categories has significant overlap with the other.

<sup>4</sup> Note – multiple modes of transport were allowed.

### 4.3 Information from Aurora Energy

*All pre-payment meters in Tasmania (and indeed all electricity in Tasmania) are provided by Aurora Energy. Aurora Energy supported this research project by reviewing the questionnaire and managing and providing in-kind resources for the printing and distribution of the survey questionnaires.*

#### *Receipt of information from Aurora Energy*

Overall, 68% of respondents reported receiving information from Aurora Energy; 19% said they had not received any information from the company and 13% were not sure.

Receipt of information was more frequently reported among those who had arranged to have the meter installed themselves (71%) than it was among respondents whose meter was already installed in their home before they moved in (56%).

A similar distinction occurred among interview participants. Those who moved into a dwelling with a pre-payment meter tended to receive information about the operation of the meter after they telephoned Aurora Energy and **did not receive any further information**. In contrast, people who had the pre-payment meter installed tended to receive more information and **support and did not need** to pursue the information from Aurora Energy, as they either received it unprompted or sourced it themselves from a recharge outlet.

#### *Information topics*

Respondents reported receiving information from Aurora Energy about a range of different topics, including:

- operating instructions for their APAYG pre-payment meter (43% of all respondents)
- Time of Use rates (41%)
- emergency credit (35%)
- general rates and charges (34%)
- locations and outlets for recharging an APAYG card (34%)
- how to replace a lost card (24%)
- how to have a pre-payment meter installed (24%)
- the Aurora Pay As You Go Progress Rate (12%)
- how to have a pre-payment meter removed (10%).

As noted, interview participants were generally happy with the amount of initial information from Aurora Energy (eg how to operate the meter, obtain and/or recharge the APAYG card, etc). It is noteworthy, however, that people moving into a home with an existing pre-payment meter reported needing to contact the electricity company to find out how they could access electricity; this appeared to cause inconvenience in some cases.

A small number of interview participants were critical of the provision of information relating to rates and rate rises. One respondent had been promised information on rates which they had not received; another discerned an increase in the cost of electricity and had not received notification from Aurora Energy. Another two respondents also claimed not to have been notified about the increase in emergency credit from \$5 to \$10.

A number of interview participants mentioned collecting information from outlets where APAYG cards could be recharged, and this seemed to be a common means of getting information about Time of Use rates. However, one respondent noted that the outlet she used often did not have information available when she needed it.

### *Modes of communication<sup>5</sup>*

Among those who recalled receiving information from Aurora Energy, three-quarters (73%) had received this information in a pamphlet/brochure/letter – either one that they had received in the mail (59%) or picked up themselves (eg at the places where APAYG cards can be recharged – 22%).

The other main way that customers had received information from Aurora Energy was by speaking with Aurora Energy staff over the telephone (26% of those who had received information). Few respondents had used the Aurora Energy website (4% of those who had received information).

'Other' modes of communication, cited by 10% of survey respondents, included media, 'in-store' demonstrations or other promotions, the technician who installed the meter and friends and family.

These results align with the responses of participants in telephone interviews.

Use of the website was more common in higher income families (8%). Picking up a brochure from a retail outlet was more common among public housing tenants (30%).

### *Usefulness of the information*

Almost all (93%) of those who had received information from Aurora Energy reported this information to have been useful (47% *very useful*, 46% *fairly useful*). Fewer than one in twelve respondents had found the information to be *not very useful* (6%) or *not at all useful* (1%).

The perceived usefulness of the information was greater among public housing tenants (63% *very useful*), low income earners (59%), lone person households (56%) and pensioners (54%). The information was less highly regarded by private renters (10% *not very useful*, 1% *not at all useful*).

Interview participants were generally happy with the *quality* of the information that they did receive, finding it relevant and easy to follow.

*Information about the different (eg Time of Use) rates is very useful and easy to follow – it's just one sheet of paper with a table on it. It's not too much information – just what we need.*

As discussed some interview participants believed they had received an inadequate quantity of information on rates and rate changes. Others, however, said that they did not require a great deal of information in relation to their pre-payment meter and what they had received served their purposes well.

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<sup>5</sup> Note-multiple modes of communication were allowed; 10% cited an 'other' mode of communication; 4% were not sure how they had got the information.

## 5 Perceived benefits of pre-payment meters

### 5.1 The choice to have a pre-payment meter installed

As noted in Chapter 3, most respondents (80%) had arranged for a pre-payment meter to be installed in their home; only 20% reported that the meter was already installed in the home when they moved there. A slightly lower proportion of the interview participants, 11 of the 16, had had their meter installed.

Prior installation of meters was particularly common among those in private rental accommodation: 49% of those with a previously installed meter lived in this type of accommodation (ie 10% of respondents overall had a previously installed meter and lived in private rental accommodation). In comparison, 22% of those with a previously installed meter lived in public housing (4% of respondents overall) and 15% of those with a previously installed meter were owner-occupiers (3% of respondents overall). Consistent with this trend with regards to private rental, prior installation was also more common among single parents (30% or 6% of respondents overall).

### 5.2 Reasons for installing/keeping pre-payment meters

The main reasons why people arranged for pre-payment meters to be installed were to avoid receiving large bills (85%) and to keep control of household spending on electricity (53%). One in four of these respondents also anticipated that electricity would be cheaper from a pre-payment meter than a standard meter (25%); 5% felt that the meters provided a good way of avoiding contact with the electricity company.

Among the 8% of survey respondents who cited 'other' reasons, these included recommendations from friends and family; wanting to avoid the necessity for a third party to read the meter due to security concerns; inconvenience of letting the meter reader inside the property; and having had a positive experience with a pre-payment meter at a former address.

The above findings align with responses given in interviews, however there appeared to be more emphasis on avoiding large bills and less on the cost of electricity. For example:

*You can always find \$10, you can't always find \$300.*

*People have said to me it's more expensive (than standard tariffs) but I don't care, I just get the money I have at the time and put it in. It's the most convenient thing.*

For respondents whose meters were already installed when they moved in, a number were attracted by the same factors – avoiding large bills (55%), keeping control of household spending on electricity (40%) and anticipation that electricity would be cheaper from a pre-payment meter (15%). However, a considerable number of these respondents said they had kept their pre-payment meter only because they could not see the point in changing over to a standard meter (46%) or because they wanted to avoid reconnection fees from switching (16%).

Among interview participants who did not have their meter installed themselves, there was an even spread of people who kept the meter because they anticipated it would be beneficial, and those who did not wish to pay a fee to have the meter changed over.

*They were going to charge \$100 to remove (the meter) so I had no choice but to keep it.*

**TABLE 5.1: REASONS FOR INSTALLING/KEEPING PRE-PAYMENT METERS**

Multiple responses allowed	Arranged to have the meter installed	Meter was already installed	Total
	(n=1,179)	(n=287)	(n=1,493)
To avoid receiving large bills	85%	55%	79%
To help keep control of household spending on electricity	53%	40%	51%
I thought electricity would be cheaper from a pre-payment meter than a standard meter	25%	15%	23%
To avoid contact with the electricity company	5%	1%	4%
The pre-payment meter was already installed, and I didn't see the point in changing over to a standard meter	1%	46%	9%
The pre-payment meter was already installed, and I knew reconnection fees would be lower if I kept it rather than changing to a standard meter	<1%	16%	3%
It was recommended by a financial counsellor	<1%	<1%	<1%
Other	8%	8%	8%

Other trends with reasons for installing/keeping pre-payment meters included the following:

- Group households were particularly attracted by the idea of avoiding large bills (84%) and keeping control of household spending on electricity (57%).
- Those paying off a mortgage were also particularly keen to avoid large bills (83%).
- Keeping control of household spending on electricity was also important for households that included people aged over 65 (59%); had a medical condition that required regular treatment (56%) or use of machinery (57%); or had a physical mobility problem (59%).

### 5.3 Perceived comparative costs with standard meters

Compared to the cost of electricity from a standard meter, most respondents suspected that electricity from pre-payment meters cost either the same (38%) or less (34% overall – 8% *much less*, 26% *slightly less*). The belief that electricity costs less from pre-payment meters was particularly strong among single person households (41%), group households (40%), public housing tenants (48%), and those on pensions (42%) or with a low household income (42%).

Fewer than one in five respondents (18%) thought that electricity costed more from a pre-payment meter than a standard meter (3% *much more*, 15% *slightly more*); 10% were unsure. The belief that electricity costed more from a pre-payment meter was particularly common among those who had moved into a home with a meter installed (25%).

Among interview respondents, particularly those who had had a meter installed themselves, people were often unsure, but relatively unconcerned, about the cost comparison, considering benefits such as avoiding large bills and convenience to be of greater significance than cost differences. One participant, who believed the cost of electricity was cheaper, attributed this solely to her use of cheaper time periods.

## 6 Running out of electricity

### 6.1 Emergency credit

*Emergency credit is \$10 in credit that can only be accessed when standard credit has expired. The aim of emergency credit is that customers who are caught unawares have time to get to a retail outlet and recharge their meter before they run out of electricity. If the emergency credit expires, electricity supply ceases. Emergency credit is re-established once the consumer recharges their meter.*

#### Awareness of emergency credit

Most respondents (88%) were aware of emergency credit prior to doing the survey. See below for analysis of which groups were more or less aware of this function.

#### Use of emergency credit

Over half (56%) of the sample reported having accessed emergency credit through their pre-payment meter:

- 19% four or more times in the last 12 months
- 21% 2-3 times in the last 12 months
- 12% once only in the last 12 months
- 3% not in the last 12 months.

The remaining 44% were either unaware of emergency credit (12%), were aware of it but had either never accessed it (32%), or did not state whether/how often they had accessed it (<1%).

Both awareness and use of emergency credit was higher among families with children, those who were in private rental or paying off a mortgage, and higher income earners (Table 6.1)

In contrast, households that included people aged 66 or older were less likely than most to be aware of emergency credit (74%), and few had used it (19%).

**TABLE 6.1: USE AND AWARENESS OF EMERGENCY CREDIT BY KEY HOUSEHOLD CHARACTERISTICS**

			Aware of it	Used it
Total (n=1,496)			88%	56%
Household type	With children	Couple (n=504)	93%	70%
		Single parent (n=184)	92%	79%
	Without children	Couple with no children (n=448)	45%	39%
		Single person household (n=252)	39%	42%
		Group / Other (n=107)	33%	54%
Housing tenure	Renting	Public (n=160)	86%	59%
		Private (n=173)	96%	73%
	Owner-occupier	Mortgaged (n=650)	93%	69%
		Fully owned (n=496)	81%	32%
Weekly household income	\$0-\$299 (n=246)		82%	45%
	\$300-\$599 (n=546)		88%	53%
	\$600-\$999 (n=373)		92%	66%
	\$1,000+ (n=211)		94%	65%

### *Sufficiency of the amount of emergency credit available*

Among those who had ever accessed emergency credit:

- Most (85%) felt the amount was *just right*.
- One in nine (11%) reported that the amount available was *not enough* to provide electricity before they were able to get the card recharged. This was more common among those with low household incomes (14%), and particularly marked among those whose household included someone with a mobility problem (21%) or a medical condition that required use of machinery (21%).
- Fewer than one in twenty respondents (4%) felt that the amount of emergency credit was *too much*, in that it created a debt for them.

Among interview respondents, those who had used emergency credit appeared to view it as a 'safety mechanism' for times when they used more electricity than usual or had forgotten to recharge their APAYG card.

*Sometimes at the beginning of winter you just forget that you need to put more credit in, but we don't run out of power because of (emergency credit).*

*We've only used it once in the last few years - everyone in the house thought the other person had (recharged the meter).*

*Sometimes it's just not convenient to get your card recharged the next day, so the amount is good.*

For many interview respondents who used emergency credit, the use of emergency credit did not appear to represent a particularly dire financial situation; instead it was considered convenient on an occasional basis.

Most interview participants believed the amount offered was *just right*. However, one interview participant said that she had not and did not intend to use emergency credit as she '*would not want to get that close to running out of power*'. Another, who had moved into a home with an existing pre-payment meter, found his household went through electricity credit quickly and that it was difficult to find time to recharge his APAYG card. As a result he had used emergency credit eight times in the previous six months. This person believed that a larger amount of emergency credit, up to \$15, would be appropriate. One other (who had had his meter installed) also held this opinion.

## **6.2 Running out of electricity**

*In the event that emergency credit expires, electricity supply ceases.*

*Incidence of running out of electricity*

One in four households (23%) reported having completely run out of electricity in the last 12 months. Most had only had this happen once (15%), however some had gone through this 2-3 times (6%) or more often (2%).

Running out of electricity was particularly common among single parent households (43%) and households where at least one person was unemployed (33%).

Looking at the specific 'at risk' groups, electricity had expired in:

- 36% of households that included children aged under 12
- 27% of households where someone had a medical condition that required use of machinery that requires electricity
- 25% of households where someone has an intellectual disability
- 19% of households where someone had a medical condition that required regular treatment
- 18% of households where someone had a mobility problem

- 7% of households that included people aged older than 65.

Three interview respondents had run out of electricity. Two of these respondents had been disconnected on more than one occasion in recent months.

#### *Duration of being without electricity*

When asked about the *most recent* time they were without electricity, almost all (92%) respondents reported getting power back on within 24 hours. Only a minority (6%) had been without electricity for longer – 4% for 2-3 days, 1% for 4-7 days and 1% for a week or longer. (About 2% were not sure how long they were without electricity).

It is not feasible to break these results down further, as there were only 19 cases where respondents had been without electricity for more than 24 hours.

Of the three interview respondents who had run out of electricity in recent months, none had been without electricity for more than 24 hours.

#### *Circumstances leading up to running out of electricity*

The 345 respondents who had been without electricity were asked to describe the circumstances that had led up to their disconnection:

- 58% had forgotten to recharge their APAYG card
- 27% had experienced unusually high electricity usage
- 21% had found it hard to find money for household bills
- 20% were unable to get to an outlet to recharge their APAYG card
- 11% had experienced difficulty heating/cooling their house
- 5% had lost their APAYG card or had it stolen
- 2% had found that their APAYG card or the meter was not working properly
- 2% had let their electricity run out deliberately because no-one would be using the house.

'Other' reasons, given by 11% of survey respondents, included going away on holiday and forgetting to charge the meter beforehand, remembering to charge the card but forgetting to swipe it, and not realising when the meter was close to running out of credit. In regards to the latter issue, one respondent said that there was '*no warning*' that the meter was about to run out, and another suggested that an alarm or warning signal when the machine got to a certain level of credit would be helpful. It is noteworthy that pre-payment meters do in fact emit a warning sound when credit gets below a certain level, but it is likely that, as most meters are located outside, the sound is not audible to some people.

Among interview respondents, the circumstances leading to the disconnection were:

*My kids were at home during the day and used up extra electricity without telling me.*

*I had to go to visit someone in hospital unexpectedly and recharging the meter fell by the wayside.*

*It was getting towards pay day and I'd overestimated how far the emergency credit would go.*

#### *Deferring other expenses to avoid running out of electricity*

More than one in five respondents (22%) reported that they had put off paying for other household expenses in an attempt to make sure they did not run out of electricity.

The kind of household expenses deferred included:

- other household bills (13% of all respondents) – eg water, gas
- groceries and supplies (10%)
- food (8%)
- rent/mortgage payments (2%)
- school expenses for children (eg books, uniforms, fees, excursions) (2%)

'Other' expenses were deferred by 11% of respondents. These included petrol, child support and carer payments.

As might be expected, deferral of household expenditure was closely related to household income: only 10% of households earning \$1,000 or more per week had deferred such expenditure; this rose up to 33% among households earning less than \$300 per week.

In line with this, deferral of household expenditure was particularly common among single parents (38%), people renting in public housing (37%) or privately (31%) and households where at least one member was unemployed (39%).

Three interview respondents reported deferring other expenditure, on the following items:

*Left out non essential items like coffee.*

*Bought less groceries, paid less on lay by's, smoked less.*

*Bought less petrol and less food.*

### 6.3 Relationship between use of emergency credit and running out of electricity

As discussed above, the last 12 months have seen around one in two households using emergency credit and one in four households completely running out of electricity.

As might be suspected, there is a positive relationship between these two occurrences – that is, the more often people used emergency credit, the more likely they were to have run out of electricity. This was seen in two ways:

- *Having ever run out of electricity* was more common among households that had ever used emergency credit (34%) than those who had not (8%).
- *Frequency of disconnection* was also related to frequency of emergency credit use. For example, of the 26 people who had run out of electricity four or more times, 25 had also used their emergency credit four or more times over the same period.

**TABLE 6.2 RELATIONSHIP BETWEEN FREQUENCY OF USE OF EMERGENCY CREDIT AND FREQUENCY OF RUNNING OUT OF ELECTRICITY**

Frequency of running out of electricity	Frequency of using emergency credit in the last 12 months								
	Not in the last 12 months (n=52)		Once only (n=186)		2-3 times (n=309)		4 or more times (n=288)		Total (n=839)
<b>Run out (total)</b>	<b>4</b>	<b>8%</b>	<b>39</b>	<b>21%</b>	<b>87</b>	<b>28%</b>	<b>160</b>	<b>56%</b>	<b>291</b>
Once	4	8%	34	18%	60	19%	84	29%	183
2-3 times	0	-	5	3%	26	8%	51	18%	82
4+ times	0	-	0	-	1	<1%	25	9%	26
Never run out	48	92%	147	79%	222	72%	128	44%	548
Total	52	100%	186	100%	309	100%	288	100%	839

## 7 Payment and finances

### 7.1 Time of Use rates

*Under the current pre-payment meter system, electricity costs are different at different times of day and in winter and summer. These are commonly known as 'Time of Use' rates.*

#### *Awareness of Time of Use rates*

Around four in five respondents (81%) were aware of the existence of Time of Use rates. Awareness was lower among those who already had the meter installed when they moved in (64%) and consequently also among private renters (76%). Awareness was also lower among lone person households (71%) and also among those with low household incomes (77%).

Awareness of Time of Use rates was similarly high among interview participants.

#### *Use of Time of Use rates<sup>6</sup>*

Over half of the sample (55%) reported taking advantage of the cheaper periods – 20% every day, 22% once or twice a week, 14% less often.

The remaining 45% were either unaware of Time of Use rates (19%), or were aware of them but had either never used them (24%) or did not state how often they used them (2%).

Daily use of Time of Use rates was more common among lower socioeconomic groups, eg public housing tenants (27%), low income households (24%), households where the main source of income was a government pension (24%), and households containing unemployed people (24%).

Interview participants also frequently took advantage of the cheaper periods.

#### *Perceived value of Time of Use rates*

Among those who had taken advantage of Time of Use rates, around three in four (77%) felt that this was worthwhile for their household (44% fairly worthwhile, 33% very worthwhile). One in eight customers who had used the cheaper periods felt it had not been worthwhile (11% not very worthwhile, 1% not at all worthwhile); 10% were not sure.

The perceived value of the cheaper periods was strongly associated with household income: 46% of those with a weekly household income of \$300 or less felt that these cheaper periods were very worthwhile; this dropped down to 19% for households earning \$1,000 or more per week.

Accordingly, Time of Use rates were also more highly valued by public housing tenants (54% very worthwhile), pensioners (46%), single parents (47%) and lone person households (40%).

Unsurprisingly, interview participants who used Time of Use rates also valued them.

*It's a good saving – about \$5 a week.*

*I've got four kids so I do lots of laundry. I've found that washing and drying clothes after 8pm has reduced our 'bill' from about \$100 a fortnight to about \$60 or \$70.*

Time of Use rates were considered particularly useful for clothes washing and bathing, but less useful for heating:

*I need to be warm before 8pm.*

Some others did not use Time of Use rates because the cheaper periods did not generally coincide with the times when they wanted to use electricity.

*I need to be able to do things (with electricity) when I want to do them.*

<sup>6</sup> Note – each of these categories has significant overlap with the other.

One interview respondent also expressed doubt at the usefulness of cheaper periods unless household water heaters were set to operate only during the cheaper periods.

## 7.2 Government concessions

*A number of Government concessions are available in Tasmania for electricity. These include:*

- *the all year electricity rebate (for Pensioners)*
- *the winter electricity rebate (for Health Care Card holders)*
- *the heating allowance.*

### *Awareness of Government concessions*

Two in three respondents overall (66%) were aware of at least one of these concessions:

- 52% were aware of the all year electricity rebate
- 27% were aware of the winter electricity rebate
- 26% were aware of the heating allowance.

Perhaps not surprisingly, awareness of concessions was higher among those more likely to be eligible for them, eg households where at least one member was aged over 65 (88%), public housing tenants (86%), households where someone was unemployed (78%) and households with an income of less than \$600 per week (78%).

These results show that, if a respondent was aware of any one of the Government concessions, they tended to be aware of all of them.

Consistent with the established trend regarding information and awareness of matters relating to pre-payment meters and electricity, awareness of government concessions was lower among respondents whose meters were already installed when they moved in (58%).

Importantly, not all respondents who had a government pension as their main source of income were aware of any of these three government concessions (89%).

Most interview participants were aware of at least one government concession, which aligns with the large proportion receiving a pension.

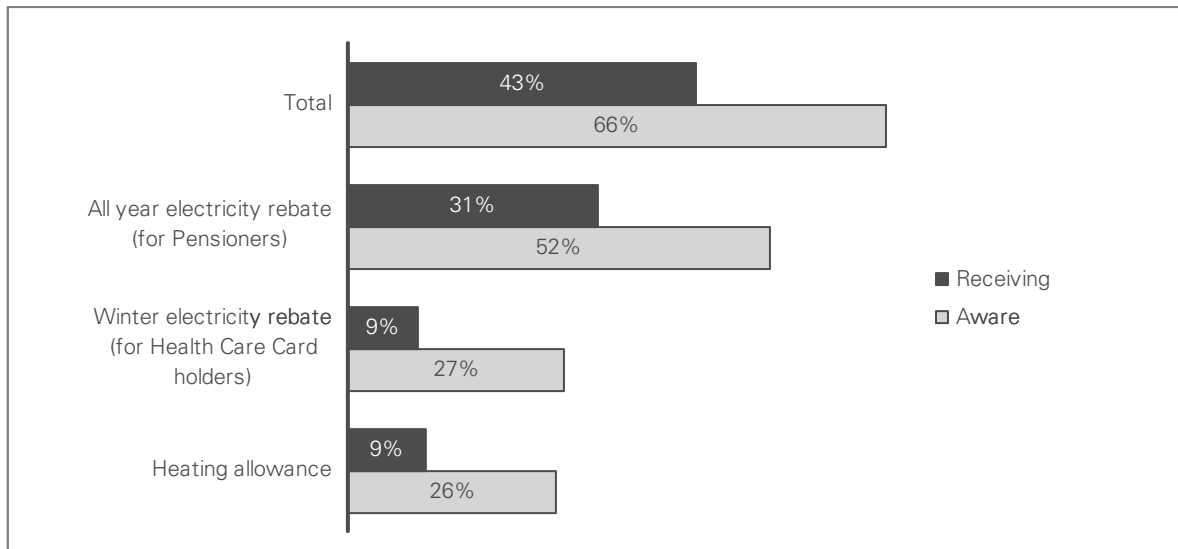
### *Receipt of Government concessions*

Just under half of the sample (43%) was in receipt of at least one of these concessions:

- 31% were receiving the all year electricity rebate (for Pensioners)
- 9% were receiving the winter electricity rebate (for Health Care Card holders)
- 9% were receiving the heating allowance
- 1% received some other form of Government concession (1%).

Several interview respondents received concessions, however there was uncertainty as to whether some were receiving concessions or were eligible for them.

**TABLE 7.1: AWARENESS AND RECEIPT OF GOVERNMENT CONCESSIONS**



### 7.3 Standing Daily Charge

*There is a Standing Daily Charge to consumers on all electricity supply in Tasmania. With APAYG pre-payment meters, daily charges apply whether or not any electricity has been used and whether or not a meter has credit on it.*

Survey respondents were provided with this information as a part of the questionnaire. Only 55% of respondents said that, prior to doing the survey, they had been aware of this charge. Awareness was lower among respondents whose meter was already installed when they moved in (46%).

Among interview respondents, most were aware of the charge and did not seem concerned about it. Those who had not been aware of the charge previously were similarly unconcerned.

### 7.4 Progress Rate

*If someone owes Aurora Energy money for electricity bills generated by a standard meter, it is possible to make arrangements to pay this off through a pre-payment meter on what is called the 'Aurora Pay As You Go Progress Rate'.*

Only a minority of respondents (17%) were aware of the Progress Rate prior to having it explained in the survey. Awareness was higher among public housing tenants (22%) and group households (21%), and was lower among respondents whose meter was already installed when they moved in (11%) and high income households (14%).

Similarly, only two interview participants were aware of the Progress Rate, and only one had used it.

### 7.5 Additional costs associated with pre-payment meters

Apart from the cost of electricity itself, there are some other costs associated with having a pre-payment meter. When presented with the list below, some 28% of respondents said that one or more of the following costs had caused financial difficulty for their household:

- the cost of travel to an outlet to recharge the APAYG card (18%)
- the cost of replacing a lost APAYG card (9%)
- time away from work to go to an outlet and recharge the APAYG card (3%)
- other (5%).

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Difficulties from these costs were more commonly reported by families with children aged under 12 (33%), particularly single parent households (41%); households who were in the private rental market (34%); or households paying off a mortgage (31%). These are the same groups who were more likely to have accessed emergency credit (see section 6.1).

Among interview participants, only two had incurred noticeable additional costs in relation to their pre-payment meter; these costs were mostly in relation to replacing a lost APAYG card.

## 8 Preferred meter type

As the last substantive question in the survey, respondents were asked whether – if they were able to switch meter systems today without cost – they would keep using their pre-payment meter or change to a standard meter and receive quarterly bills.

Almost all respondents (95%) said that they would keep using their pre-payment meter. This included 97% of respondents who had arranged for the meter to be installed themselves and 85% of those who had moved into a dwelling with a pre-payment meter already installed (Table 8.1).

TABLE 8.1: PREFERRED METER TYPE

If you could switch meter systems today without cost, would you...	Arranged to have the meter installed	Meter was already installed	Total
	(n=1,174)	(n=280)	(n=1,488)
Keep using your pre-payment meter	97%	85%	95%
Change to a standard meter and receive quarterly bills	3%	15%	5%

Unsurprisingly, the main factor that appears to characterise whether respondents preferred a standard meter is that they have had negative experiences with (or hold negative perceptions of) their pre-payment meters. Compared with the 1,409 respondents who wanted to keep their meter, the 79 respondents who said they would prefer to switch to a standard meter were particularly likely to:

- have difficulty getting to their meter (11% vs 3%)
- have difficulty understanding information displayed on their meter (15% vs 6%)
- question the usefulness of the information displayed on their meter (24% vs 6%)
- walk to the retail outlet where they recharge their APAYG card (20% vs 13%)
- travel for more than 10 minutes to recharge their APAYG card (33% vs 25%)
- prefer to pay for their APAYG card recharge on Credit (13% vs 5%)
- have visited an outlet that did not accept the payment method they had wanted to use for recharging their APAYG card (39% vs 17%)
- not recall receiving any information from Aurora Energy (45% vs 31%)
- have found the information from Aurora Energy to be not very or not at all useful (38% vs 6%)
- be unaware of government concessions (48% vs 33%)
- be unaware of the existence of Time of Use rates (32% vs 18%)
- believe that Time of Use rates were not very or not at all worthwhile (32% vs 11%)
- believe that electricity costs more from a pre-payment meter than a standard meter (61% vs 15%)
- have deferred other expenses in order to avoid running out of electricity (34% vs 21%)
- believe that the amount of emergency credit available is insufficient (25% vs 10%)
- have encountered financial difficulties because of the costs associated with pre-payment meters (54% vs 26%).

Demographically, households that preferred to switch were more likely to:

- have children under the age of four in their household (31% vs 14%)
- have their main source of income from part-time work (19% vs 11%).

There were no apparent trends with regard to income or housing tenure.

Among interview respondents, attitudes towards retaining the pre-payment system were similarly positive, with only one respondent saying that they would prefer to switch to a standard meter. Positive comments included:

*I think it's the best thing ever invented...*

*When you're a pensioner and you put money aside for your hydro, something always comes up and you waste it...we wouldn't want to go back to that.*

*I don't have to wait and see what the next bill is going to be like... it works perfectly for my budget.*

*I'm used to it now so I guess I prefer it...*

*It makes budgeting easier, even if it's a pain sometimes.*

*I'm happy with it. I know we're paying the same, but it's better budget wise to pay out a small amount each week than a big amount each quarter.*

The one interview respondent who would prefer to switch to a standard meter had moved into a home where the pre-payment meter was already installed, and did not wish to pay to have the meter switched over. The customer found usage of the pre-payment meter required too much effort on his part for insufficient savings:

*It just makes things easy for (the electricity company)...but do we see any benefits?*

This participant's experiences are described in more detail as one of two case studies in Chapter 9.

## 9 Sample case studies

The following case studies are drawn from the 16 consumer interviews conducted for the research. The first represents a largely positive experience, and the second highlights some potential negative aspects of pre-payment meters<sup>7</sup>.

### *John*

John is aged in his 50s and is on a disability pension. He lives alone in a home he fully owns. John was having work done on his house and decided it would be a good opportunity to switch over to a pre-payment meter, as he had heard it was helpful in controlling household budgets.

John has had a pre-payment meter for 12 months. He finds he has been spending less on electricity in this time, saving around \$10 a month, partly because he does his laundry at an off-peak time in the evenings.

Although John thinks he might be eligible for a concession, he does not know whether he is receiving one, and has not discussed this with the electricity company before.

John finds the meter easy and convenient to use and recharge. The meter is located just outside his front door and is easily accessible. He finds the information readouts on the meter helpful in monitoring his spending on electricity. The action of swiping the card to recharge it is simple. John tends to recharge his APAYG card at the local supermarket, when he does his grocery shopping once a fortnight after receiving his pension. He sometimes varies the amount he puts onto the card according to how much money he has to spare at the time, and enjoys this flexibility.

After the initial information John received from the electricity company when the meter was installed, including operating instructions, Time of Use rates and outlets where APAYG cards can be recharged, John believes he has all the information he needs about his pre-payment meter.

John was aware of emergency credit, but has never used it and has never run out of electricity. He has however adjusted his spending to avoid running out of electricity (or having to use emergency credit) including spending 'a little less' on 'non essential items like coffee'.

Asked whether he would switch back to a standard meter, all things being equal, John said,

*You'd have to be mad to go back to a standard system. I don't have to wait and see what the next bill is going to be like - it works perfectly for my budget. I just pay every fortnight and don't have to worry.*

### *Peter*

Peter lives with his spouse on a 10 acre property in rural Tasmania. The household draws a medium to high income of over \$1,500 per week.

Peter moved from interstate to his property and found a pre-payment meter already installed there. He knew nothing about pre-payment meters other than hearing stories about his grandparents' negative experiences in the United Kingdom in the 1950s. He had not received instructions about how to operate the meter from the real estate agent or former owner of the property and did not know how to connect his new home to power until he contacted the electricity company. Although this was initially frustrating, when he did contact the electricity company he found them helpful, and promptly received the information he required to operate the meter.

Peter finds the process of operating and recharging his meter and his APAYG card inconvenient and awkward. The meter itself is located at an external building on the property, some distance from the house. The two closest outlets for recharging his APAYG card are a 15 minute drive away or a 30 minute

<sup>7</sup> Names have been changed to protect the privacy of participants.

drive away from his property. Neither of these outlets, a pharmacy and a service station, accepts credit as a means of payment for recharging APAYG cards. As Peter does not like to carry large amounts of cash, this is often an added inconvenience. Peter also finds the need to remember to take his APAYG card with him when he goes into town an inconvenience, and has forgotten to do so on occasion.

Peter finds having to pay a Standing Daily Charge 'odd', particularly as he believes pre-payment meters provide significant financial benefits to electricity companies in terms of reduced reporting, correspondence and service costs (such as having personnel visit customers to conduct meter readings).

Peter would prefer to use a standard meter, but 'refuses on principle' to pay the cost of switching over. His overall comment on the pre-payment meter was:

*It makes things so easy for them – but do we see any benefits?*

## 10 Discussion of key findings

### 10.1 Snapshot of the research participants

The vast majority of survey respondents, had sought and arranged for the installation of their pre-payment meter.

Households participating in the survey were considerably more likely to include children and less likely to be lone person households than households in Tasmania overall. They were also more likely to be either owner-occupiers or be renting in public housing.

Households participating in the survey were more likely to have a low to medium weekly household income and less likely to have a high household income than in Tasmania overall.

A significant minority of participating households had a government pension or allowance as their main source of income, and the proportion of households in this situation was greater among survey respondents than the Tasmanian population overall. However the majority of respondents appear to be employed or self-employed people on lower incomes.

A high proportion of participating households included someone with a medical condition that either required regular treatment/medication and/or use of machinery that connects to household electricity. A higher than average proportion of households participating in the survey also included people who were unemployed or people who identified as Aboriginal or Torres Strait Islanders.

Among the interview participants there was a higher proportion who did not live in a household with children and/or were aged over 45 and a higher proportion, just over a quarter, had found a pre-payment meter already installed when they moved into their home, rather than choosing to install it themselves. A higher proportion also had a pension as their main source of household income.

### 10.2 Practicalities of pre-payment meters

#### 10.2.1 Use of pre-payment meters

The vast majority of pre-payment meter users were satisfied with the practical aspects of their meters, giving an 'above average' rating for three key aspects-ease of physical access to the meter, ease of reading information on the meter and the usefulness of that information. Similar feedback came from interview participants.

Private renters and people who moved in to a home with a meter already installed are likely to have given the accessibility of the meter a lower rating as they had been unable to chose its location. It is possible that these respondents gave lower ratings to aspects of the information displayed as they had received less information from Aurora Energy about accessing or interpreting the readouts than those who had arranged to have a meter installed. It is perhaps unsurprising that lower income households would find the information displayed on meters more useful than others, assuming these households would be the most concerned with monitoring their spending on electricity.

While most survey and interview participants were satisfied with the positioning of the meter in their home, it is clear that convenience of the meter location is an important factor in overall satisfaction with the system. Although the interview participants who reported it seemed unconcerned, standing on a platform to access a meter could cause accident or injury, particularly among older people. It may be appropriate to review where meters are currently located and develop guidelines about where they should be located in future.

The majority of research participants were apparently satisfied with their ability to monitor their electricity usage and spending with the meter, although it may be more difficult to monitor long term trends (eg costs in the same period the previous year) with pre-payment meters than using information provided on quarterly bills through a standard system.

## 10.2.2 Recharging APAYG cards

Although research participants used a range of venues for recharging their APAYG card, newsagents and service stations were most commonly used. Most people appear to use one venue on a regular basis rather than switching around. Although a lack of choice in outlets did not appear to be an issue, a number of interview respondents believed that the number of places offering recharging facilities had decreased in recent times, and the reasons for this may need to be investigated. One possible reason is the cost to retailers of some transactions, discussed further below.

Most respondents travelled by car or walked to the outlet they used most often, and for most the journey was relatively short. However, the proportion that travelled for longer than ten minutes was not insignificant, and it seems likely that, without a vehicle, it would be difficult for some people to conveniently access an outlet for recharging their card. Furthermore, interview data suggests that people in rural locations may find travel to an outlet more onerous than others. Although customers living a certain distance from the nearest recharging outlet are in effect given prior notification of this circumstance via the 'out of area' agreement process, they may not comprehend the level of inconvenience this has the potential to cause until they have lived with their pre-payment meter over a period of several weeks. Based on interview data, it is possible that many people reduce this inconvenience by combining the journey to an outlet with other errands undertaken at regular intervals, such as grocery shopping or buying petrol. It is noteworthy that single parents find it difficult to access an outlet at a time to suit them, and further research is required to better understand the implications of this finding.

Payment arrangements for recharging APAYG cards are geared towards cash payments, which appear to suit the majority of respondents. However a significant minority, who have generally wished to use a non-cash method, have been unable to do so. If the outlet is not located near to ATM or banking facilities this is likely to cause considerable inconvenience. In addition, the frequent requirement of a cash payment may be of concern to people (such as older people) who wish to avoid carrying larger sums of cash for personal security reasons.

Outlets are not required by Aurora Energy to accept payment methods other than cash for recharging APAYG cards. Outlets also appear to be reluctant to accept EFTPOS payments, and in some cases recharging transactions generally, because of the cost of the transaction to their business. There may be a connection between this and the suggestion by some participants that some outlets in their area had ceased offering recharge facilities. It may be necessary to conduct further research into this trend, and introduce measures encouraging outlets to allow EFTPOS payments and/or continue offering recharge facilities.

## 10.2.3 Information from Aurora Energy

The quality of information from Aurora Energy about pre-payment meters was rated highly among research participants who had received it; these customers found the information relevant, concise and easy to follow.

When it came to receiving information about pre-payment meters, the experience of those who had arranged to have the meter installed seemed generally more positive than that of those who had moved into a home that already included a pre-payment meter. For the latter group, dealing with an unfamiliar system for metering household electricity is likely to be a source of frustration at a time of general upheaval such as moving into a new home, particularly when basic information orienting the new household to the system has not been supplied by a real estate agent, landlord or former owner. It may be advisable to take steps to ensure this information is provided by real estate agents/landlords and/or to inscribe basic information (as well as contact details for Aurora Energy) on new meters themselves.

It may also be beneficial to take specific steps to ensure ready availability of information about the other most asked-about topics as revealed by the survey results, ie Time of Use rates, emergency credit, general rates and charges and locations and outlets for recharging an APAYG card. Interview

responses suggested that there was a particular lack of information available in relation to rates and charges, which is likely to be of particular importance to a group of consumers many of whom have sought to have a pre-payment meter in order to help control and monitor household spending. Although information is available on the Aurora Energy website, it must also be readily available to households without internet access, as lower to middle income households are less likely to have this access and this was borne out in the low frequency among participants of accessing information online.

## 10.3 Perceived benefits of pre-payment meters

### 10.3.1 Reasons for installing/keeping a pre-payment meter

People's reasons for having a pre-payment meter were similar whether they were installing a new meter or keeping an existing meter. They were particularly concerned with avoiding large bills and maintaining control of household spending on electricity, and especially for those who had installed their meter, many (though not as many) believed that electricity would cost less than under a standard tariff. Among those who had moved into a home with an existing meter, there was less enthusiasm regarding the possibility of cheaper electricity and a degree of resignation among some participants who wished to avoid the hassle and/or the cost of 'switching back'.

The strong inclination of both participants who had installed their meter and those who had not to keep their pre-payment meter (as discussed in section 10.6, below) suggests that for most people, their meter had assisted them in their aims of avoiding large bills and monitoring spending.

### 10.3.2 Perceived comparative costs with standard meters

In contrast with the above findings, a considerable proportion of participants did not detect a difference in the cost of electricity with a pre-payment meter. Although interview data (and by inference from inclination to switch, survey data) suggests that the similarity in cost of electricity over time is not a matter of particular concern, providing consumers with more information to allow a cost comparison will assist them make a more informed choice about which system is right for them.

## 10.4 Running out of electricity

### 10.4.1 Emergency credit

The majority of pre-payment meter customers surveyed use emergency credit on a regular basis. There are several potential reasons why people use emergency credit. Some people may use emergency credit frequently because they find it difficult to afford payments on their meter. Some people may use emergency credit on occasions when it is inconvenient or otherwise difficult to get to an outlet to recharge their APAYG card. Some people (like some of the interview respondents) may view emergency credit as a more regular contingency when they are unable to immediately recharge their meter.

Given that a not inconsiderable proportion of survey respondents were unaware of emergency credit, it may be beneficial to increase the availability of information on how it works. This may also prevent, in some cases, people running out of electricity due to misconceptions about how the system operates.

Although there were some suggestions that the amount of credit offered should be up to \$15, this was not borne out by the majority of responses.

Finally, comments by one interview participant with a high household income, who did not have his meter installed, appeared to have a high level of electricity consumption, and had used emergency credit on a more than monthly basis suggest that pre-payment meters may not be the best option for high income consumers with high electricity usage.

## 10.4.2 Running out of electricity

Almost a quarter of survey participants had completely run out of electricity or 'self disconnected' - a significant minority, and an important finding given the lack of information available in regards to APAYG customers.

It is significant that single parent households and those including at least one unemployed person were the most likely to have experienced disconnection.

The vast majority of respondents were reconnected within 24 hours, which is consistent with the reason the majority gave for running out of electricity: forgetting to recharge an APAYG card. Calls from respondents for a warning signal on the meter, activated when credit falls to a certain point, suggest that the warning sound that is currently emitted from meters is not audible to many people. This would be consistent with the finding that most meters are located outside the home. Installing a warning system that operates within the home may warrant further investigation, as such a system, if properly implemented, has the potential to significantly reduce self-disconnections based on forgetfulness or not realising when emergency credit is low.

The other most frequently cited circumstances for self-disconnection have some more complex implications for future operation of APAYG: households experiencing unusually high electricity usage may need additional information on items which use more electricity and encouraged to use Time of Use rates; and those that find it hard to find money for household bills or to get to an outlet to recharge their APAYG card may require additional support over and above emergency credit. The nature of such support requires further investigation.

The figures relating to deferment of other household expenses show that a similar proportion of respondents had deferred payment as had self-disconnected. This adds weight to the findings around self-disconnection as it points to further hidden financial hardship among a significant proportion of APAYG customers.

## 10.4.3 Relationship between use of emergency credit and running out of electricity

The reported incidence of households completely running out of electricity (or 'self disconnecting') or avoiding disconnection by deferring other payments was low but noteworthy.

Although households that use emergency credit clearly do not always experience self-disconnection, there is a strong relationship between frequency of use of emergency credit and frequency of running out of electricity. In particular, frequent use of emergency credit (more than four occasions in the last 12 months) is strongly associated with repeated instances of self-disconnection (four or more occasions in the last 12 months). It is possible that such regular instances of self-disconnection relate to financial hardship and/or other issues of a more ongoing nature than occasionally forgetting or not finding the time to recharge an APAYG card. Given that use of emergency credit, particularly on more than one occasion over a 12 month period, is a potential early indicator of likely disconnection, such an indicator could be utilised by Aurora Energy as a catalyst for intervening and offering assistance to these households before self-disconnection occurs (or is repeated).

## 10.5 Payment and finances

### 10.5.1 Time of Use rates

Awareness of Time of Use rates was relatively high among research participants. However, there is scope for awareness to be improved, and in particular for information to be more effectively targeted towards those most in need of assistance in managing their finances, such as private renters, households on low incomes and people living alone (who may also be elderly and/or belong to the previous two groups).

There is also a considerable gap between awareness and uptake of Time of Use rates. The reasons for this require further investigation; however interview data suggest that the inconvenience of the cheaper periods is likely to be a major factor. While this is perhaps intuitive (periods of time would not be 'off-peak' if they were popular times for using electricity), there may be value in making slight extensions to cheaper periods or providing more detailed information about how *some* usage may be adjusted to create *some* savings while maintaining 'normal' usage of some 'essential' items. In addition, for groups for whom Time of Use rates may not present a worthwhile saving (eg people who require constant heating of their home, older people and small households with low hot water usage) there may be a particular need for information on other means of saving money on electricity (eg energy saving appliances, concessions etc).

### 10.5.2 Government concessions

As might be expected, awareness of government concessions was highest among those most likely to be eligible for them. However, not all respondents who had a government pension as their main source of income were aware of any of government concessions for electricity.

Consistent with trends regarding information relating to pre-payment meters, awareness of government concessions was lower among respondents whose meters were already installed when they moved in. This is likely to have particular implications for people renting privately, who may not have access to the information channels that are available to many public housing tenants.

The confusion among some interview participants about whether they were eligible for, or receiving concessions suggests that further investigation into this issue is required.

### 10.5.3 Standing Daily Charge

Awareness of the Standing Daily Charge on pre-payment meters was low, particularly among those who had moved into a home with an existing pre-payment meter. Interview responses reflected this low level of awareness, but among interview participants the existence of this charge did not cause much concern. Nonetheless, it is clearly important that customers are made aware of all factors affecting their expenditure on electricity, particularly as pre-payment meter customers are likely to be dependent on managing limited financial means as closely as possible.

### 10.5.4 Progress Rate

Awareness of the APAYG Progress Rate was low among participants, and it is likely that people would be unaware of this scheme unless they had used it. There may be a need to investigate this further among people who do not have a pre-payment meter installed.

### 10.5.5 Additional costs associated with pre-payment meters

Over a quarter of survey respondents reported having incurred additional costs in relation to their pre-payment meter which had caused them financial difficulty. This was only very rarely reported among interview participants. The main cost associated with pre-payment meters was the cost of travel to recharge the meter; this is somewhat at odds with the findings relating to recharge outlets discussed above, however there is a consistent theme of single parents finding it difficult to access a recharging outlet which requires further investigation.

The implications of additional costs incurred through loss of an APAYG card are more straightforward. It may be appropriate, for example, to investigate the option of a small insurance fee (similar in principle but more modest than that for a mobile phone) that would allow free replacement of a card.

## 10.6 Preferred meter type

As mentioned, the overall inclination for people to keep their pre-payment meter was very high, which suggests that for most APAYG customers the positives associated with their meter far outweigh the negatives.

It is noteworthy that people with young children in their household are more likely to want to switch than others, as these people may be faced with greater hardship as a result of disconnection, even for short periods, and may also feel at greater risk of self-disconnection as there may be more competing demands on their time.

There are some potentially valuable implications for future administration of pre-payment meter programs of the other factors identified in preferring to switch. Where clear suggestions for addressing these issues have presented themselves, these have been made throughout this chapter. However, further research and consideration will be needed in future to ensure that the benefits of pre-payment meters outweigh any drawbacks for existing and future consumers.

## 10.7 Considerations arising from the key findings

A number of issues for consideration in the future planning and provision of pre-payment meters, arising from the research, have been identified in this Chapter. These included the following:

- To maximise the convenience and safety of pre-payment meter users it may be appropriate to review where meters are currently located in people's homes and develop guidelines about where they should be installed in future.
- It seems likely that it would be difficult for some people to conveniently access an outlet for recharging their card without a vehicle; this may warrant further investigation.
- There is a consistent theme of single parents finding it difficult to access a recharging outlet which may require further investigation.
- To minimise inconvenience to pre-payment meter users, it may be appropriate to introduce measures to encourage outlets to accept methods of payment other than cash.
- It may be necessary to conduct further research into the reported trend of outlets ceasing to offer recharging facilities, and to consider introducing measures encouraging outlets to continue doing so.
- It may be beneficial to take specific steps to ensure ready availability of information relating to pre-payment meter use, charges and ways to save money while using a pre-payment meter, and to ensure information is available via means other than the Internet. In particular, it may be necessary to take steps to more effectively target information on means of saving money to those most in need of assistance. Examples of potential information needs include:
  - providing more detailed information about how *some* usage during cheaper periods may be adjusted to create *some* savings while maintaining 'normal' usage of some 'essential' items.
  - providing information on alternative means of saving money (eg energy saving appliances, concessions etc) for groups for whom Time of Use rates may not present a worthwhile saving (eg people who require constant heating of their home, older people and small households with low hot water usage)
  - providing consumers with more information to allow a cost comparison between standard and pre-payment meters to assist them make a more informed choice about which system is right for them
  - making pre-payment meter users aware of all factors affecting their expenditure on electricity including the Standing Daily Charge and changes to rates and charges, particularly as many of these households are likely to be dependent on managing limited financial means as closely as possible.

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- Given that use of emergency credit, particularly on more than one occasion over a 12 month period, is a potential early indicator for self- disconnection, such an indicator could be utilised by Aurora Energy as a catalyst for intervening and offering assistance to these households before self-disconnection occurs (or is repeated).
  - There may be a need to investigate awareness levels of APAYG Progress Rate among people who do not have a pre-payment meter installed.

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## Appendix A: Survey Questionnaire

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**Q1 Do you have an Aurora Pay As You Go pre-payment meter in your home?**

Yes.....	1,502
No (Stop here).....	0

**Q2 How did you come to have this pre-payment meter in your home?** (valid n=1,468)

Someone in my household arranged to have it installed.....	1,181
It was already installed when my household moved in.....	287

**Q3 Why did you keep or install the pre-payment meter in your home?** (valid n=1,493)

To avoid receiving large bills.....	1,181
To help keep control of household spending on electricity.....	755
I thought electricity would be cheaper from a pre-payment meter than a standard meter.....	346
The pre-payment meter was already installed, and I didn't see the point in changing over to a standard meter.....	138
To avoid contact with the electricity company.....	58
The pre-payment meter was already installed, and I knew reconnection fees would be lower if I kept it rather than changing to a standard meter.....	50
It was recommended by a financial counsellor.....	6
Other.....	121

**Q4 Compared to a standard meter, do you think that electricity from your pre-payment meter costs ...** (valid n=1,481)

Much more.....	39
Slightly more.....	229
About the same.....	562
Slightly less.....	383
Much less.....	125
Not sure.....	143

**Q5 Apart from the cost of electricity itself, there are some other costs associated with having a pre-payment meter. Have any of the following caused financial difficulty for your household?** (valid n=1,483)

Cost of travel to an outlet to recharge the Smart Card.....	271
Cost of replacing a lost Smart Card.....	133
Time away from work to go to an outlet and recharge the Smart Card.....	43
Other.....	71
None of the above.....	1,075

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- Q6 With Aurora Pay As You Go pre-payment meters, electricity costs are different at different times of day and in winter and summer. Were you aware of this?** (valid n=1,494)
- |                                |       |
|--------------------------------|-------|
| Yes, aware .....               | 1,212 |
| No. not aware → GO TO Q9 ..... | 282   |
- Q7 How often (if ever) does your household adjust your use of electricity to take advantage of cheaper periods?** (valid n=1186)
- |                                       |     |
|---------------------------------------|-----|
| Every day .....                       | 294 |
| Once or twice a week.....             | 328 |
| Once a month .....                    | 42  |
| A few times a year.....               | 135 |
| Only once in the last few years ..... | 25  |
| Never .....                           | 362 |
- Q8 How worthwhile is it for your household to take advantage of the cheaper periods?** (valid n=794)
- |                            |     |
|----------------------------|-----|
| Very worthwhile.....       | 264 |
| Fairly worthwhile .....    | 353 |
| Not very worthwhile .....  | 88  |
| Not at all worthwhile..... | 7   |
| Not sure .....             | 82  |
- Q9 There is a standing daily charge to consumers on all electricity supply in Tasmania. With Aurora Pay As You Go pre-payment meters, daily charges apply whether or not any electricity has been used and whether or not your meter has credit on it. Were you aware of this before now?** (valid n=1,496)
- |                     |     |
|---------------------|-----|
| Yes, aware .....    | 821 |
| No, not aware ..... | 675 |
- Q10 Some people receive concessions from the Government for electricity. Which of these concessions, if any, have you heard of before today?** (1,486)
- |  |     |
|--|-----|
| All year electricity rebate (for Pensioners) .....             | 767 |
| Winter electricity rebate (for Health Care Card holders) ..... | 394 |
| Heating allowance .....  | 379 |
| None of the above → GO TO Q12 .....                            | 507 |
- Q11 Which of these concessions, if any, does your household receive?** (valid n=949)
- |  |     |
|--|-----|
| All year electricity rebate (for Pensioners) .....             | 454 |
| Winter electricity rebate (for Health Care Card holders) ..... | 128 |
| Heating allowance .....  | 140 |
| Other.....   | 9   |
| None of the above .....  | 345 |
- Q12 Please rate the following aspects of your pre-payment meter on the scale provided**

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	Valid n	Poor		Average		Excellent	Not sure
		1	2	3	4	5	9
a) <b>Ease of physically getting to your meter</b>	1,446	28	16	169	158	1,072	3
b) <b>Ease of understanding information</b> displayed on your meter	1,436	47	42	316	249	756	26
c) <b>Usefulness of the information</b> displayed on your meter	1,419	41	56	345	265	652	60

**Q13 Aurora Pay As you Go Smart Cards can be recharged at a range of different outlets. At which of the following do you normally recharge your Smart Card?**  
(valid n=1,501)

Service station .....	475
Chemist .....	309
Newsagent .....	815
Supermarket .....	227
Corner shop .....	91
Other .....	39

**Q14 Are the outlets you use to recharge your Smart Card open at suitable times for you?** (n=1,496)

Yes .....	1,403
No .....	93

**Q15 How do you usually travel to the outlet you use *most often*?** (valid n=1,497)

Car – as driver .....	1,211
Car – as passenger .....	89
Walk .....	203
Public transport .....	41
Other .....	13

**Q16 How long does it take to travel from your home to the outlet you use *most often*?**  
(valid n=1,496)

Less than 5 minutes .....	550
5 – 10 minutes .....	562
More that 10 minutes .....	384

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<b>Q17</b>	<b>How do you usually pay for your Smart Card recharge?</b> (valid n=1,496)	
	Cash .....	1,311
	EFTPOS (payment from your saving or cheque account) .....	314
	Credit card .....	76
	Cheque .....	9
<b>Q18</b>	<b>Have you ever gone to an outlet where they did not accept the payment method you wanted to use for recharging your Smart Card?</b> (valid n=1,486)	
	Yes .....	272
	No .....	1,217
<b>Q19</b>	<b>Have you ever got information from Aurora Energy about any of the following things?</b> (valid n=1,471)	
	Operating instructions for your APAYG pre-payment meter .....	629
	Time of Use rates .....	609
	The Aurora Pay As You Go Progress Rate .....	176
	Emergency credit.....	514
	General rates and charges .....	499
	Locations and outlets for recharging a Smart Card.....	500
	How to replace a lost card .....	354
	How to have a pre-payment meter installed.....	357
	How to have a pre-payment meter removed.....	143
	Other .....	46
	None of the above → GO TO Q22 .....	286
	Not sure, can't remember → GO TO Q22.....	184
<b>Q20</b>	<b>How did you get this information?</b> (valid n=981)	
	Over the telephone with Aurora Energy staff .....	253
	On the Aurora Energy website .....	35
	In a pamphlet/brochure/letter that Aurora Energy sent you in the mail .....	577
	In an Aurora Energy pamphlet/brochure that you picked up yourself (eg. at places where Smart Cards can be recharged) .....	215
	Other .....	96
	Not sure .....	41
<b>Q21</b>	<b>Overall how useful has the information from Aurora Energy been?</b> (valid n=979)	
	Very useful .....	456
	Fairly useful.....	451
	Not very useful .....	59
	Not at all useful .....	13

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<b>Q22</b>	<b>If someone owes Aurora Energy money for electricity bills generated by a standard meter, it is possible to make arrangement to pay this off through a pre-payment meter on what is called the 'Aurora Pay As You Go Progress Rate'. Were you aware of this before now?</b> (valid n=1,497)	
	Yes, aware .....	255
	No, not aware .....	1,242
<b>Q23</b>	<b>It is also possible to access 'emergency credit' for electricity on your pre-payment meter. Were you aware of this before now?</b> (valid n=1,496)	
	Yes, aware .....	1,321
	No, not aware → GO TO Q27 .....	175
<b>Q24</b>	<b>Has your household ever accessed emergency credit through the pre-payment meter?</b> (valid n=1,313)	
	Yes .....	839
	No → GO TO Q27 .....	474
<b>Q25</b>	<b>How many times over the last 12 months has your household accessed emergency credit?</b> (valid n=835)	
	Not in the last 12 months .....	52
	Once only .....	186
	2-3 times .....	309
	4 or more times .....	288
<b>Q26</b>	<b>Was the amount of emergency credit...</b> (valid n=828)	
	Just the right amount .....	707
	Not enough to provide electricity before I was able to get the card recharged .....	90
	Too much – it created a debt .....	31
<b>Q27</b>	<b>How many times (if ever) has your household completely run out of electricity (including running out of emergency credit) in the last 12 months?</b> (valid n=1,502)	
	Never → GO TO Q30 .....	1,157
	Once .....	219
	2-3 times .....	96
	4 or more times .....	30

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**Q28 Thinking about the last time you ran out of electricity while using a pre-payment meter, what were the circumstances leading up to this?** (valid n=345)

You forgot to recharge your Smart Card.....	199
Your electricity usage had been unusually high.....	92
It was hard to find money for household bills.....	74
You were unable to get to an outlet to recharge your Smart Card.....	70
The house was difficult to heat/cool.....	38
Your Smart Card had been lost or stolen.....	16
Your Smart Card/the meter was not working properly.....	7
You let it run out deliberately because no-one would be using the house.....	7
Other.....	38

**Q29 How long did your household go without electricity?** (valid n=339)

24 hours or less.....	311
2-3 days.....	13
4-7 days.....	3
More than a week.....	3
Not sure.....	9

**Q30 In trying to make sure you didn't run out of electricity, have you ever put off paying for other household expenses?** (valid n=1,492)

Yes.....	333
No → GO TO Q32.....	1,159

**Q31 What sort of expenses have you put off paying?** (valid n=325)

Other household bills.....	190
Other groceries or household supplies.....	153
Food.....	122
School expenses for children (eg. books, uniforms, fees, excursions).....	32
Rent/mortgage.....	29
Other.....	19

**Q32 If you could switch meter systems today without cost, would you?** (valid n=1,488)

Keep using your pre-payment meter.....	1,409
Change to a standard meter and receive quarterly bills.....	79

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**Q33 Which of the following best describes your household?** (valid n=1,501)

Couple with children .....	504
Couple with no children .....	453
Single person household .....	253
Single parent with children .....	184
Group household .....	56
Other .....	51

**Q34 How many people in your household are aged...** (valid n=1,427)

	Total		Total
0-4	1	26-45	1
	2+		2+
	Total		Total
5-11	1	46-65	1
	2+		2+
	Total		Total
12-16	1	66+	1
	2+		2+
	Total		Total
17-25	1		
	2+		
	Total		

**Q35 Is anyone in your household...** (valid n=1,460)

Unemployed .....	309
Aboriginal or Torres Strait Islander .....	98
From a non-English speaking background .....	31
None of the above .....	1,048

**Q36 Does anyone in your household have...** (valid n=1,460)

A medical condition that required regular treatment/medication .....	529
A medical condition that required the use of machinery that connects to household electricity .....	81
Physical mobility problems .....	148
An intellectual disability .....	28
No-one in the household had any of the above conditions .....	871

**Q37 Is your household...** (valid n=1,496)

Paying off a mortgage .....	651
In a home you have fully paid off .....	500
Renting - from a real estate agent/landlord .....	173
Renting - public housing .....	161
Other .....	11

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**Q38 Which of these best describes your household's weekly income before tax?** (valid n=1,502)

\$0-\$119 .....	16
\$120-\$299 .....	232
\$300-\$599 .....	549
\$600-\$999 .....	374
\$1,000-\$1,499 .....	166
\$1,500+ .....	45
Not stated .....	120

**Q39 Which of the following is the main source of income for your household?** (valid n=1,489)

Salary from full-time employment (35+ hours) .....	637
Salary part full-time employment (less than 35 hours) .....	165
Pension or allowance from the Government .....	634
Other .....	53

**Q40 What is your postcode?**

**Q41 What is the name of the town or suburb you live in?**



## Appendix B: Discussion Guide

## **TasCOSS PRE-PAYMENT METER RESEARCH PROJECT DISCUSSION GUIDE FOR INTERVIEWS WITH PPM CUSTOMERS**

**17<sup>th</sup> February 2006**

Hello, my name is Samantha Ross. I'm from a research company called Urbis Keys Young. We are conducting research among people in Tasmania who have a pre-payment meter for their electricity for the Tasmanian Council of Social Service. Thank you for agreeing to participate in an interview; it will take approximately 30 minutes to complete. If there are any questions you do not understand or do not wish to answer, please let me know. Please be assured that all of the information gathered in the research will remain anonymous and confidential. Do you have any questions before we begin?

### **Reasons/process for having a PPM**

1. How did you come to have a pre-payment meter (PPM) in your home? (If chosen) why did you choose to have a PPM in your home? How did you find out about PPMs?

### **Costs and savings associated with having a PPM**

2. How have you found the costs generated with PPM in your home compared with a normal meter? How does the cost of electricity compare between the two systems? Are there other costs associated with having a PPM that you notice?
3. Were you aware that with PPMs, electricity is cheaper at some times of the day and some times of the year than others? (If aware) Has your household ever adjusted the way you use electricity to take advantage of cheaper periods? (If yes) how beneficial was this for your household?
4. There is a standing daily charge on PPMs, which occurs whether or not the meter has been charged or electricity is being used. Were you aware of this before now?
5. Are you aware of any government concessions for electricity? Is your household receiving concessions for electricity at this time?

### **Ease and convenience of PPMs**

6. How easy and convenient is it to use the PPM? Why do you say that? What if anything could be improved? (ease of use, location, information read outs on PPM)
7. Where do you normally go to recharge your smartcard? Do you go to any other places? How do you travel to the outlet? How easy is it to get to an outlet? Is the outlet open at a time when you need to recharge your smartcard?
8. At the place/s where you go to recharge your smart card, how do you pay? Can you pay by EFTPOS, credit card or cheque if you want to?
9. What sort of information have you received from the electricity company, Aurora Energy, about PPMs? How did you get the information (from a technician, over the phone, brochure etc)? How helpful was the information?

### **Difficulty making payments for electricity**

10. Are you aware that you can pay off a debt to Aurora Energy through your pre-payment meter on APAYG Progress Rate? (If yes) Do you use or have you ever used the APAYG Progress Rate to pay off a debt? (If yes), how much was your debt when you started on Progress Rate?
11. Did you know that you can access emergency credit for your electricity on your PPM? (If yes) Has your household ever accessed emergency credit through the PPM? (If yes) How

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many times over the last 6 months would you say? What do you think of the amount of credit that is offered?

12. Has your household ever run out of electricity while you have been using a PPM? (If yes) How many times in the last 12 months? Thinking about the last time you ran out of electricity while using a PPM, what were the circumstances leading up to this? How long were you without power? What were the effects of being without power? How did you get reconnected? Was this difficult? Why do you say that?
13. In trying to make sure you didn't run out of electricity, have you ever put off paying for other household expenses? (If yes) What sort of expenses have you put off paying?

## **Overall satisfaction with PPM**

14. Are you happy to keep using your PPM or would you prefer to use a standard system with quarterly bills? Why do you say that?

## **Demographic information**

Lastly, I'd just like to ask some questions about your household.

15. Which of these best describes your household?

Family household with children

Couple household with no children

Lone-person household

Group household

Other (specify)

16. How many people in your household are aged...

0-4:

5-11:

12-16:

17-25:

26-45:

46-65:

66+:

17. Is anyone in your household ...

Aboriginal or Torres Strait Islander

From a non-English speaking background

Unemployed

A sole parent

None of the above

18. Does anyone in your household have...

A medical condition that requires regular treatment/medication

A medical condition that requires the use of machinery that connects to household electricity

An intellectual disability

Physical mobility problems

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No-one in the household has any of the above conditions

19. Is your household

Renting – public housing

Renting – from a real estate agent/landlord

Paying off a mortgage

In a home you have fully paid off

Other (specify)

20. Which of these best describes your weekly *household* income before tax?

\$0-119

\$120-299

\$300-599

\$600-999

\$1,000-1,499

\$1,500+

Not stated

21. Which of these is the main source of income for your household?

Salary from full time employment (over 30 hours)

Salary from part time employment (up to 30 hours)

Pension or allowance from the Government

Other source of income (please specify)

22. What is your postcode?

23. What is the name of the town or suburb you live in?

Thankyou for completing this interview and helping us understand more about pre-payment meter customers. Once again, your answers will remain confidential and anonymous in our reporting.

We are giving people who participate in this research the option to enter a prize draw with a prize of \$500. Would you be interested in entering the draw? This would involve me simply entering your name and phone number on an entry form and placing it in the draw.

