

Choice? What Choice?

A study of consumer awareness and market behaviour in the electricity market in five regions of New South Wales: Cooma, Lismore, Bourke, Wagga Wagga and Orange

Public Interest Advocacy Centre



CHOICE? WHAT CHOICE?

A Study of consumer awareness and market behaviour in the electricity market in five regions of New South Wales: Cooma, Lismore, Bourke, Wagga Wagga, and Orange

Louis Schetzer

Public Interest Advocacy Centre Ltd

June 2011

Sydney, New South Wales, Australia, June 2011

Copyright © Public Interest Advocacy Centre Ltd (PIAC) June 2011

This work is copyright. Apart from any use as permitted under the *Copyright act 1968* (Cth), no part may be reproduced by any process without prior permission.

ISBN – 978-0-9757934-7-3.

Cover Image: flickr/ heypaul

Author: Schetzer, Louis

Enquiries to:

Public Interest Advocacy Centre Ltd

ABN 77 002 773 524

Level 9, 299 Elizabeth Street

Sydney NSW 2000

Phone: +61 2 8898 6500

Fax: +61 2 8898 6555

Email: piac@piac.asn.au

Web: www.piac.asn.au

ACKNOWLEDGEMENTS

The author acknowledges the contributions of the following people in the production of this report:

- The staff of the Public Interest Advocacy Centre's Energy and Water Consumers' Advocacy Program (EWCAP), who have provided helpful direction and guidance in the conduct of this study, and assistance in reviewing drafts of this report. The members of EWCAP are:
 - Carolyn Hodge, Senior Policy Officer, EWCAP
 - Joel Pringle, Policy Officer, EWCAP
 - Erin Halligan, Policy Officer, EWCAP
 - Mark Ludbrooke, Former Senior Policy Officer, EWCAP
- The Chief Executive Officer of PIAC, Ed Santow, and the Manager of Policy and Programs, Deirdre Moor, for their assistance in reviewing drafts of the report and their contributions for the content of the final version.
- Karen Kwok and Jane King, for their assistance in the production of the report.

The author also acknowledges the financial support for EWCAP provided by the NSW Department of Trade and Investment, Regional Infrastructure and Services. However, the author emphasises that the views and conclusions expressed in this report do not represent those of the Department.

CONTENTS

ACRONYMS	vi
EXECUTIVE SUMMARY	1
Consumer awareness of choice in regional NSW	2
Consumer contact with other electricity companies	2
Changing electricity suppliers.....	3
Outcomes for consumers who change electricity companies	3
Conclusion.....	4
1. INTRODUCTION	6
1.1 Background	6
1.2 Customer participation in the retail electricity market.....	9
1.3 Customer participation in Australian electricity markets.....	13
1.4 Surveys of Electricity consumers in Australia.....	15
1.5 Structure of this Report	19
2. THE PRESENT STUDY	20
2.1 Aims	20
2.2 Definitions.....	21
2.3 Method	23
3. ELECTRICITY RETAILERS OPERATING IN REGIONAL NSW	27
3.1 Introduction.....	27
3.2 Identifying available electricity retailers in the five regions	27
3.3 Available electricity retailers in the five regions.....	28
3.4 Summary	31
4. CONSUMER AWARENESS OF CHOICE IN REGIONAL NSW	32
4.1 Introduction.....	32
4.2 How consumer awareness of choice has been assessed in other jurisdictions	32
4.3 Consumer awareness of choice in the five regions.....	35
4.4 Summary	38
5. CONSUMER CONTACT WITH OTHER ELECTRICITY COMPANIES IN REGIONAL NSW	40
5.1 Introduction.....	40
5.2 What contact did consumers have with other electricity companies in other jurisdictions?	40

5.3	What contact did consumers have with electricity companies in other regions of NSW – Sydney, the Blue Mountains, Illawarra (2006) and the Hunter, Gosford, Wyong (2008).....	43
5.4	Consumer contact with electricity companies in the five regions	44
5.5	Summary	47
6.	CHANGING ELECTRICITY SUPPLIERS IN REGIONAL NSW	49
6.1	Introduction	49
6.2	Consumers changing retailers in other jurisdictions?.....	49
6.3	Consumers changing retailers in regions of NSW – Sydney, the Blue Mountains, Illawarra (2006) and the Hunter, Gosford, Wyong (2008)	54
6.4	Consumers changing retailers in the five regions	57
6.5	Summary	62
7.	OUTCOMES FOR CONSUMERS WHO CHANGE ELECTRICITY COMPANIES IN REGIONAL NSW.....	64
7.1	Introduction	64
7.2	Satisfaction with new electricity company in other jurisdictions	64
7.3	Consumer satisfaction in other regions of NSW – the Hunter, Gosford, Wyong (2008)	66
7.4	Outcomes for switching consumers in the five regions	67
7.5	Summary	71
8.	CONCLUSION.....	72
8.1	Introduction	72
8.2	Consumer awareness of choice	72
8.3	Consumers who change their electricity retail company	73
8.4	Consumers who did not change their electricity retail company	74
8.5	Demographic or geographical variances.....	75
8.6	Final comments.....	76
APPENDIX A.....		78
	Research Findings – Household electricity consumer choice survey	78

ACRONYMS

AEMA	Australian Energy Market Agreement
AEMC	Australian Energy Market Commission
ATSI	Aboriginal and Torres Strait Islander
CATI	Computer Assisted Telephone Interviewing System
EWCAP	Energy + Water Consumers' Advocacy Program
HECCS	Household Electricity Consumer Choice Survey
IPART	NSW Independent Pricing and Regulatory Tribunal
MCE	Ministerial Council on Energy
MTR	McGregor Tan Research
NEM	National Energy Market
PIAC	Public Interest Advocacy Centre
RMR	Roy Morgan Research
WCG	Wallis Consulting Group

EXECUTIVE SUMMARY

The purpose of this study was to consider the ability of residential consumers of electricity in five regions of NSW to participate effectively in the New South Wales (NSW) electricity market. In particular, the study sought to address four key questions:

1. Are residential electricity consumers in selected areas in rural and regional NSW aware that they can choose the company which sells them electricity?
2. Have these same consumers ever changed the company which sells them electricity, and if so, what are the reasons for changing?
3. For those consumers who did not change the company which sells them electricity, why did they not change?
4. Are there any significant demographical or geographical variances in relation to these questions?

This study focused on five regions, namely: Cooma, Lismore, Bourke, Wagga Wagga and Orange.

The NSW electricity market is currently in a period of transition. Since the research for this study was undertaken, the NSW state-owned electricity retailers have been sold to private electricity retail companies, with Energy Australia being purchased by TRUenergy, and both Integral Energy and Country Energy purchased by Origin Energy. During the three-year transition period, Energy Australia, Integral Energy and Country Energy will continue to provide retail services on behalf of the private retailers.

It is too early to predict the precise effect of the sale of the state-owned retailers in terms of customer participation and awareness of options in the five regions studied. As the retail brands of Energy Australia, Country Energy and Integral Energy evolve into TRUenergy and Origin Energy, the extent to which consumers will then consider other options for purchasing their electricity is not known and should be the subject of future research. In addition, other private electricity companies, which were not successful in acquiring the state-owned retailers, may respond with a more competitive marketing presence in NSW. This can only be assessed after the sale arrangements have been in place for a considerable period of time.

The results of this research represent a snapshot of the state of consumer participation the market in each of the five regions as at August 2010. However, until the new arrangements have been in place for a significant period and further research has been undertaken, the information presented in this report represents the most reliable indicator of the state of customer participation in the electricity market in the five regions that have been studied.

A key criterion in determining whether there is effective retail competition in the NSW electricity market is whether NSW residential consumers are able to participate effectively in the market. Such participation requires consumers to

be aware of their ability to choose their energy retailer, to be aware of the full range of options available to them, and to be able to assess the options in a way that enables them to make an informed choice as to which option best meets their needs and preferences.

Consumer awareness of choice in regional NSW

In each of the five regions, a strong majority of respondents indicated that they knew they could choose from which electricity retailer they could purchase their electricity. However, in each of the regions, the proportions of respondents who indicated such awareness were considerably lower than in other previously surveyed regions in NSW and also in Victoria. Given that the Australian Energy Market Commission (AEMC) has previously concluded that low levels of customer awareness of choice was inconsistent with effective competition, it is doubtful whether the low levels of awareness in the five surveyed regions could be considered to be indicative of an effectively competitive market.

In Cooma, Lismore, Bourke and Wagga Wagga, a substantially higher proportion of respondents indicated that they were not aware of an alternative retailer, or not interested in an alternative, than was the case in Victoria. In three of these regions (Lismore, Bourke and Wagga Wagga), the proportion of people who were ignorant of alternative retailers was similar to or greater than that in the ACT. The AEMC also concluded that such customer ignorance was not consistent with the operation of an effective level of competition.

Only a very small percentage of respondents indicated an awareness of more than three other retailers across each of the five regions. In each of the regions, an overwhelming majority of respondents purchased their electricity from the main standard regulated supplier, Country Energy.

Consumer contact with other electricity companies

In each of the five regions, a significant majority of residents indicated that they had never been approached by a retailer with an offer to purchase electricity. This was substantially different to survey results in Victoria, South Australia, Sydney, the Blue Mountains and Illawarra, and the Hunter, Gosford and Wyong. The AEMC has previously stated that low levels of marketing and retailer rivalry was not consistent with a market where there is effective competition.

Of the minority of residents who reported having been contacted by an electricity company with an offer to purchase electricity, in four of the five regions the most commonly reported method of contact was by door-to-door sales, the exception being Cooma, where telephone contact was most commonly reported.

In each of the five regions surveyed, very low numbers of respondents reported initiating an approach to an electricity company to ask about buying electricity.

Changing electricity suppliers

In each of the five regions, an overwhelming majority of households reported that they had never switched electricity retailers. The proportion of households in each of the five regions who did not switch retailers was considerably higher than the proportions recorded in surveys in Victoria and South Australia, but not as high as was recorded in the ACT. The proportions of non-switching households in the five regions was also higher than that recorded in the NSW Independent Pricing and Regulatory Tribunal (IPART) surveys conducted in Sydney/the Blue Mountains/Illawarra and also the Hunter/Gosford/Wyong.

Of the low proportion of households who switched retailers, the clear majority changed retailers on only one occasion. The most commonly identified reason for households to switch electricity retailer was the price or cost of electricity. The attraction of cheaper electricity was also the most commonly reported reason for switching retailer in the surveys conducted in Victoria, South Australia and ACT, and also in Sydney/Blue Mountains/Illawarra and the Hunter/Gosford/Wyong.

In relation to those households that had not switched electricity retailer, in each of the five regions there were two main groupings or classifications of responses regarding the reasons for not switching:

- A purported contentedness with existing retailer;
- Ignorance of options for changing retailers.

In each of the regions, only a very small proportion of households that did not switch gave as their reason for not switching a response that indicated a clear, active consideration of whether their current retailer offered them the best deal for their circumstances or preferences, when compared with the alternatives available. The results may be indicative of the existence of 'status-quo bias', where people are more likely to continue with their existing products than select a new supplier or product, even when switching supplier may be more advantageous for them.

Outcomes for consumers who change electricity companies

In each of the five regions, only a small minority of respondents were able to report that their electricity bills had gone down after they had changed the company that sells them electricity. In four of the five regions, only one-third of respondents or less reported that electricity bills had decreased.

Of those customers who agreed to be interviewed in-depth, most indicated that they perceived their bills had increased, or could not detect any reduction which was consistent with what they had been led to believe when they changed their electricity supplier. Several interviewees expressed frustration that their expectation of lower electricity bills was not realised, as this was the basis for their decision to change retailers. Others indicated that, in hindsight, given the general increases in electricity prices, it is difficult to identify whether they have secured better outcomes in terms of the discounts and reductions that were promised to them. Some recognised that general price increases

would have had the effect of swallowing up any discounts or price reductions, negating any perceived benefit from switching.

The results suggest that retailer competitive activity based on price and cost may not result in better outcomes for electricity consumers.

Conclusion

This study involved three research strategies:

1. A household telephone survey of 200 electricity consumers in each of the five regions;
2. In-depth interviews with 17 consumers across the five regions;
3. A comparative analysis of the above survey results with previous electricity consumer surveys undertaken on behalf of the AEMC and by IPART.

The AEMC is required to review and report on the effectiveness of retail competition in jurisdictions participating in the National Energy Market (NEM). It is expected that the AEMC will undertake a retail competition review in NSW by the end of 2012. This study will provide the AEMC with important information to consider when it conducts its retail competition review in NSW.

This study set out to consider whether residential consumers in the five selected regions are able to participate effectively in the NSW electricity market. The results suggest that, in spite of the fact that full retail contestability had been in existence for nine years, consumer awareness of the ability to choose one's electricity retailer, and the range of electricity retailer options available to consumers was relatively low in the five selected regions, when compared to similar survey results in Victoria, South Australia and other previously surveyed regions in NSW. In addition, it appears that there is also a low level of marketing activity by electricity retailers in each of the regions.

The study indicated that a low proportion of households in each of the regions have switched retailers, and of those, most have only switched once. Of those that switched, most did so because they were seeking lower prices for electricity, and ultimately did not have their expectations of lower prices realised. Of the households that did not switch retailers, only a very small proportion gave active consideration to whether their current retailer offered the best deal, with most indicating that they stayed with their retailer out of a general contentedness with their existing arrangements, or an ignorance of the options available.

This research indicates that the NSW electricity market is not a single market. The results indicate that there are significant variances in the level of residential consumer awareness in the five regions considered here, compared to those regions in NSW that have previously been the subject of IPART surveys.

Based on the results, there is no clear evidence that electricity consumers in these five areas effectively participate in the electricity market. Accordingly, there appears to be insufficient evidence that effective competition currently exists in the electricity markets in these regions. Further quantitative research

would need to be undertaken in each of these regions to establish whether recent changes in the NSW electricity market have resulted in more effective consumer participation in the electricity market, or whether there has been no change at all, or whether this has in fact led to a deterioration of the relative competitiveness of the market. Until such research is undertaken, the results of this research represent the most reliable indicator of the state of customer participation in the electricity market in the five regions that have been studied.

1. INTRODUCTION

1.1 Background

In January 2002, full retail contestability for electricity and gas was introduced in NSW. From that time, all residential energy consumers in NSW have been able to choose the company from which they purchase electricity. This meant that in addition to the state-owned energy retailers, other energy retailers could apply for a licence to enter the market to sell electricity and gas to residential and business consumers in NSW. Following the commencement of full retail contestability in the electricity market in NSW, state-owned retailers were able to retail electricity to those customers who did not enter into a market contract with the new retailers. These retailers, also known as the regulated suppliers or the standard retailers, were required to offer contracts on regulated tariffs, as determined by IPART. However, in addition, like other retailers who had entered the market, the regulated retailers were also able to offer market contracts, in competition with the other retailers.

There are three regulated suppliers for electricity in NSW:

- Energy Australia – which covers the Sydney, Central Coast and Hunter regions;
- Integral Energy – which covers the Western Sydney, Blue Mountains, Southern Highlands, Illawarra and Shoalhaven regions;
- Country Energy – which covers the remainder of NSW.¹

The decision to introduce retail competition into the electricity market was based on the view that competitive pressure would result in potentially lower prices, improved services and to encourage the introduction of innovative products for consumers. It was considered that such reforms would provide greater choice to energy consumers. However, it was also recognised that competition itself would not provide adequate protection to consumers in terms of services and price for an essential service. Therefore in NSW, regulatory mechanisms in the form of regulated pricing was introduced to ensure that retailers did not charge excessive prices to small customers, using their residual market power. In NSW, IPART has responsibility for determining the regulated prices for electricity.²

Under the Australian Energy Market Agreement (AEMA), and in accordance with a request from the Ministerial Council on Energy (MCE), the AEMC is

¹ On 1 March 2011, Energy Australia was purchased by a private electricity retailer operating in the NSW market, TRUenergy. On the same date, both Integral Energy and Country Energy were purchased by Origin Energy. Energy Australia, Integral Energy and Country Energy will continue to provide retail services on behalf of the respective private electricity retailers for a transition period of up to three years.

² Australian Energy Market Commission (AEMC) (2009), *Review of the Effectiveness of Competition in the ACT Electricity Retail Market, Revised Statement of Approach*, AEMC, 21 December 2009 2-4.

required to review and publicly report on the effectiveness of retail competition in jurisdictions participating in the NEM. The aim of the competition reviews is to assess the effectiveness of competition in the electricity and gas retail markets for the purpose of determining whether to retain, remove or reintroduce retail energy price controls. To date, the AEMC has undertaken retail competition reviews in Victoria, South Australia and the ACT. It is expected that the AEMC will undertake a retail competition review in NSW by no later than 2012.

A key criterion in determining whether there is effective retail competition in the NSW electricity market is whether NSW residential consumers are able to participate effectively in the market. Such participation requires consumers to be aware of their ability to choose their energy retailer, to be aware of the full range of options available to them, and to be able to assess the options in a way that enables them to make an informed choice as to which option best meets their needs and preferences. In determining whether there is effective retail competition in NSW, it is also important to recognise the diverse characteristics of the residential consumer market in terms of geography and demographics. Consumers in urban and suburban regions may be better able to participate in the market dynamics than those in regional areas. Consumers in rural and remote regions may also have different participatory abilities. Likewise, consumers who are in socio-economically disadvantaged groups may have different market participatory abilities than those who are not disadvantaged.

The purpose of this study was to consider the ability of residential consumers of electricity in selected rural, regional and remote areas of NSW to effectively participate in the NSW electricity market. In particular, the study sought to address four key issues:

1. Whether residential electricity consumers in selected areas in rural and regional NSW are aware that they can choose the company which sells them electricity;
2. Whether these same consumers have ever changed the company which sells them electricity, and to identify the reasons for changing;
3. For those consumers who did not change the company which sells them electricity, to identify the reasons they did not change;
4. To identify any significant demographical or geographical variances in relation to these questions.

This study focused on five regions in NSW:

- Cooma
- Lismore
- Bourke
- Wagga Wagga
- Orange.

These five regions were selected on the basis that they are geographically diverse across NSW. In addition, by virtue of this diversity, it is reasonable to expect that demand for electricity may also vary due to climate. However, it should be emphasised that the results reported in this study are only directly applicable to these five regions. The results are not representative of all of rural and regional NSW. However, given the variance in the results of this study with those of earlier studies conducted in other regions of NSW, there is evidence to suggest that there are significant variances in the electricity market across NSW. This supports the proposition that the NSW electricity market is not a single, homogenous market. Any approach which conflates survey results of non-urban areas of NSW could distort the indicators of market competition in a particular region or regions.

This study involved:

- A survey of 1,000 household consumers across the five selected regions (200 in each region);
- In-depth interviews with 17 household bill payers across the five regions.

A detailed discussion of the methodology employed in this study is discussed in Chapter 2.

It is envisaged that this study will provide the AEMC with important information to consider when it conducts its retail competition review in NSW. It is important to acknowledge that at this time the NSW electricity market is in a period of transition. The research for this study was undertaken from August-October 2010. Since that time, the NSW state-owned electricity retailers have been sold to private electricity retail companies. On 1 March 2011, Energy Australia was purchased by a private electricity retailer operating in the NSW market, TRUenergy. On the same date, both Integral Energy and Country Energy were purchased by Origin Energy. Under the terms of the sale, there is a transition period of up to three years, during which time Energy Australia will continue to provide retail services on behalf of TRUenergy, and Integral Energy and Country Energy will continue to provide retail services on behalf of Origin Energy. This will mean that the regulated suppliers will continue to operate as before during the transition period.

For the five regions that are the subject of this study, in the medium term, it will mean that there will be a concentration in the number of electricity retailers. Inevitably, consumers who could once purchase their electricity from either Country Energy or Integral Energy will no longer have that option. Also, during the transition period it is unclear whether Country Energy's or Integral Energy's market offers will be competitive when compared with those of TRUenergy and Origin Energy. Currently, these standard retailers were the most popular choice of retailers in the five regions.

At this stage, it is too early to predict the effect of the sale of the state-owned retailers in terms of customer participation and awareness of options in the five regions that are the subject of this study. As the retail brands of Energy Australia, Country Energy and Integral Energy evolve into TRUenergy and

Origin Energy, the extent to which consumers will then consider other options for purchasing their electricity is not known and should be the subject of future research. In addition, other private electricity companies which were not successful in acquiring the state-owned retailers may respond with a more competitive marketing presence in NSW, including in the five regions which are the subject of this study. This can only be assessed after the sale arrangements have been in place for a considerable period of time.

These significant changes in the NSW electricity market, which have occurred since the completion of the research activities that are the subject of this report, may ultimately precipitate further research in relation to consumer participation in the electricity market. At that point, the research reflected in this report might be rendered time-specific. However, it is important to recognise that since 2002, the NSW electricity market, and the ability of consumers to effectively and meaningfully participate in the market has been continually evolving. This has been confirmed by IPART when conducting their household surveys, with the IPART household survey in the greater Sydney region in 2006 following similar surveys conducted in 1993-94, 1998-99 and 2003-04. The longitudinal analysis of the IPART surveys facilitates the identification of the evolving nature of the NSW electricity market in general, and the extent of consumer awareness of choice in particular. Moreover, given the evolving nature of the market, any household survey will be time-specific to some extent.

Given that the NSW electricity market is in a state of constant change, the results of this research represent a snapshot of the state of consumer participation in the market in each of the five regions as at August 2010. However, the extent to which the results are overtaken by subsequent developments will depend on the commissioning of future research which establishes that the indicators of the ability of consumers to effectively participate in the altered electricity market in each of these five regions has changed from those which were analysed in this research. While the sale of the state-owned retailers may well have a significant effect on customer participation and awareness of options in the five regions that are the subject of this study, this can only be established by a subsequent household survey in each of these regions. However, in the absence of such further research, the information presented in this report represents the most reliable indicator of the state of customer participation in the electricity market in the five regions that have been studied.

1.2 Customer participation in the retail electricity market

Given the importance of effective customer participation in a competitive market, it is first necessary to consider the nature of electricity markets, and the barriers that prevent customers effectively participating in such markets. During the first decade of the new century, several Australian State and Territory Governments opened their respective electricity and gas markets to competition. Competition in electricity markets began in NSW and Victoria in 2002, in South Australia and the ACT in 2003, and in Queensland in 2007. The underlying premise behind this initiative is that by offering electricity consumers greater choice among competing electricity retailers, there will be competitive activity between the retailers in a bid to attract customers away from their

corporate rivals. In theory, this should result in lower prices and better service outcome for electricity consumers. The premise relies on the assumption that electricity consumers will play an active and positive role in the market, by engaging with the options and alternatives which are on offer, and behave in a way that best meets their needs and preferences, in terms of lower prices and better service.

This assumption indicates the strong influence of 'Rational choice theory' in guiding the fostering of increased competition in the energy markets. Under the theory of rational choice, a critical mass of consumers will select an offer or option that offers them the highest expected utility. The theory is underpinned by an assumption that, in general, most individuals are usually utility maximisers, and that this is the essential factor in them choosing between various alternatives.³

However, there are a number of studies that suggest that the nature of the electricity market is such that the application of such theories of consumer behaviour in their purist form may be misplaced. Other factors such as the order in which alternatives are presented, the labels they carry, the fact that the consumer is used to his or her current arrangements, or persuasive marketing can influence an individual's choice. According to Wilson and Waddams Price, electricity consumers often do not act in a way that best suits their interests, or choose suppliers which will best meet their preferences. The reasons for this include the unwillingness for consumers to change their suppliers due to the costs and inconvenience of looking at alternatives, a general lack of awareness of alternative suppliers, or an inability to differentiate between suppliers' offers.⁴

Based on their studies, Wilson and Waddams Price concluded that electricity consumers in the UK have only a limited capacity to choose efficiently between electricity suppliers. The results of their studies suggested that between a fifth and a third of consumers who switched electricity suppliers, actually missed out on the expected gains as a result of switching, with switching consumers receiving between a quarter and a half of the maximum gains available to them. They concluded that such a failure on the part of consumers to make accurate comparisons of the alternative offers of competing suppliers has the potential to adversely affect their welfare. In addition, this consumer behaviour can impede the competitive process, where a market has been liberalised or made subject to standard competition policy.⁵

Consumer demand for electricity has often been described as 'derived demand' – that is, electricity is not demanded as a commodity in and of itself, but for the services that it will provide, such as heat, light, cooking, etc. According to

³ Hernstein, R.J. (1990), 'Rational Choice Theory – Necessary but Not Sufficient', *American Psychologist*, March 1990, 356-367, at 356-357.

⁴ Wilson, Chirs M. and Waddams Price, Catherine (2006), 'Do Consumers Switch to the Best Supplier?', *CCP Working Paper 07-06*, Economic and Social Research Council, Centre for Competition Policy, University of Oxford, UK, 3-4.

⁵ *Ibid*, 27.

Thomas, this makes purchasing energy products such as electricity and gas a very different process to most other purchases, yet one that is vitally important for low-income households. However, the nature of the demand for the product, being derived demand, can make it more difficult for consumers to pursue the best deal available for them. Thomas notes that in reality, the decision to choose an energy supplier is one that is made infrequently. In addition, while switching energy suppliers should be a simple and inexpensive process, in reality, the process requires considerable time and research, and, where they go wrong, can cause considerable inconvenience and cost to the consumer. Thomas states that the best outcome the consumer can hope for is that at the time the choice is made, the selected supplier has offered the best deal. However, by the time the switch has been completed, the information on which the decision was made may well be out of date, with any anticipated financial benefits obtained from switching being swallowed up in price fluctuations.⁶

Thomas identifies five main problems for household consumers in a competitive energy market in which they are assumed to be capable of making rational choices so as to maximise their preferences:

1. Consumers do not know the price they will actually pay when they switch; they simply know the price at the time they research the deals. By the time the switch is complete, the prices offered by the competing companies are likely to have changed and the offer chosen will no longer be the best deal.
2. With a highly concentrated market, consumers can have little confidence that the companies are behaving competitively.
3. Forcing household consumers to buy their energy from a competitive market has the effect of placing them in direct competition with industrial energy consumers competing to buy a finite resource. This is a contest that household consumers cannot win, resulting in them paying disproportionately more for their energy than industrial consumers who have a much stronger negotiating position and skills.
4. The cost to the suppliers of switching is high and this cost must be passed on to all consumers.
5. Switching can be resource intensive for consumers, requiring free time, access to up-to-date pricing information and, ideally, internet access and a degree of IT literacy in order to ensure optimal outcomes. Without these, the chances of being able to identify the best deal are minimal.⁷

Thomas goes so far as to suggest that these problems are so fundamental, that fine-tuning a system premised on the pursuit of an effective market, in order to provide better services to consumers, may not be anymore efficient than a well regulated monopoly system.⁸

⁶ Thomas, Prof. Stephen (2008), 'Energy', chapter 7 in Thomas, Prof. Stephen, *Poor Choices: The limits of competitive markets in the provision of essential services to low-income consumers*, EnergyWatch, London, 2008, 213-215.

⁷ Ibid, 254-255.

⁸ Ibid, 255.

Many of the problems identified by Thomas can be associated with the tendency of consumers to remain with their existing suppliers, than select a new supplier which may offer a better deal. This practice has been described as 'status-quo bias'. Status-quo bias exists where 'people are much more likely to stick with existing policies or products, than normative theories would predict, even when the costs of switching are very low'.⁹ Camerer et al suggest that there are a number of sources of status-quo bias. These include a strong aversion to potential loss, where individuals have a tendency to place a higher negative value on potential losses than the positive value that is placed on potential gains. A further source is the tendency for individuals to place stronger weight on the potential for 'errors of commission' rather than 'errors of omission', even when there are no obvious reasons to draw a distinction. The effect of this is to make consumers less inclined to switch their current arrangements. A third possible source is procrastination, where individuals display a tendency to delay taking beneficial actions in the mistaken belief that they can take them at some later time.¹⁰ Samuelson and Zeckhauser identify similar factors underlying status-quo bias: convenience, habit, inertia, and fear. They also suggest other sources, including: adherence to existing policy, custom, inherent conservatism, rationalisation, or an inability to recognise alternatives. Moreover, they suggest that the many forces which guide an individual to prefer their current arrangements are difficult to replicate in a laboratory setting, under a pure market-based theory.¹¹

While the above theoretical principles in relation to consumer behaviour in the electricity market are based on UK research, the principles themselves do not reflect a pattern of consumer behaviour that is UK specific. Moreover, the principles appear to be equally relevant to consumers in the NSW electricity market. The above discussion suggests that there may be strong reasons to adopt a cautious approach in applying a pure, market-based theory in making assumptions about consumer behaviour in the NSW electricity market. A failure to account for the importance of status-quo bias is likely to result in exaggerating the predicted responses of individuals to changing economic variables.¹² In the context of the electricity market, the estimated benefits to consumers may be exaggerated, given that there may be a reluctance on the part of consumers to make changes to their arrangements, even if it is to their ultimate benefit to do so. Moreover, there are many reasons to suggest that consumer households in the electricity market will often not act in the way that is assumed to be a fundamental component of a competitive market.

⁹ Camerer, Colin, Issacharoff, Samuel, Loewenstein, George, O'Donoghue, Ted and Rabin, Matthew (2002), 'Regulation for Conservatives: Behavioural Economics and the case for Asymmetric Paternalism', *University of Pennsylvania Law Review*, Vol. 151, 1211-1254 at 1224.

¹⁰ Ibid, 1224-1225.

¹¹ Samuelson, William and Zeckhauser, Richard (1988), 'Status Quo Bias in Decision Making', *Journal of Risk and Uncertainty*, 1: 7-59 (1988), at 9-10.

¹² Ibid, 47-48.

1.3 Customer participation in Australian electricity markets

It is also important to consider how customer participation in electricity markets has been researched and analysed in other Australian States and Territories, and other regions in NSW. The question whether customer participation in electricity markets in Australian states and territories exhibits the characteristics of what is expected in a competitive market, has been considered by the AEMC, as part of its reviews into the effectiveness of retail competition in jurisdictions participating in the NEM. The reviews must be conducted on the basis of criteria developed by the MCE, and include:

- Independent rivalry in the market;
- Ability of suppliers to enter the market;
- The exercise of market choice by customers;
- Differentiated products and services;
- Price and profit margins, and
- Customer switching behaviour.¹³

To date, the AEMC has undertaken retail competition reviews in Victoria, South Australia and the ACT. In its review report for Victoria, the AEMC stated that in an effectively competitive market, the exercise of informed customer choice among competing suppliers and their products and services 'constrains the behaviour of retailers as they strive to retain customer patronage and increase their share of the total number of customers.' Significantly, the AEMC stated that, in these ways:

Effective competition ensures that the price mechanism works effectively to allocate resources in accordance with consumer preferences. Resources move freely in response to price signals, both between and within markets, and no firm or group of firms is able to raise prices, restrict output and earn sustainable excess profits.¹⁴

According to the AEMC, such competitive pressure on businesses promotes efficiency and encourages businesses to respond to consumer preferences in terms of services offered and pricing. Accordingly, the AEMC suggests that where competition is effective in promoting efficiency in this way, there is no need for price regulation.

This approach was also followed in the South Australian Review.¹⁵

¹³ Australian Energy Market Contract (AEMA), Clause 14.11(a)(i); Australian Energy Market Commission (AEMC) (2009), Op cit, 1-2.

¹⁴ Australian Energy Market Commission (AEMC) (2007), *Review of the Effectiveness of Competition in Electricity and Gas Markets in Victoria, First Final Report*, AEMC, 19 December 2007, 15-16.

¹⁵ Australian Energy Market Commission (AEMC) (2008), *Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in South Australia, First Final Report*, AEMC, 19 September 2008, 5.

In both the Victorian Review and the South Australian Review, the AEMC proceeded on the basis that for competition to be effective, a retail energy market needs to be characterised by:

- informed and active customers willing and able to respond to offers for the supply of energy products, at prices and on other terms and conditions of supply which best meet their needs;
- rivalrous conduct between retailers (and/or the threat by new retailers) to offer the products, services, prices and other conditions of supply which are most attractive to consumers; and
- freedom of movement for resources into and out of the market(s) in pursuit of profit opportunities, thereby eroding any excess profits over time and allocating resources to supply the goods and services most valued by consumers.

Accordingly, one of the key analytical strands adopted by the AEMC in the conduct of the reviews was an analysis of consumer behaviour, attitudes and information requirements in relation to the purchase of energy products and services. The indicators adopted by the AEMC to assess the presence or absence of informed customer choice and switching behaviour that is likely to exert competitive pressure on retailers, include:

- the extent to which customers are aware that they can choose their energy supplier and are relatively knowledgeable about the types of products and service offerings available in the market;
- the extent to which customers are exercising choice by entering into market contracts and changing retailers in response to the price and service offers available to them;
- customers' willingness to act on market information to choose those energy retailers and products which best meet their needs;
- customers' ability to access and understand information enabling them to compare products and service offerings, and their preparedness to undertake such investigations;
- customer attitudes to retail energy brands and their willingness to try new retailers; and
- the impact of regulation in assisting or deterring the exercise of effective consumer choice in relation to retail energy products.¹⁶

In 2009 the AEMC indicated that it would revise its approach to undertaking the remaining retail competition reviews. The AEMC was of the view that given the dynamic of competition and the rivalry among retailers is linked to the market structure, conduct and resulting performance, the factors are interdependent and need to be considered concurrently rather than in isolation. The Commission stated that it would need to consider a range of factors and indicators in their assessments, recognising the interrelationship between these various factors, and also recognising that in some jurisdictions, there may be a

¹⁶ AEMC (2007), Op cit pp. 21-22; AEMC (2008), Op cit, 12.

need to consider additional factors and indicators. Among the non-exhaustive indicators the Commission stated would guide its approach were:

- *Market structure* – considering number, type and size of contestable customers and competitors; market concentration indices; market shares of competition; barriers to entry.
- *Market conduct* – considering number of customers accepting market offers and/or switching retailers; customer awareness of competition and choice; ease of obtaining, understanding and comparing information; extent and type of marketing activity; extent of offers being sought and made; nature and frequency of customer complaints; nature of regulatory enforcement investigations.
- *Market performance* – considering evidence of changes in retail price; evidence of price convergence; evidence that differentiated products and services are being offered to the market which meets customer preferences and needs.¹⁷

The revised process continues to place a high priority on the active participation of consumers in the market in an informed way, but emphasises the importance of considering the way this interrelates with the other indicators.

The AEMC indicated its retail competition reviews may need to be limited in the extent it can consider issues of market definition. In particular, it noted that for each state and territory, this would mean that there would be limitations on the assessment of geographic dimensions of the market.¹⁸ This would suggest that the AEMC is limited in its capacity to assess characteristics of the markets in specific rural and regional locations within each state and territory.

The AEMC undertook the retailer competition review in the ACT using the revised approach.

The outcome of the AEMC retailer competition reviews in Victoria and South Australia was that the AEMC concluded that effective competition existed in those states. In the ACT the AEMC concluded that effective retail competition did not exist.

1.4 Surveys of Electricity consumers in Australia

Over the last five years, surveys of electricity consumers to analyse consumer participation in the market have been undertaken in Victoria, South Australia and the ACT as part of the AEMC retail competition reviews, and also in selected regions of NSW as part of residential household surveys undertaken by the IPART in 2006 and 2008. Each of these surveys explored the following issues which are relevant to this study:

- consumer awareness of competition and opportunities to choose and switch electricity retailers;

¹⁷ AEMC (2009), Op cit, 11-18.

¹⁸ Ibid, 11.

- the extent to which consumers have contacted an electricity company to inquire about buying electricity, or have been contacted by an electricity company asking to buy electricity from them;
- whether consumers had changed the company which sells them electricity and the reasons for changing or not changing; and
- whether customers were satisfied with any changes made to the way they purchased electricity.

AEMC Victorian Consumer Survey

As part of its review into the effectiveness of competition in the gas and electricity markets in Victoria, the AEMC commissioned Wallis Consulting Group (WCG) to conduct surveys of domestic customers, small business customers and Victorian retailers. The aim of the surveys was to inform the AEMC of a range of customer and retailer issues.

WCG developed a single questionnaire for domestic and business markets covering the following issues:

- customer awareness of competition and choice;
- ease of obtaining, understanding and comparing information;
- extent and type of marketing activity experienced by the consumer;
- extent of offers being sought and made; and
- customer complaints.

In terms of the study of domestic customer markets, WCG undertook 1,000 telephone interviews with domestic customers chosen at random from electronic directory listings. The interviews included:

- 500 interviews in metropolitan Melbourne;
- 250 interviews in regional centres; and
- 250 interviews in rural areas.

Interviews were conducted and data entered using the WCG Computer Assisted Telephone Interviewing (CATI) system. The results of the survey were included in a report provided by WCG to the AEMC.¹⁹ Some of the results of that research are included in this report for comparative purposes.

AEMC Quantitative Research with South Australian Residents

As part of its review into the effectiveness of competition in the gas and electricity markets in South Australia, the AEMC commissioned McGregor Tan Research (MTR) to collect and analyse quantitative data about the attitude and experience of small customers in the electricity and gas retail markets in South Australia. MTR conducted quantitative and qualitative research among both

¹⁹ Wallis Consulting Group Pty. Ltd (WCG) (2007), *AEMC Review of Competition in the Gas and Electricity Retail Markets Consumer Research Report*, prepared for the Australian Energy Market Commission, August 2007, 4-5.

residents and businesses in metropolitan Adelaide and regional South Australia. The quantitative research was conducted using CATI surveys.

In terms of the study of residents, MTR undertook 1,200 telephone interviews, including:

- 800 interviews in metropolitan Adelaide; and
- 400 interviews in regional South Australia.

The results of the research were included in a report provided by MTR to the AEMC.²⁰

Some of the results of the MTR study of South Australian residents have also been included in this report for comparative purposes.

AEMC ACT Quantitative Research among Small-scale Energy Customers

As part of its review into the effectiveness of competition in the gas and electricity markets in the ACT, the AEMC commissioned Roy Morgan Research (RMR) to undertake consumer research to provide key information about the ACT electricity market. RMR conducted both qualitative and quantitative research among small-scale energy consumers. The quantitative research looked at whether consumers were aware that they can choose their energy supplier and whether they were well informed about the types of service offerings in the market. The study specifically sought to determine:

- consumer awareness of competition and opportunities to choose and switch energy retailers;
- the extent to which small scale electricity users switch energy retailers for their home;
- the extent to which small scale residential users of electricity respond to retailer marketing activities;
- the ease of obtaining, understanding and comparing information about energy options;
- the incidence of switching behaviour, including considerations and actions taken;
- attitudes to products offered by energy retailers; and
- other perceptions and experiences with the energy market in ACT.

The quantitative research was conducted using CATI surveys. RMR undertook a total of 1,002 interviews with ACT residents. The results of the research were included in a report provided by RMR to the AEMC.²¹ As with the Victorian and

²⁰ McGregor Tan Research (MTR) (2008), *AEMC Review of Competition in Electricity and Gas Retail Markets*, prepared for the Australian Energy Market Commission, June 2008, 2-3.

²¹ Roy Morgan Research (RMR) (2010), *Effectiveness of Competition in the ACT Electricity Retail Market – Residential Users*, prepared for the Australian Energy Market Commission, June 2010, 2-4.

South Australian survey results, some of the ACT survey results have been included in this report for comparative purposes.

IPART Residential Household Surveys – 2006 and 2008

In 2006 and 2008, IPART conducted surveys of residential household water, electricity and gas consumers. The 2006 Survey was conducted in the greater Sydney region, including the Blue Mountains and Illawarra. The 2008 Survey was conducted in the Gosford City Council area, the Wyong Council area and the area served by the Hunter Water Corporation.

In both surveys, the aims were to collect information on the characteristics of households and their energy and water use, which will enable IPART to assess the impact of their energy and water pricing decisions on households and community groups. In addition, the surveys were used by IPART to assess the extent of participation in the retail energy market, and households' experience of competition in this market.

For the 2006 Survey, IPART engaged Taverner Research Company to undertake 2,631 face-to-face interviews with residential households. The survey had a particular focus on low-income households. This meant that survey participants were split into two groups:

- A sample of approximately 2,000 households randomly selected from across the Sydney, Blue Mountains and Illawarra regions;
- A smaller sample drawn from the Australian Bureau of Statistics census districts with a high proportion of low-income households.

For the 2008 Survey, IPART engaged McLennan Magasanik Associates in combination with McNair Ingenuity to undertake the survey. A total of 2,608 households were surveyed including:

- 1,672 interviews in the Hunter;
- 529 interviews in the Gosford area; and
- 407 interviews in the Wyong area.

While most interviews were conducted face-to-face with a representative of each household, some interviews were conducted by telephone using a CATI system.

For both surveys, IPART released a detailed report of the results.²²

²² IPART (2007), *Residential energy and water use in Sydney, the Blue Mountains and Illawarra, Results from the 2006 household survey, Electricity, Gas and Water – Research Paper*, IPART, November 2007, 1-2; IPART (2008), *Residential energy and water use in the Hunter, Gosford and Wyong, Results from the 2008 household survey, Electricity, Gas and Water – Research Paper*, IPART, December 2008, 1-2.

1.5 Structure of this Report

Chapter 2 outlines the aims of this study and the research questions that have guided the project. In addition, the chapter outlines some of the key terms used in the report, and the methodology that was employed in undertaking this study.

Chapter 3 looks at the retailers that at the time of this study were available to electricity consumers in the five regions of NSW that are the subject of this study. This chapter identifies the options available to consumers in choosing from whom to purchase electricity in each of the five regions.

Chapters 4 to 7 detail the results in the present study, and they compare these results with relevant similar results from the AEMC-sponsored customer surveys and the 2006 and 2008 IPART household surveys. Chapter 4 looks at the extent to which electricity consumers in the five regions are aware that they can choose the electricity company from which they purchase their electricity. In addition, the chapter looks at consumer awareness of the range of options for purchasing electricity which are open to them in each of the five regions, and the extent to which consumers in the five regions prefer to purchase their electricity from the standard regulated electricity supplier.

Chapter 5 looks at the extent to which electricity consumers in each of the five regions are contacted by an electricity company with an offer to purchase electricity from them, and the most commonly employed methods of contacting consumers used by electricity companies in these regions. The chapter also looks at whether consumers in these regions initiate contact with the electricity retailers themselves to inquire about purchasing electricity from them.

Chapter 6 looks at the issues surrounding consumers switching electricity companies. The chapter looks at whether consumers in the five regions have switched retailers, and if so how many times that they have switched retailers, and the most commonly reported reasons for switching retailers. The chapter also considers issues for consumers who have never switched electricity retailers, and in particular the reasons offered by those consumers for remaining with their existing retailer.

Chapter 7 considers whether customers in the five regions who changed their electricity company were satisfied with their decision, and whether any expectations that their electricity bills would go down were realised. In addition to considering the information contained in the quantitative surveys that were undertaken in the five regions, this chapter also considers some of the in-depth responses provided in qualitative interviews undertaken with 17 surveyed household bill payers across the five regions who indicated that they were prepared to be further interviewed as part of this study.

The Conclusion in Chapter 8 provides an analysis of the findings, and the implications of the research in the context of the current NSW electricity retail market. It also includes a summary of the key findings of the cross-tabulation demographic analysis which was conducted across all five regions.

2. THE PRESENT STUDY

2.1 Aims

The primary aim of this study was to assess whether there is effective competition in the NSW electricity market in selected areas of rural and regional NSW, by looking at the ability of electricity consumers in those areas to participate effectively in the market. While the assessment of whether there is effective competition is dependent on a range of factors, including the ability of consumers to participate effectively in the market, the focus of this research is on the issue of consumer participation, given that consumers in the electricity market are the principal priority of the Public Interest Advocacy Centre (PIAC).

In focusing on this aim, the main objective of the study is to provide a strong evidence base to inform PIAC's participation in the AEMC review of effective competition in the NSW energy market, which is expected to take place in 2011-2012. In addition, the study provides important evidence of the experiences of consumers in five geographically diverse areas of regional NSW, in terms of their knowledge of different options to purchase electricity, and their ability to make informed choices about their purchase of electricity in a way that is most advantageous to them.

This study had the following specific research objectives:

1. To determine whether residential electricity consumers in the five selected rural and regional areas of NSW are aware that they can choose the company from which they purchase their electricity.
2. To determine whether these same consumers have ever changed the electricity company from which they purchase their electricity, and for those that have changed, to identify the reasons for changing.
3. To determine whether the expectations of those customers who changed the electricity company from which they purchase their electricity were realised, in terms of whether their electricity bills would go up or down.
4. For those consumers who have not changed the company from which they purchase electricity, to identify the reasons why they have not changed.
5. To identify any significant demographic or geographical variances across these objectives.

This study focused on five regions in rural/regional NSW:

- Cooma
- Lismore
- Bourke
- Wagga Wagga
- Orange.

These regions were selected on the basis that they are geographically dispersed across NSW, covering a diversity of regions including: an alpine region; a northern, semi-tropical region; a remote, inland region; a south-western regional centre with a strong agricultural base; and a regional centre in

the central tablelands area. Accordingly, it was expected that the energy demands of consumers in these regions would be diverse, according to differing environments and climates. In addition, an important consideration in selection of these regions was the fact that there had been no previous study of the behaviour of electricity consumers in these areas.

2.2 Definitions

Effective competition

This project has principally focused on the ability of residential consumers in the five selected regions to participate effectively in the electricity market. This issue is considered as an important component in the determination of whether there is **effective competition** in the market.

However, the concept of **effective competition** is one that is difficult to conclusively define, as reflected in the approaches adopted by the AEMC in its retail competition reviews (see discussion in Chapter One, pp. 9-12). Given the purpose of this project is to inform the response to the AEMC's anticipated review of retail competition in the NSW electricity market, the approach to the concept of **effective competition** used by the AEMC has been the principal guidance on the concept of **effective competition** that has been adopted for this project. The AEMC has indicated that it needs to consider a range of factors and indicators in their assessments as to whether **effective competition** exists in a given market, and also recognise the interrelationship between these various factors. Among the non-exhaustive indicators the Commission stated would guide its approach were:

- *Market structure* (e.g. number, type and size of contestable customers and competitors; market concentration indices; market shares of competition; barriers to entry);
- *Market conduct* (e.g. number of customers accepting market offers and/or switching retailers; customer awareness of competition and choice; ease of obtaining, understanding and comparing information; extent and type of marketing activity; extent of offers being sought and made; nature and frequency of customer complaints; nature of regulatory enforcement investigations);
- *Market performance* (e.g. evidence of changes in retail price; evidence of price convergence; evidence that differentiated products and services are being offered to the market which meets customer preferences and needs).²³

The approach used by the AEMC places a high priority on the active participation of consumers in the market in an informed way, but emphasises the importance of considering the way this interrelates with the other indicators.

²³ Australian Energy Market Commission (AEMC) (2009), *Review of the Effectiveness of Competition in the ACT Electricity Retail Market, Revised Statement of Approach*, AEMC, 21 December, 2009, 11-18.

While the active participation of consumers in the market is the focus of this research, it is acknowledged that this is one of several factors considered by the AEMC in determining whether **effective competition** exists in a given market.

Residential consumers/residential customers

This research has specifically focused on the behaviours, awareness and purchasing decisions of **residential consumers/residential customers/household consumers** in the electricity market. It is acknowledged that the electricity market is much broader than residential consumers, and also includes small business and industry consumers. However, the priority for the Energy and Water Consumer Advocacy Program at PIAC is the needs of residential household consumers, and accordingly, they have been the focus of this study.

Electricity supplier/electricity retailer

The terms **electricity supplier** or **electricity retailer** are used interchangeably throughout this report. The terms refer to the electricity company that sells electricity to consumers, including residential consumers, small business consumers and industry consumers. It includes both the state-owned electricity retailers (up to March 2011) (i.e. Energy Australia, Integral Energy and Country Energy) and also the private electricity retailers. The term does not refer to those electricity companies that are NSW network service providers, which are responsible for the provision of electricity to retailers.

Full Retail Contestability

This study has focused on the awareness and behaviours of residential consumers since January 2002, at which time **full retail contestability** for electricity and gas was introduced in NSW. **Full retail contestability** refers to the state of the market in which private retail companies were permitted to apply for licences to compete with the pre-existing state-owned retail companies. In the context of the electricity market, it meant that private electricity retailers were able to enter the market to compete with the state-owned electricity retailers, Energy Australia, Integral Energy and Country Energy. In addition, the state-owned retailers were able to offer market contracts, to enable them to compete with the private electricity retailers who entered the market. However, these retailers were also required to continue to offer consumers contracts that charged consumers the regulated tariffs, as determined by the IPART.

Regulated supplier/non-regulated supplier

A **regulated supplier** is a state-owned electricity retail company that already existed at the time full retail contestability was introduced in NSW (January 2002). Such a company is required to offer consumers contracts that charge the regulated tariffs, as determined by the IPART. In NSW, the regulated suppliers are Energy Australia, Integral Energy and Country Energy.

A **non-regulated supplier** is an electricity retail company that entered the NSW electricity market after the introduction of full retail contestability. These

companies are able to offer market contracts, to compete with the standard contracts offered by the regulated suppliers.

In addition to the requirement of offering consumers contracts that charge consumers the regulated tariffs, a **regulated supplier** can also offer a market contract to compete with the market offers from non-regulated suppliers.

On 1 March 2011, the NSW regulated suppliers were sold to private electricity retail companies. The company Energy Australia was purchased by the non-regulated supplier, TRUenergy. The non-regulated supplier, Origin Energy, purchased both Integral Energy and Country Energy. Under the terms of the sale, there is a minimum transition period of three years, during which time Energy Australia will continue to provide retail services on behalf of TRU Energy, and Integral Energy and Country Energy will continue to provide retail services on behalf of Origin Energy. This will mean that the regulated suppliers will continue to operate as before during the transition period.

Standard contract / Regulated contract / Market contract

A **standard contract** or **regulated contract**, is one that a regulated supplier is required to offer consumers, that charges consumers the regulated tariffs, as determined by IPART.

A **market contract** is one that is offered by both regulated suppliers and non-regulated suppliers, to compete with the standard contracts. A regulated supplier can offer a market contract so as to be able to compete with the market offers provided by non-regulated suppliers.

2.3 Method

This study involved three main research strategies:

1. A household telephone survey of 200 electricity consumers in each of the five regions (Cooma, Lismore, Bourke, Wagga Wagga and Orange);
2. In-depth interviews with seventeen consumers across the five regions;
3. A comparative analysis of the abovementioned survey results with previous electricity consumer surveys undertaken on behalf of the AEMC, and by the IPART.

PIAC engaged the social research firm Urbis Pty. Ltd to undertake the household telephone survey, the analysis of the survey results, and the in-depth interviews. PIAC has undertaken an analysis of the data obtained in the in-depth interviews and the comparative analysis.

Household telephone survey

In July 2010, PIAC engaged Urbis Pty. Ltd. To undertake a household telephone survey of 1,000 electricity bill-paying households in the five selected regions (200 in each region). A draft survey questionnaire was prepared by PIAC, and then further refined by Urbis in consultation with PIAC. Upon finalisation of the survey instrument, it was programmed into the CATI format. The following issues were covered in the survey:

- consumer choice of electricity providers;

- the extent and means by which electricity companies make contact with consumers, the extent and reasoning behind consumers approaching electricity companies, and the outcome of the contact;
- consumer experience in dealing with other electricity companies;
- reasons for changing or staying with a particular electricity company; and
- demographic information of participants.

The CATI interview was undertaken with a random sample of 200 bill-paying households in each of the five towns/regional centres. The random sample was drawn from the electronic White Pages, based on the postcodes for each of the nominated regions. The sample included households from Aboriginal or Torres Strait Islander backgrounds, and people from culturally and linguistically diverse backgrounds.

All household interviews were conducted between 16 August and 28 August 2010 by market research interviewers contracted by Urbis. The average length of interviews was approximately eight minutes. The questionnaire instrument was piloted during the first fieldwork session of interviewing, with pilot results reviewed and minor adjustments made to the interview instrument the following day. When commencing the interview, the interviewer introduced him/herself and asked to speak to the person responsible for paying the household bills. The interviewer then posed an initial screening question, which asked the person if the dwelling in which they were currently living was their permanent residence or a holiday home. Interviews with people who indicated that it was a holiday home were terminated at that point.

The fieldwork statistics for the survey interviews in each of the five regions is detailed in Table 2.1.

Table 2.1: Fieldwork Statistics for Five Region Household Electricity Consumer Choice Survey

Region	Sample Items	Dials	Non contacts Dialed	Refusals	Dials per interview
Cooma	977	1968	1164	401	9.84
Lismore	999	1729	916	424	8.65
Bourke	1000	1968	1192	378	9.84
Wagga Wagga	1000	2075	1131	523	10.38
Orange	1000	1958	1102	467	9.79

The analysis of the survey results was undertaken by Urbis. Data pertaining to each of the selected regions were analysed using descriptive statistics. The findings of the survey analysis were reported in two sections in their final report:

- Individual findings for each region;
- Cross-tabulation analysis for some key demographics across the whole sample (n=1,000). The demographics included: concession card ownership, gender, age; number of people in household, resident status, Aboriginal

and Torres Strait Islander status, health status, level of completed education, and weekly household income.

Of the 1,000 participants that were interviewed overall:

- 37.3 percent were male and 62.7 percent female;
- The median age of participants was 45-54;
- More than half of the participants were in a household with no more than two people. 26.4 percent of participants were in a household of four or more people;
- 80 percent of participants either fully owned their home, or were paying off their home. Only 3.2 percent of participants were renting public housing or community housing;
- 19.3 percent of participants reported that they had a long-term or chronic health condition, mental illness, or physical or intellectual disability;
- Of those participants which disclosed their weekly household income, the median income was \$500-\$999;
- 28.7 percent of participants indicated that they had a concession card;
- 50.4 percent of participants indicated that their highest level of education was no higher than Year 12/Higher School Certificate/Leaving Certificate, with 31.6 percent of participants indicating that they did not finish school, or went no higher than Year 10 equivalent;
- 99 percent of participants indicated that they spoke English at home (note – telephone interpreters were not available to conduct survey interviews);
- 3.2 percent of participants (i.e. 32 respondents) across the five regions identified as Aboriginal or Torres Strait Islander.

A full copy of the Research Findings of the Household Electricity Consumer Choice Survey undertaken by Urbis on behalf of PIAC is included in Appendix A, together with the final interview instrument that was employed. The full details of the cross-tabulation analysis for the key demographics is included in the Urbis report.

Telephone in-depth interviews

A selection of 17 household bill-payers interviewed as part of the household telephone survey was invited to participate in a 15-minute follow-up in-depth interview. The 17 participants came from all of the five regions that were part of this study. These participants were self-selecting. Only those participants who indicated that they had changed the company from which they had purchased their electricity, and also indicated that since changing, they noticed that their electricity bills had gone up, were invited to participate in the follow-up interview.

The purpose of these interviews was to obtain a greater understanding of the key motivations of consumers for changing the company from which they purchased their electricity, and to ascertain how satisfied they were with their new electricity supplier. In particular, these interviews sought to obtain some further information about the expectations of consumers when they changed

the company from which they purchased their electricity, and whether these expectations had been realised.

The in-depth interviews were conducted and recorded by Urbis staff between September and October 2010. Transcripts of the interviews were provided to PIAC, which undertook analysis of the data in the transcripts as part of the preparation of this report.

Comparative analysis with previous electricity consumer surveys

A key aspect of this study has been the comparative analysis of the results of the 2010 Household Electricity Consumer Choice Survey (HECCS) with the results of previous electricity consumer surveys undertaken on behalf of the AEMC and IPART. These previous surveys include:

- Surveys of electricity consumers undertaken in Victoria, South Australia and the Australian Capital Territory, as part of the AEMC retail competition reviews in those jurisdictions;
- Residential household surveys undertaken by IPART in 2006 (Sydney, the Blue Mountains and Illawarra) and 2008 (the Hunter, Gosford and Wyong).

The comparative analysis has been undertaken according to themes:

- Consumer awareness of choice (Chapter 4);
- Customer contact with other electricity companies (Chapter 5);
- Changing/not-changing electricity companies (Chapter 6);
- Outcomes for consumers who change electricity companies (Chapter 7).

For each of these themes, the applicable data from the AEMC-sponsored customer surveys in Victoria, South Australia and the ACT is presented first. In most cases the data across the three jurisdictions are presented together. The applicable data from the 2006 and 2008 IPART residential household surveys are next presented (again in most cases these data are presented together). Finally, the applicable data for the HECCS is presented, with the data for each of the five regions presented together. This enables that for each of the themes, the data for each of the five regions can be easily compared with the relevant data for the AEMC sponsored residential customer surveys in Victoria, South Australia and the ACT, and also the relevant data from the 2006 and 2008 IPART residential household surveys.

3. ELECTRICITY RETAILERS OPERATING IN REGIONAL NSW

3.1 Introduction

This chapter focuses on the available retailers for electricity consumers in each of the five regions in NSW in which the customer survey was undertaken. It identifies the standard retailer(s) in each of the regions and the number of retailers available in each region for consumers with a standard meter and also for consumers with a time-of-use meter. In addition, the chapter identifies which retailers are available in each of the five regions for customers with a standard meter, and also for customers with a time-of-use meter. The purpose of this chapter is to identify what choice consumers in each of the regions have in terms of which retailer from whom they purchase electricity.

3.2 Identifying available electricity retailers in the five regions

As part of this study it was necessary to identify which retailers were offering contracts to customers in each of the five regions being surveyed. This involved accessing the IPART Comparison Calculator, available through the “My energy” website hosted by IPART.²⁴ The website offers a free electricity and gas online price comparison website where you can compare offers from gas and electricity retailers. This website is for residential and small business energy customers, and enables those customers to compare available energy retail offers in their respective postcodes.

Following the launch of the “My energy website”, in the first two weeks of October 2010 the website was accessed for each of the five regions surveyed, using the postcodes for each of the regions. The following assumptions were made in using the Comparison Calculator for each of the regions:

- The inquiry was for a residential customer (as opposed to a small business customer);
- The customer had off-peak hot water;
- The customer had an average quarterly electricity bill of approximately \$480 (this being considered as approximating an average NSW household bill).

For each of the regions, an inquiry was made for both a customer with a standard meter, and for a customer with a time-of-use meter.

For each inquiry in each of the regions, the available retailers were listed. Some retailers had multiple offers available for prospective customers. These individual offers were not listed, as the purpose of the inquiry was to ascertain which retailers were available in each of the regions. Therefore, if a retailer had more than one offer for a particular region, it was only listed once.

²⁴ Available online at <<http://www.myenergyoffers.nsw.gov.au/>> (accessed 18 January 2011).

Since the completion of this research the NSW State Government has sold the previously government-owned regulated retailers. As a result of these reforms, both the Country Energy retail business and Integral Energy retail business have been acquired by Origin Energy. Country Energy and Integral Energy will continue to provide retail services on behalf of Origin for a transition period of at least three years. In addition, the Energy Australia retail business has been acquired by TRUenergy.²⁵

3.3 Available electricity retailers in the five regions

In the five regions which are the subject of this study, consumers have a range of options in terms of choosing which electricity retailers from which to purchase their electricity. Apart from the regulated supplier in each region (in Orange there are two regulated suppliers available), there are at least seven electricity retailers from which to choose in each region for those customers with a standard meter, and four retailers for those customers with a time-of-use meter (Table 3.1).

Table 3.1 Available retailers in the five regions in NSW

Town	Regulated supplier	Number available retailers – standard meter	Number available retailers – time-of-use meter
Cooma	Country Energy	9	4
Lismore	Country Energy	7	4
Bourke	Country Energy	7	4
Wagga Wagga	Country Energy	7	4
Orange	Country Energy Integral Energy	9	4

Tables 3.2 – 3.6 list the regulated electricity suppliers, the available retailers for consumers with standard meters, and the available retailers for consumers with time-of-use meters in each of the regions.

In each region, at the time the research was undertaken, Country Energy was the regulated supplier. In Orange, Integral Energy was also a regulated supplier. As indicated above, since the completion of the research, the Country Energy and Integral Energy retail businesses have since been acquired by Origin Energy.

In each region, the available retailers for consumers with time-of-use meters were: Sanctuary Energy, Red, AGL and Power Direct.

²⁵ Media Release, NSW Treasurer, 14 December 2010, available online at <http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0003/19236/101214_NSW_energy_reform_update.pdf> (accessed 18 January 2011).

In each region, the following retailers were available for consumers with standard meters: Sanctuary Energy, Lumo Energy, Power Direct, Origin, TRU Energy, Red and AGL. In Cooma, Integral Energy and Actew AGL were also available retailers for consumers with Standard meters. In Orange, Integral Energy and Energy Australia were also available retailers for consumers with standard meters. As indicated above, since the completion of the research, the Integral Energy retail business has been acquired by Origin Energy, and the Energy Australia Retail business has been acquired by TRU Energy.

Table 3.2 Available retailers in Cooma

Regulated Supplier	Available Retailers – Standard Meter	Available Retailers – Time-of-use Meter
Country Energy	Sanctuary Energy Lumo Energy Power Direct Origin Actew AGL TRU Energy Integral Energy Red AGL	Sanctuary Energy Red AGL Power Direct

Table 3.3 Available retailers in Lismore

Regulated Supplier	Available Retailers – Standard Meter	Available Retailers – Time-of-use Meter
Country Energy	Sanctuary Energy Lumo Energy Power Direct Origin TRU Energy Red AGL	Sanctuary Energy Red AGL Power Direct

Table 3.4 Available retailers in Bourke

Regulated Supplier	Available Retailers – Standard Meter	Available Retailers – Time-of-use Meter
Country Energy	Sanctuary Energy Lumo Energy Power Direct Origin TRU Energy Red AGL	Sanctuary Energy Red AGL Power Direct

Table 3.5 Available retailers in Wagga Wagga

Regulated Supplier	Available Retailers – Standard Meter	Available Retailers – Time-of-use Meter
Country Energy	Sanctuary Energy Lumo Energy Power Direct Origin TRU Energy Red AGL	Sanctuary Energy Red AGL Power Direct

Table 3.6 Available retailers in Orange

Regulated Supplier	Available Retailers – Standard Meter	Available Retailers – Time-of-use Meter
Country Energy Integral Energy	Sanctuary Energy Lumo Energy Power Direct Origin Energy Australia TRU Energy Integral Energy Red AGL	Sanctuary Energy Red AGL Power Direct

3.4 Summary

At the time of writing, consumers in the five regions of NSW which are the subject of this study had available to them a considerable number of retailers from whom they could purchase electricity. In addition to the region's regulated supplier, consumers with a Standard Meter had between seven and nine retailers from which they could choose. Consumers with a time-of-use meter had a choice of four retailers in each of the regions, in addition to the applicable regulated supplier(s) for the region.

As discussed in Chapter One, since the conduct of this research, the NSW state-owned electricity retailers have been sold to private electricity retail companies, with Energy Australia being purchased by TRUenergy, and both Integral Energy and Country Energy being purchased by Origin Energy. While Energy Australia, Integral Energy and Country Energy will continue to provide retail services on behalf of their respective purchasing companies during a three-year transition period, one effect of the sales will be a concentration of the available electricity retailers in each of the regions. Unless other retailers enter the market, this will produce a reduction in available options for the purchase of electricity for consumers.

4. CONSUMER AWARENESS OF CHOICE IN REGIONAL NSW

4.1 Introduction

This chapter focuses on the extent to which electricity consumers are aware that they can choose from which company they purchase electricity, and their awareness of the range of options for purchasing electricity which are open to them. The chapter will also review the extent to which electricity consumers prefer to purchase their electricity from the standard regulated electricity supplier.

The chapter will consider the results on these questions from surveys undertaken on behalf of the AEMC as part of reviews into the effectiveness of competition in Victoria, South Australia and the Australian Capital Territory. The chapter will also consider available results on these questions from the household surveys undertaken by IPART in 2006 and 2008 in Sydney and selected regions in NSW.

The chapter will then focus on the results of the 2010 HECCS undertaken by Urbis on behalf of PIAC in Cooma, Lismore, Bourke, Wagga Wagga and Orange. Specifically, this chapter will look at the results of the surveys in each of the five regions to the following questions:

- Do you think you can choose the company you buy electricity from?
- What company do you buy electricity from at the moment?
- How many other companies do you think you can buy electricity from in you local area?

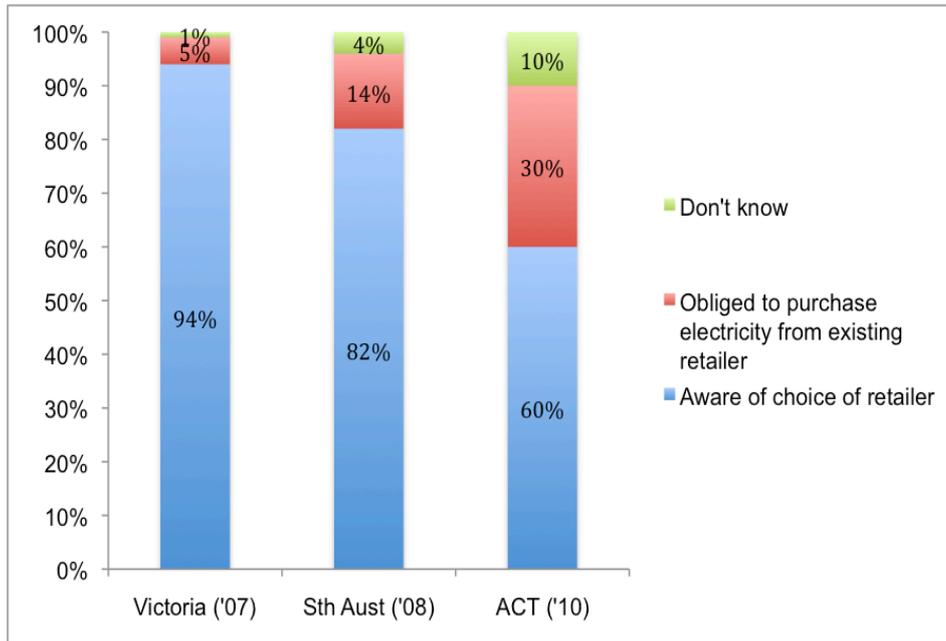
4.2 How consumer awareness of choice has been assessed in other jurisdictions

Previous customer surveys undertaken as part of the reviews into effective competition undertaken by the AEMC have explored the question of consumer awareness of choice of electricity retailers in South Australia, Victoria and the ACT. Figure 4.1 indicates the percentage of surveyed residents in each of those three jurisdictions who, at the time of their respective surveys, indicated that they were aware that they could choose the retailer from whom they could purchase electricity.

In both Victoria and South Australia, the proportion of residents in non-metropolitan areas who were aware of choice was lower than the proportion in metropolitan areas. In rural Victoria, 91% of residents were aware of choice (cf. 94% for total). In South Australia, 18% of residents indicated that they were obliged to purchase electricity from their existing retailer (cf. 14% for total).

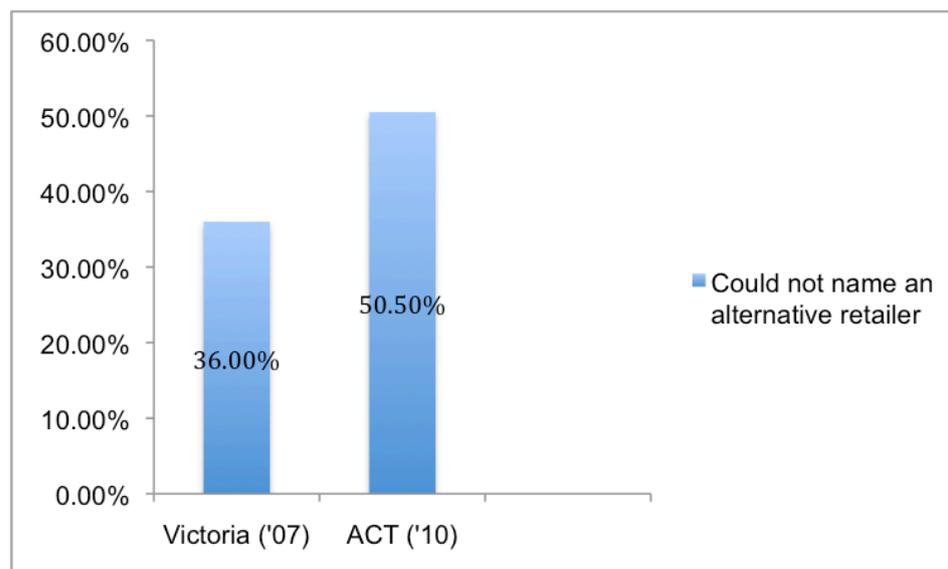
Figure 4.2 indicates the percentage of surveyed residents in Victoria and the ACT who were unable to name an alternative electricity retailer. A comparable figure is not available for South Australia as the survey question was worded in a different manner. However, in South Australia, 10% of residents could not name their current energy retailer (cf. 5% in Victoria).

Figure 4.1: Consumer awareness of choice of electricity retailer in South Australia, Victoria and ACT²⁶



²⁶ Wallis Consulting Group Pty. Ltd (WCG) (2007), *AEMC Review of Competition in the Gas and Electricity Retail Markets Consumer Research Report*, prepared for the Australian Energy Market Commission, August 2007, 12-14; McGregor Tan Research (MTR) (2008), *AEMC Review of Competition in Electricity and Gas Retail Markets*, prepared for the Australian Energy Market Commission, June 2008, 21-22; Roy Morgan Research (RMR) (2010), *Effectiveness of Competition in the ACT Electricity Retail Market – Residential Users*, prepared for the Australian Energy Market Commission, June 2010, 6.

Figure 4.2: Consumer awareness of alternative electricity retailers in Victoria and ACT²⁷



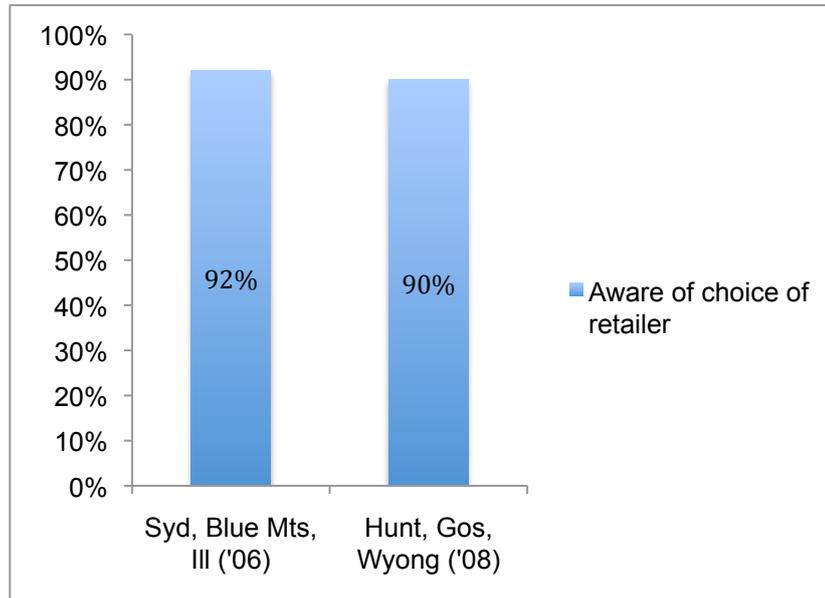
In its final report for the Review of the effectiveness of competition in the electricity retail market of the ACT, the AEMC Report noted the high proportion of consumers who remain unaware of their ability to choose, some seven years after the introduction of full retail contestability, when compared with results in Victoria and South Australia. The report also noted that only a small portion of customers were able to name an alternative retailer. They concluded that such customer conduct 'is not consistent with the conduct that would be expected of consumers in a market that has an effective level of competition.'²⁸

IPART conducted household surveys of energy and water consumers in Sydney, the Blue Mountains and Illawarra in 2006, and in the Hunter, Gosford and Wyong in 2008. Both surveys explored the question of consumer awareness of choice of electricity retailers in the respective regions. Figure 4.3 indicates the percentage of surveyed residents in both the 2006 survey and the 2008 survey who, at the time of their respective surveys, indicated that they were aware that they could choose the retailer from whom they could purchase electricity.

²⁷ WCG (2007), Op cit, pp. 17-18; RMR (2010), Op cit, 7-8.

²⁸ AEMC (2010), *Stage 1 Final Report – Review of the effectiveness of competition in the electricity retail markets of the ACT*, Australian Energy Market Commission, 24 November 2010, 47-49.

Figure 4.3: Consumer awareness of choice of electricity retailer in Sydney, the Blue Mountains, Illawarra (2006) and the Hunter, Gosford and Wyong (2008)²⁹



The IPART household surveys of 2006 and 2008 indicate that awareness of choice of electricity retailer in Sydney, the Blue Mountains, Illawarra, the Hunter, Gosford and Wyong was akin to the level of awareness in Victoria, as reflected in the results of the AEMC Survey in 2006.

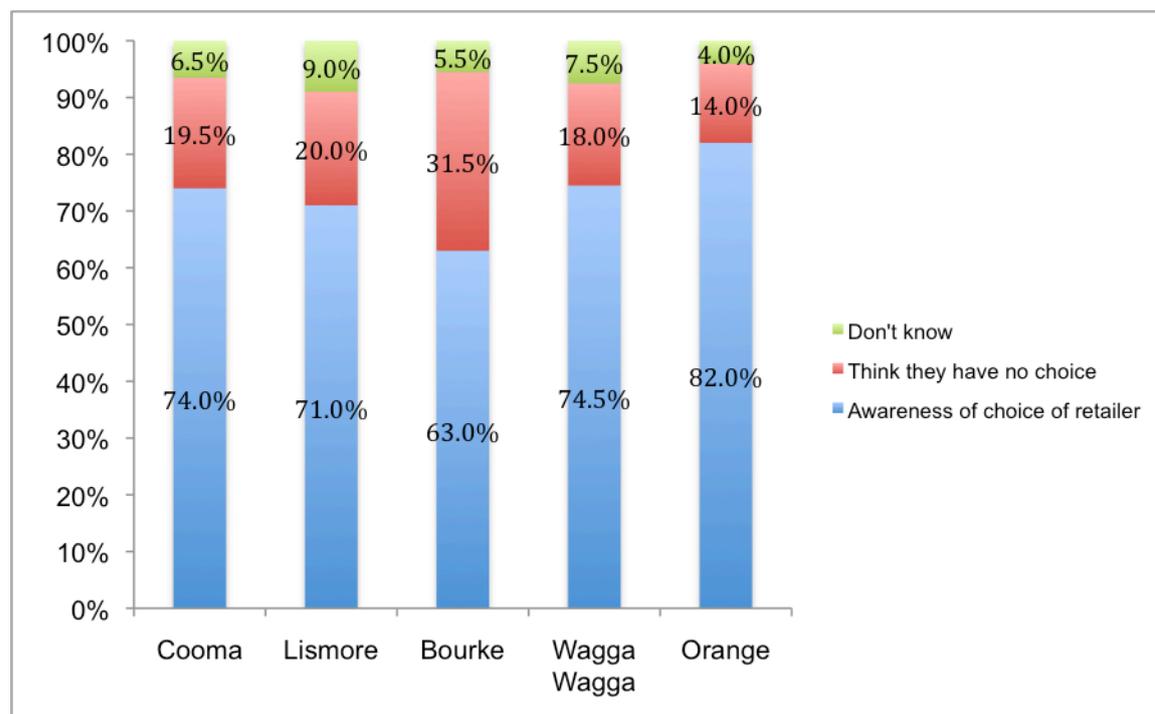
The IPART surveys did not ask the question of whether consumers were aware of alternate electricity retailers.

4.3 Consumer awareness of choice in the five regions

The HECCS undertaken by Urbis on behalf of PIAC asked respondents in Cooma, Lismore, Bourke, Wagga Wagga and Orange as to whether they think they can choose the company they buy electricity from. Figure 4.4 indicates the percentage of respondents in each of the five regions who indicated that they were aware that they could choose the company from whom they purchased electricity.

²⁹ Independent Pricing and Regulatory Tribunal (IPART) (2007), *Residential energy and water use in Sydney, the Blue Mountains and Illawarra, Results from the 2006 household survey*, Electricity, Gas and Water – Research Paper, Sydney, November, 2007, 65; Independent Pricing and Regulatory Tribunal (IPART) (2008), *Residential energy and water use in the Hunter, Gosford and Wyong, Results from the 2008 household survey*, Electricity, Gas and Water – Research Paper, Sydney, December, 2008, 87.

Figure 4.4: Consumer awareness of choice of electricity retailer in Cooma, Lismore, Bourke, Wagga Wagga, Orange (2010)

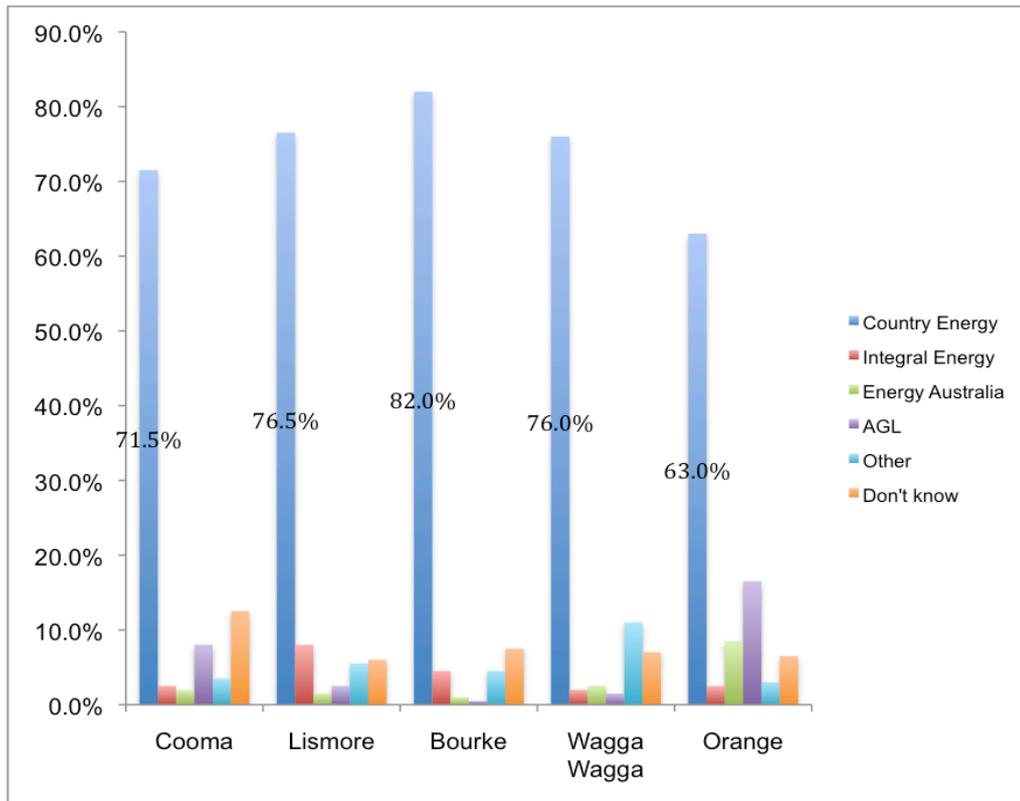


A strong majority of respondents in each of the regions indicated that they knew they could choose the electricity retailer from which they could purchase their electricity. However, in each of the regions, the proportions of respondents who indicated such awareness were considerably lower than the regions surveyed by IPART in 2006 and 2008. They were also considerably lower than that expressed in Victoria in 2007. Whilst the results in Orange were on a par with those in South Australia in 2008, in each of the four other regions, the results were considerably lower than South Australia.

Only in Bourke was the level of awareness similar to the low level of awareness that was established in the ACT. Significantly, the proportion of residents in Bourke who indicated that they think that they do not have a choice as to from whom they purchased electricity (31.5%) was marginally higher than that in the ACT (30%).

The HECCS also asked respondents what company they currently purchase their electricity from. Figure 4.5 indicates the percentage of surveyed respondents in each of the five regions who purchase their electricity from the regulated electricity supplier (Country Energy or, in the case of Orange, Country Energy and Integral Energy) other State owned retailers (Energy Australia, Integral Energy), and other retailers.

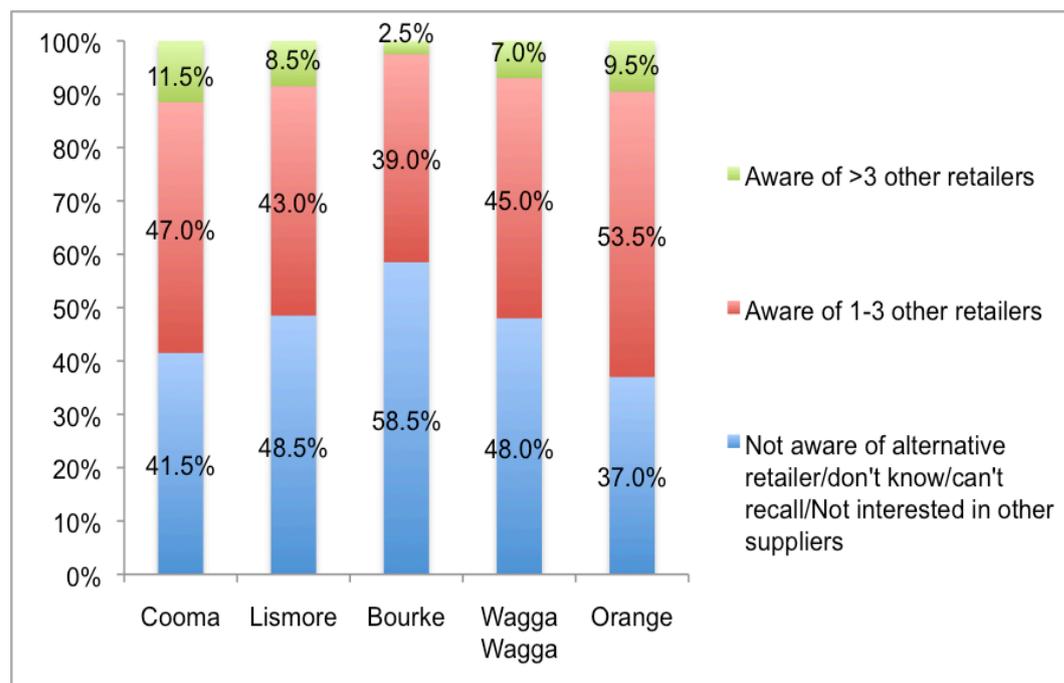
Figure 4.5: Current Electricity provider in Cooma, Lismore, Bourke, Wagga Wagga, Orange (2010)



In each of the regions, an overwhelming majority of respondents purchased their electricity from the main standard regulated supplier, Country Energy. Of the non-state owned suppliers, the most popular company from which respondents purchased their electricity was AGL (16.5% of respondents in Orange and 6.2% across all of the five regions).

The HECCS also asked respondents in each of the five regions how many other companies did they think they could buy electricity from. Figure 4.6 indicates the percentage of surveyed respondents in each of the five regions who were unable to name an alternative electricity retailer, compared to the percentage who were aware of between one and three other suppliers, and those that that were aware of more than three other suppliers.

Figure 4.6: Consumer awareness of alternative electricity retailers in Cooma, Lismore, Bourke, Wagga Wagga, Orange (2010)



In four of the regions, a substantially higher proportion of respondents indicated that they were not aware of an alternative retailer, or not interested in an alternative, or didn't know, than was the case in Victoria (36%). The proportion in Orange was closest to the Victorian result (37%). In three of the regions (Lismore, Bourke and Wagga Wagga) the results were similar to the high proportion of low awareness in the ACT (50%), with Bourke exhibiting a high level of non-awareness of alternative retailers (58.5%).

In each of the five regions, only a very small percentage of respondents indicated an awareness of more than three other retailers, in spite of the fact that in each of the regions there are minimum of seven retailers for households with a standard meter, and four retailers for households with a time-of-use meter. In Bourke, only 2.5% of respondents were aware of more than three alternative retailers.

4.4 Summary

This chapter has focused on the extent to which electricity consumers are aware that they can choose from which company they purchase electricity, and their awareness of the range of options for purchasing electricity which are open to them. The chapter also looked at the extent to which electricity consumers gravitate towards purchasing their electricity from the standard regulated electricity supplier.

In each of the five regions which were surveyed in this study (Cooma, Lismore, Bourke, Wagga Wagga and Orange), a strong majority of respondents indicated that they knew they could choose from which electricity retailer they could purchase their electricity. However, in each of the regions, the proportions of respondents who indicated such awareness were considerably

lower than in other previously surveyed regions in NSW (Sydney, the Blue Mountains, Illawarra, the Hunter, Gosford and Wyong) and also in Victoria.

Given that the AEMC has previously concluded that low levels of customer awareness of choice in the ACT was an example of customer conduct considered to be inconsistent with the conduct that would be expected of consumers in a market that has an effective level of competition, it is doubtful whether the low levels of awareness on the five surveyed regions could be considered to be indicative of an effectively competitive market.

In Cooma, Lismore, Bourke and Wagga Wagga, a substantially higher proportion of respondents indicated that they were not aware of an alternative retailer than, or not interested in an alternative, or didn't know, than was the case in Victoria (36%). In three of these regions (Lismore, Bourke and Wagga Wagga) the proportion of non-awareness of alternative retailers was similar or greater to that in the ACT. The AEMC also concluded that such customer non-awareness was not consistent with the operation of an effective level of competition.

In each of the five regions, only a very small percentage of respondents indicated an awareness of more than three other retailers.

In each of the regions, an overwhelming majority of respondents purchased their electricity from the main standard regulated supplier, Country Energy.

5. CONSUMER CONTACT WITH OTHER ELECTRICITY COMPANIES IN REGIONAL NSW

5.1 Introduction

This chapter focuses on the contact electricity consumers have with electricity retailers. Specifically, the chapter will consider the extent to which electricity consumers report that they are contacted by an electricity company with an offer to purchase electricity from them, the most common methods employed by electricity companies in contacting consumers, and the extent to which consumers themselves initiate contact with electricity retailers.

The chapter will make comparative reference to the results of the AEMC Review surveys in Victoria, South Australia and the ACT, and also the 2006 and 2008 IPART surveys undertaken in Sydney and selected regions in NSW.

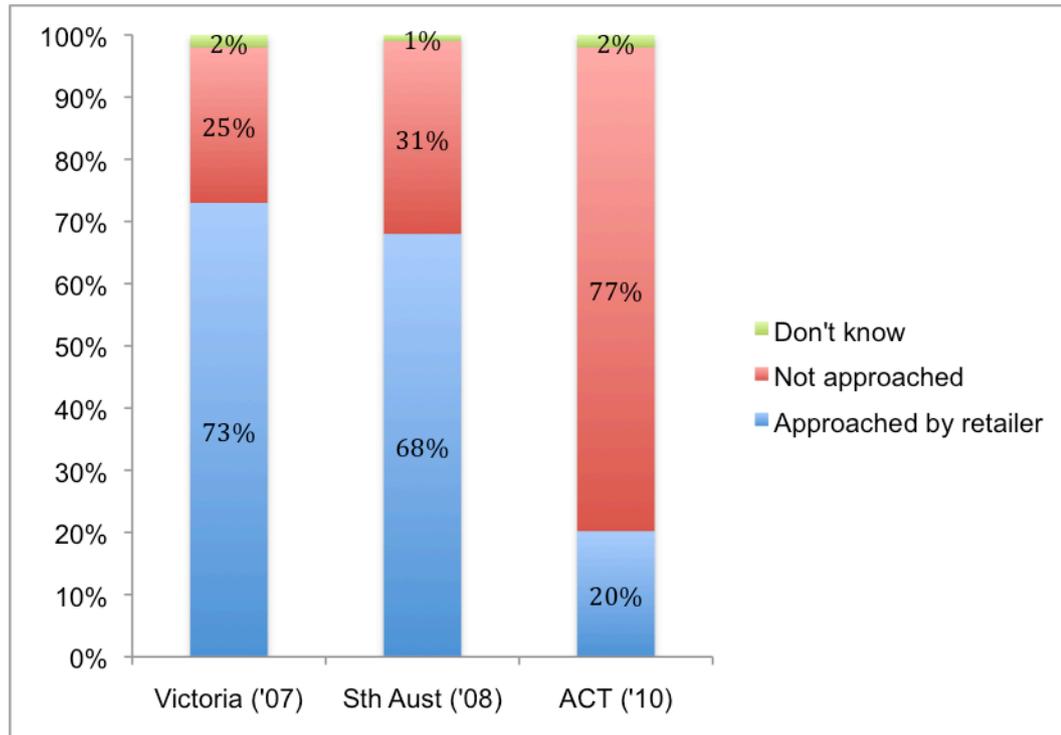
The chapter will focus on the results of the 2010 HECCS in the five selected regions in NSW, to the following questions:

- Have you ever been contacted by any company asking you to buy electricity from them?
- What form did that contact take?
- Have you ever approached any companies to ask about buying electricity from them?

5.2 What contact did consumers have with other electricity companies in other jurisdictions?

Previous customer surveys undertaken in South Australia, Victoria and the Australian Capital Territory as part of the reviews into effective competition undertaken by the AEMC, have asked whether respondents had been approached by any electricity companies offering to sell them electricity. Figure 5.1 indicates the percentage of surveyed residents in each of those three jurisdictions who had been approached.

Figure 5.1: Respondents approached by any electricity company with an offer to purchase electricity (Victoria, South Australia, ACT)³⁰



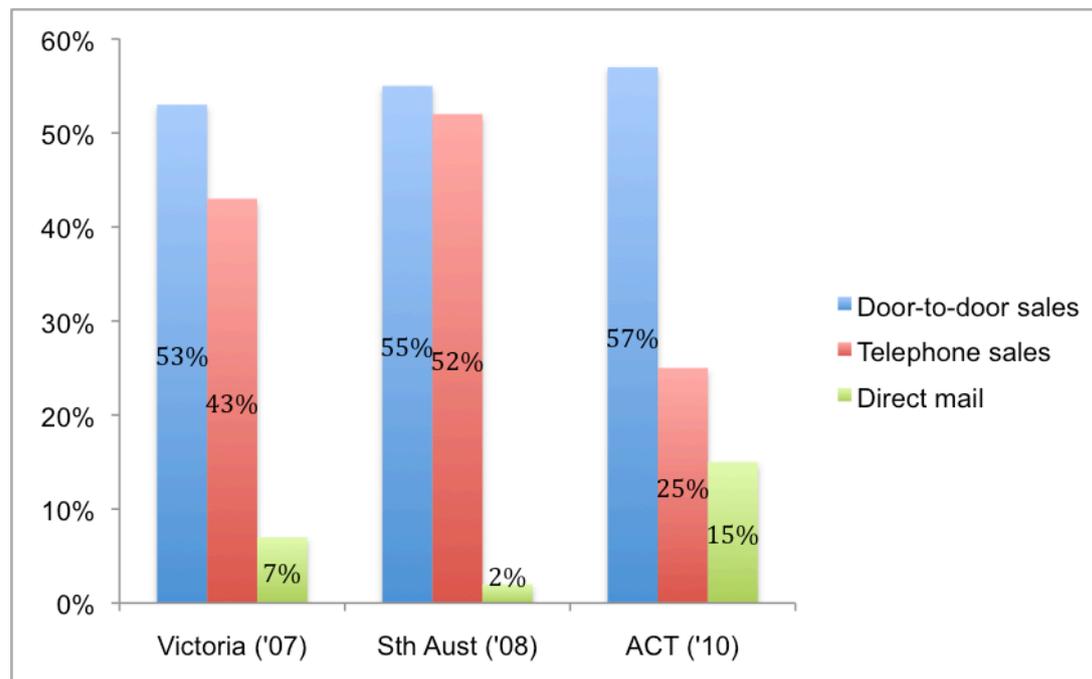
In both Victoria and South Australia, a significant majority of consumers reported being approached by a retailer with an offer to purchase electricity. However, in the ACT, the results were reversed, where only 20% of survey respondents reported being approached by a retailer, and 77% reported that they had never been approached. The AEMC concluded that in the ACT there is very little marketing being undertaken, with marketing by second tier retailers appearing to be completely passive. They found that the level of retailer rivalry and marketing was not consistent with a market where there is effective competition.³¹

Figure 5.2 indicates the most common methods of contact used by electricity retail companies to contact consumers, as reported by consumers who said that they had been contacted (consumers who had been contacted more than once, able to report the method of contact for each contact).

³⁰ WCG (2007), Op cit, 22-24; MTR (2008), Op cit, 27-28; RMR (2010), Op cit, 9.

³¹ AEMC (2010), Op cit, 45-46.

Figure 5.2: Most common forms of approaches to consumers by electricity companies (Victoria, South Australia, ACT)³²



In each of the jurisdictions, the most common consumer-reported method of contact by retailers was by a door-to-door sales consultant, followed by telephone sales. In the ACT, the door-to-door method of contact was significantly greater than any other method. In each of the jurisdictions, direct mail was the least reported method of contact.

In regional areas of Victoria and South Australia, telephone sales contacts were greater than door-to-door sales contacts. In regional Victoria, 62% of households reported contact by telephone sales consultants, with door-to-door sales contacts reported by 30% of households.³³ In regional South Australia, 61% of households reported contact by a telephone sales consultant.³⁴

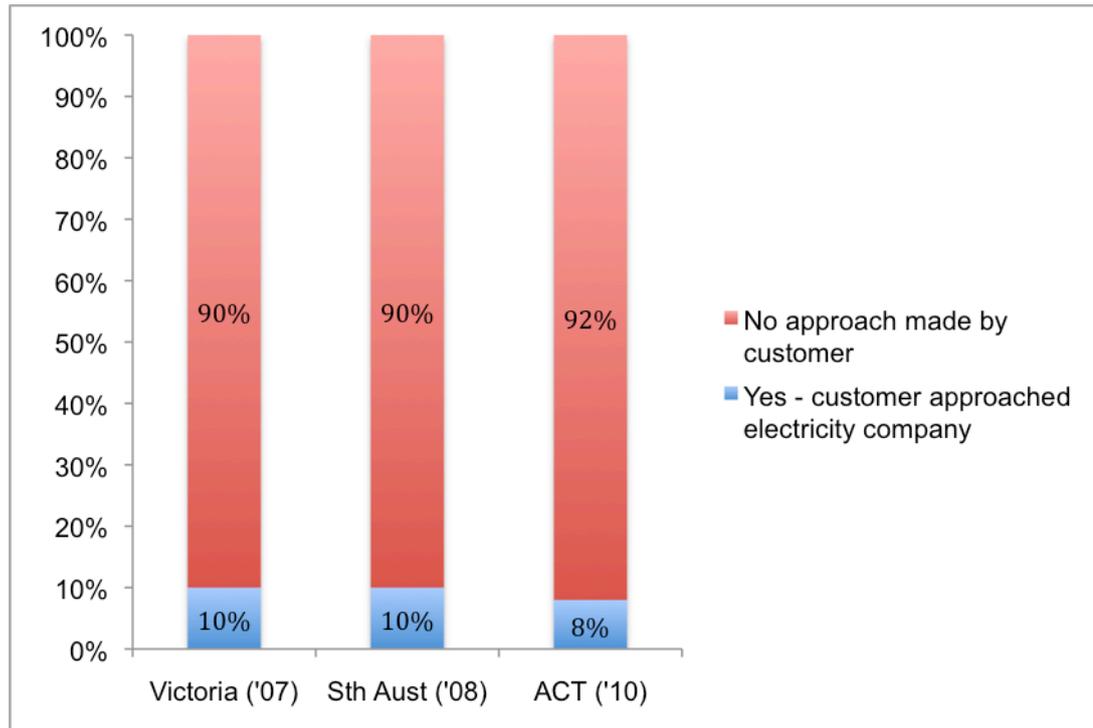
Figure 5.3 indicates the percentage of surveyed residents in each jurisdiction who initiated contact with an electricity retailer company to make an inquiry about buying electricity from them.

³² WCG (2007), Op cit, 23-24; MTR (2008), Op cit, 28-29; RMR (2010), Op cit, 11.

³³ WCG (2007), Op cit, 23.

³⁴ MTR (2008), Op cit, 29.

Figure 5.3: Respondents who approached an electricity company to ask about buying electricity (Victoria, South Australia, ACT)³⁵



In each jurisdiction, only a very small minority of consumers reported having approached an electricity company (8-10%).

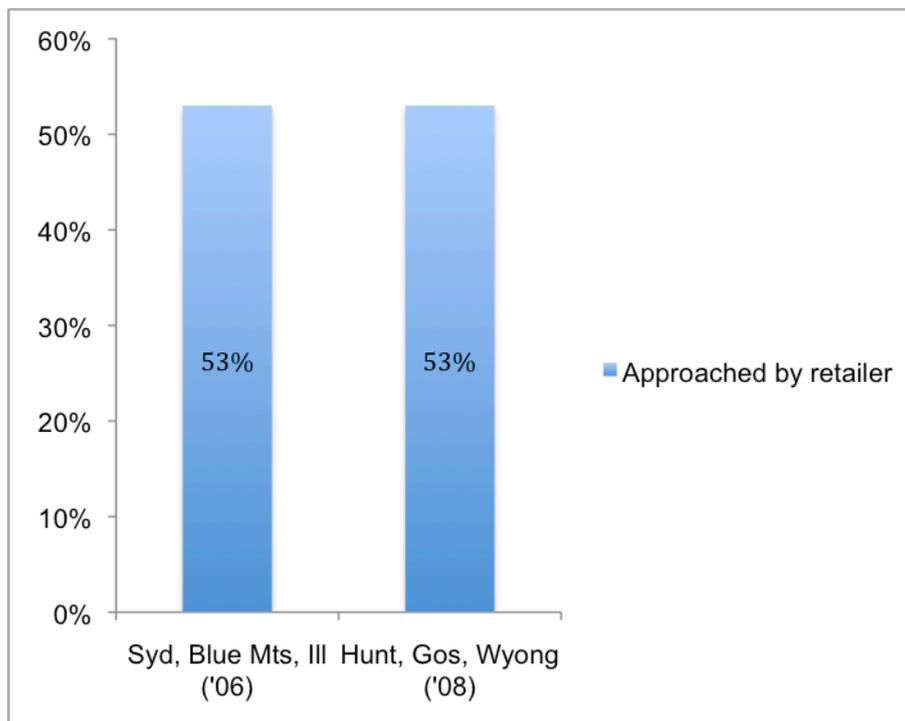
5.3 What contact did consumers have with electricity companies in other regions of NSW – Sydney, the Blue Mountains, Illawarra (2006) and the Hunter, Gosford, Wyong (2008)

The 2006 and 2008 IPART household surveys of energy and water consumers in Sydney and selected regions of NSW asked whether consumers had been approached by an electricity company with an offer to purchase electricity. Figure 5.4 indicates the percentage of surveyed residents in the 2006 Survey (Sydney, the Blue Mountains, Illawarra) and the 2008 Survey (the Hunter, Gosford, Wyong) who had been approached.

Both surveys returned the same results, with 53% of surveyed residents reporting that they had been approached by an electricity company to buy electricity. This is significantly less than what was reported in Victoria and South Australia, but greater than what was reported in the ACT.

³⁵ WCG (2007), Op cit, 22-23; MTR (2008), Op cit, 29-30; RMR (2010), Op cit, 13.

Figure 5.4: Respondents approached by any electricity company with an offer to purchase electricity (Sydney, the Blue Mountains, Illawarra (2006) and the Hunter, Gosford and Wyong) (2008)³⁶



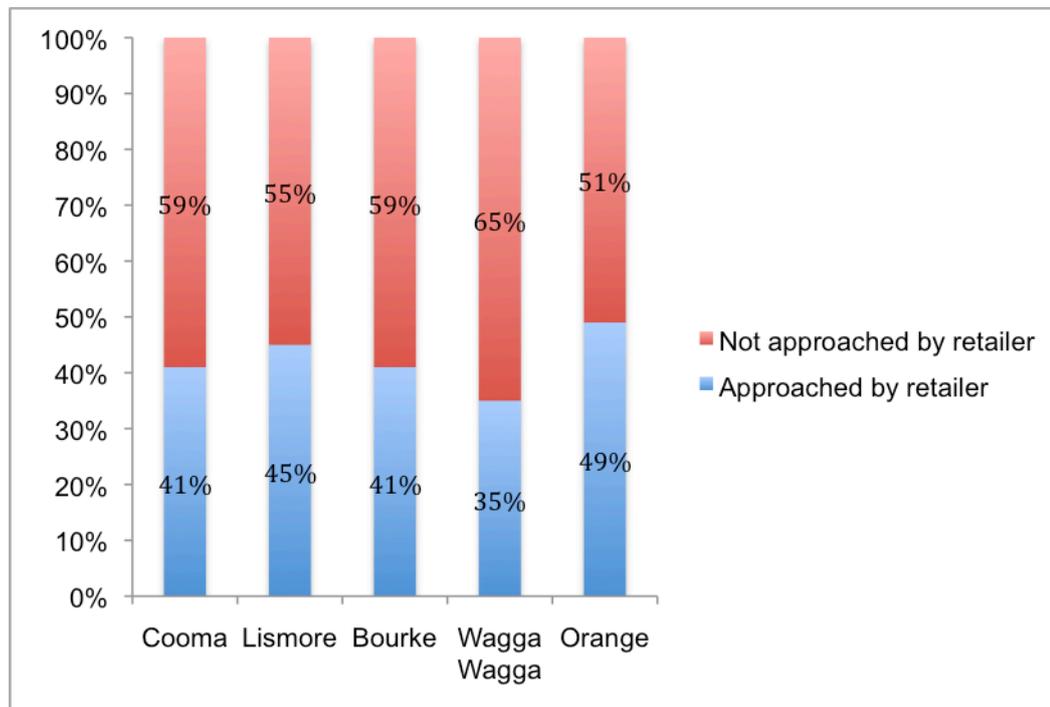
The IPART surveys did not explore the method of contact by electricity retail companies, as reported by consumers. Nor did the surveys ask whether consumers themselves initiated contact with electricity retail companies to ask about buying electricity.

5.4 Consumer contact with electricity companies in the five regions

The PIAC/Urbis HECCS asked respondents in Cooma, Lismore, Bourke, Wagga Wagga and Orange whether they had ever been approached by an electricity company with an offer to purchase electricity. Figure 5.5 indicates the percentage of respondents in each of the five regions who had been approached.

³⁶ IPART (2007), Op cit, 67; IPART (2008), Op cit, 90.

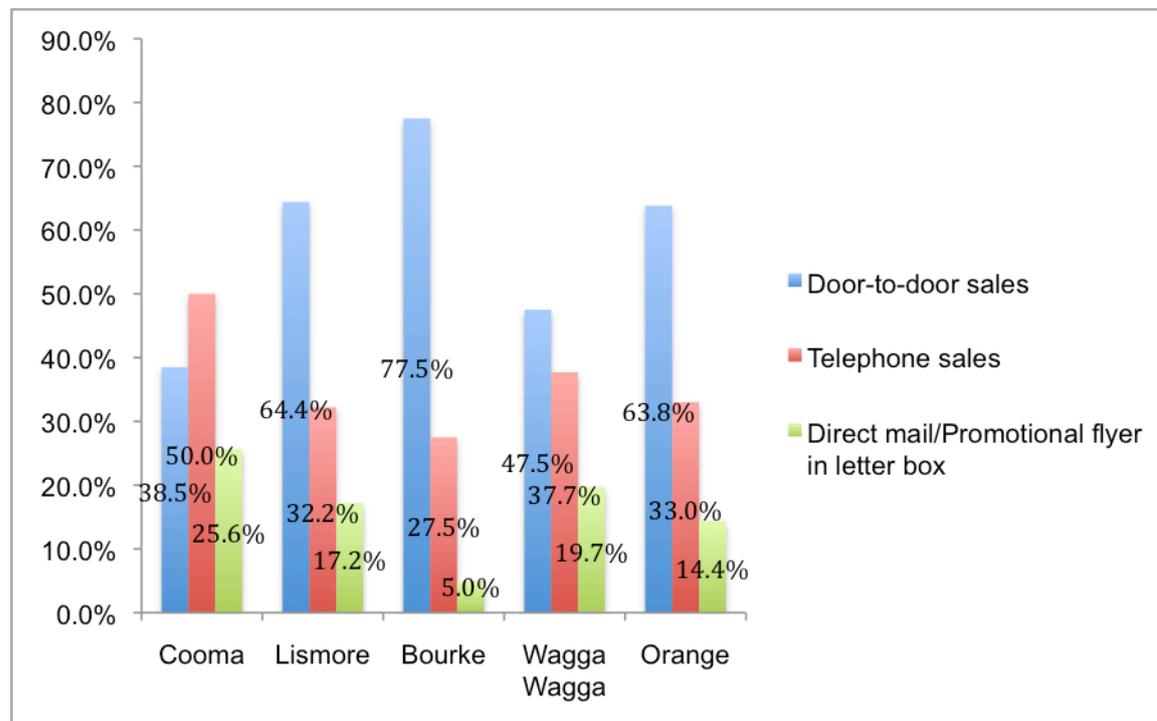
Figure 5.5: Respondents approached by any electricity company with an offer to purchase electricity (Cooma, Lismore, Bourke, Wagga Wagga, Orange) (2010)



In each region, a clear majority of surveyed customers indicated that they had never been approached by an electricity company with an offer to purchase electricity, with 65% of customers in Wagga Wagga indicating that they had never been approached. This is significantly higher than the proportion of households in Victoria and South Australia who indicated that they had never been approached by an electricity company with an offer to buy electricity. It is also higher than the proportion of residents in the Sydney, the Blue Mountains, Illawarra, the Hunter, Gosford and Wyong who indicated that they had never been contacted.

The HECCS also asked those consumers who said that they had been contacted by an electricity company with an offer to purchase electricity in each of the five regions, how they were contacted. Figure 5.6 indicates the three most common methods of contact reported by consumers in each of the five regions. As consumers may have been contacted more than once, they could report more than one method of contact.

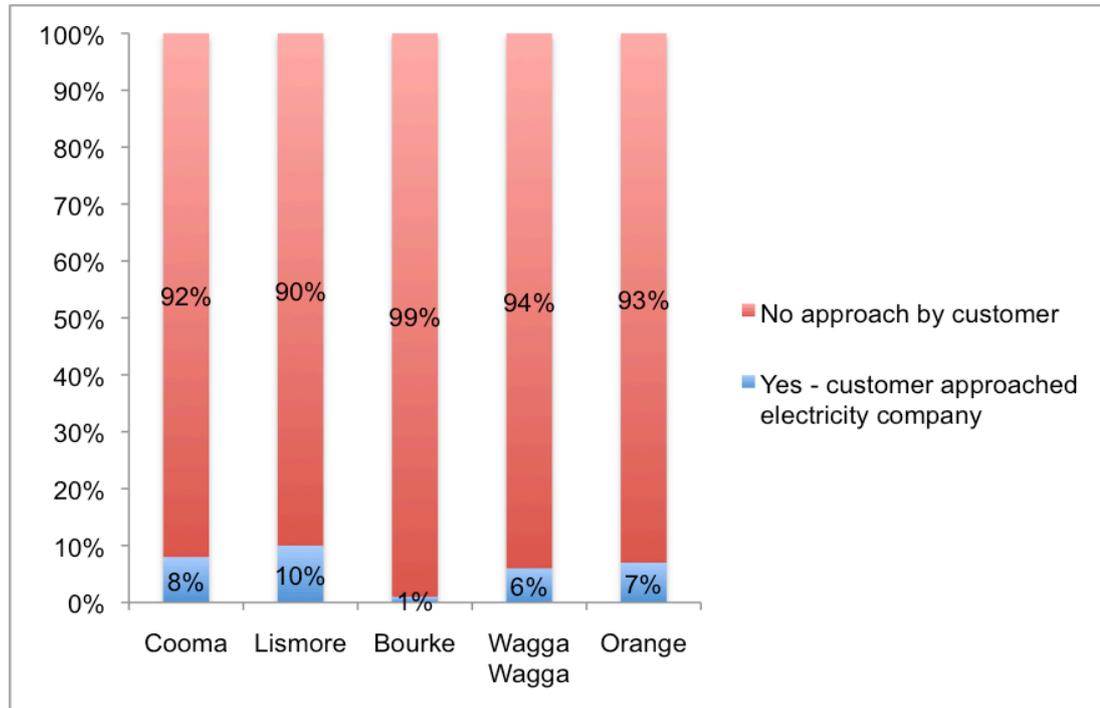
Figure 5.6: Most common forms of approaches to consumers by electricity companies (Cooma, Lismore, Bourke, Wagga Wagga, Orange) (2010)



In four of the five regions, door-to-door sales was the most commonly reported method of contact by electricity companies. The exception was Cooma, where telephone sales was the most commonly reported method of contact. Apart from Cooma, the results are similar to the statewide results for Victoria, South Australia and the ACT. However, there is a significant difference between these results and the responses reported from households in regional areas of Victoria and South Australia, with the proportion of residents who reported contact by telephone sales consultants being considerably lower than that reported in regional areas of Victoria and South Australia.

Figure 5.7 indicates the percentage of surveyed residents in each of the five regions who initiated contact with an electricity retailer company to make an inquiry about buying electricity from them.

Figure 5.7: Respondents who approached an electricity company to ask about buying electricity (Cooma, Lismore, Bourke, Wagga Wagga, Orange) (2010)



The results are similar to those reported in South Australia, Victoria and the ACT, although note should be made of the overwhelming response in Bourke, where only 3 of the 200 respondents reported having made an approach to an electricity company to ask about buying electricity. This low level of customer-initiated approaches to electricity companies may be attributable to a number of reasons, including:

- Lower levels of awareness of choice of alternative electricity retailers and lower levels of awareness of alternative electricity retailers (see Chapter Four);
- A passive contentedness with the current retailer, or status-quo bias (see Chapter Six).

Of the very small number of respondents in each of the five regions who contacted an electricity supplier, the most common reason given for doing so in each of the regions was to check or compare prices.

5.5 Summary

This chapter has focused on customer contact with electricity retailers, in terms of the extent to which electricity retailers initiate contact with customers with an offer to purchase electricity, and the way in which that contact with customers is made. The chapter also looked at the extent to which customers initiate contact with electricity retailers to make an inquiry about buying electricity.

In each of the five regions surveyed in this study, a significant majority of residents indicated that they had never been approached by a retailer with an offer to purchase electricity. This was substantially different to survey results in

Victoria (2007), South Australia (2008), Sydney, the Blue Mountains and Illawarra (2006), and the Hunter, Gosford and Wyong (2008), where most surveyed households indicated that they had been approached, with significant majorities of residents so reporting in Victoria and South Australia. However, a higher proportion of residents in the five regions reported being contacted by retailers, than was reported by households in the ACT (2010).

In relation to the results in the ACT, the AEMC stated that low levels of marketing and retailer rivalry was not consistent with a market where there is effective competition. Given that a substantial majority of respondents in each of the five surveyed regions in this study reported that they had never been contacted by an electricity company, it is arguable that there is a low level of marketing activity in each of the Cooma, Lismore, Bourke, Wagga Wagga and Orange.

Of the minority of residents which reported having been contacted by an electricity company with an offer to purchase electricity, in four of the five regions the most commonly reported method of contact was by door-to-door sales, the exception being Cooma, where telephone contact was most commonly reported. This is significantly different to reported survey results in regional Victoria and South Australia, where a strong majority of surveyed households reported contact by a telephone sales consultant as the method of contact.

Finally, in each of the five regions surveyed, very low numbers of respondents reported initiating an approach to an electricity company to ask about buying electricity. This is consistent with results reported in Victoria, South Australia and the ACT.

6. CHANGING ELECTRICITY SUPPLIERS IN REGIONAL NSW

6.1 Introduction

This chapter focuses on factors affecting whether electricity consumers have changed the company that sells them electricity. In particular, the chapter considers whether consumers have switched retailers, if so how many times they have switched retailers, and the most commonly reported reasons for switching retailers. For those consumers who have not switched retailers, the chapter considers the most commonly reported reasons given by those consumers for remaining with their existing retailer.

The chapter will make comparative reference to the results of the AEMC Review surveys in Victoria, South Australia and the ACT, and also the 2006 and 2008 IPART surveys undertaken in Sydney and selected regions in NSW.

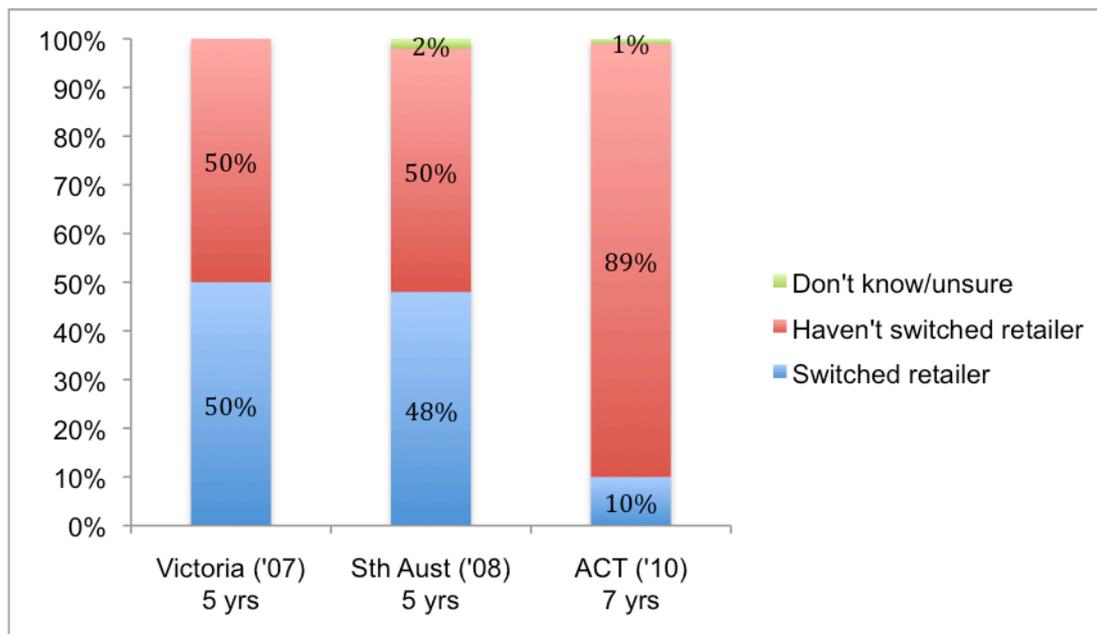
The chapter will focus on the results of the 2010 HECCS in the five selected regions in NSW, to the following questions:

- Have you ever changed your electricity supplier?
- In total, how many times since January 2002 have you changed your electricity provider?
- What was the main reason that you decided to buy electricity from the company that currently supplies to your home? (For those respondents that had changed their electricity provider.)
- What was the main reason that you decided not to change the company which you buy electricity from? (For those respondents that had not changed their electricity provider.)

6.2 Consumers changing retailers in other jurisdictions?

Previous customer surveys undertaken in South Australia, Victoria and the Australian Capital Territory as part of the reviews into effective competition undertaken by the AEMC, have asked whether respondents had changed the company that sells them electricity since a specified date (South Australia – January 2003, Victoria – January 2002, ACT – July 2003). Figure 6.1 indicates the percentage of surveyed residents in each of those three jurisdictions who had switched retailer.

Figure 6.1: Respondents who changed the company that sells them electricity (Victoria, South Australia, ACT)³⁷

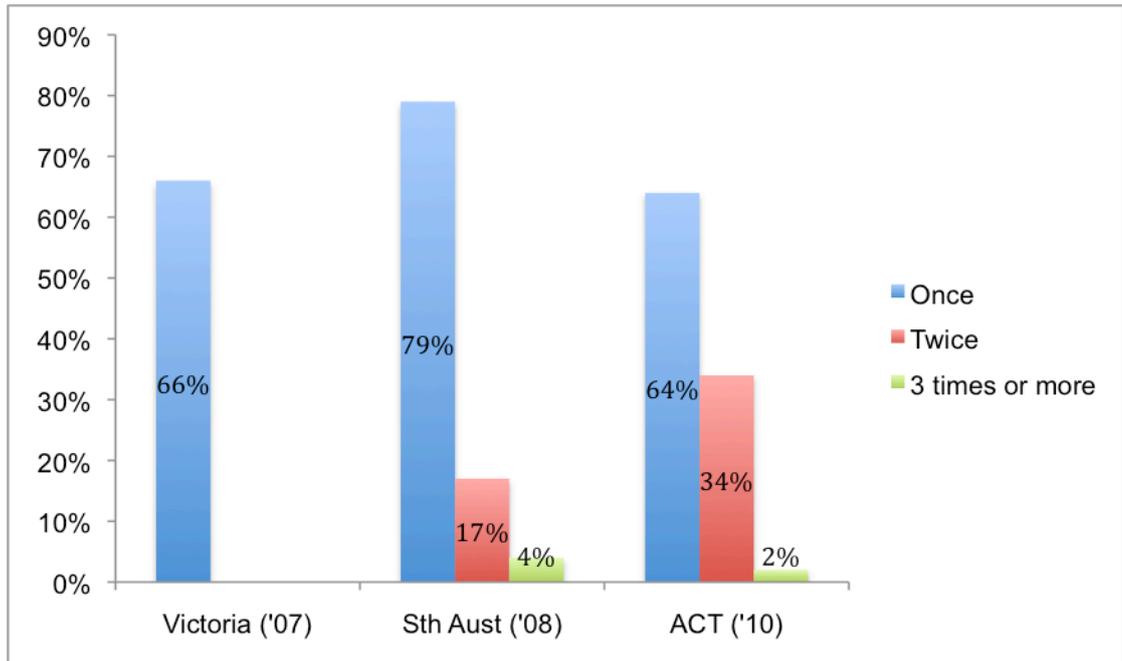


In both Victoria and South Australia, there was a virtual 50/50 split between consumers who had switched retailers and those who remained with their retailer. However, in the ACT, an overwhelming majority of consumers (89%) reported that they had not switched retailers.

Figure 6.2 indicates for South Australia and ACT, the number of times customers had switched retailer. It also indicates the proportion of respondents in Victoria who switched retailer once. While the proportion of Victorian respondents who switched multiple times is not available, the AEMC Reports that on average, Victorian domestic customers who had changed their retailer had changed electricity company 1.5 times since January 2002.

³⁷ WCG (2007), Op cit, 32-33; MTR, (2008), Op cit, 33 ;RMR (2010), Op cit, 17.

Figure 6.2: Number of times respondents changed the company that sells them electricity (Victoria, South Australia, ACT)³⁸

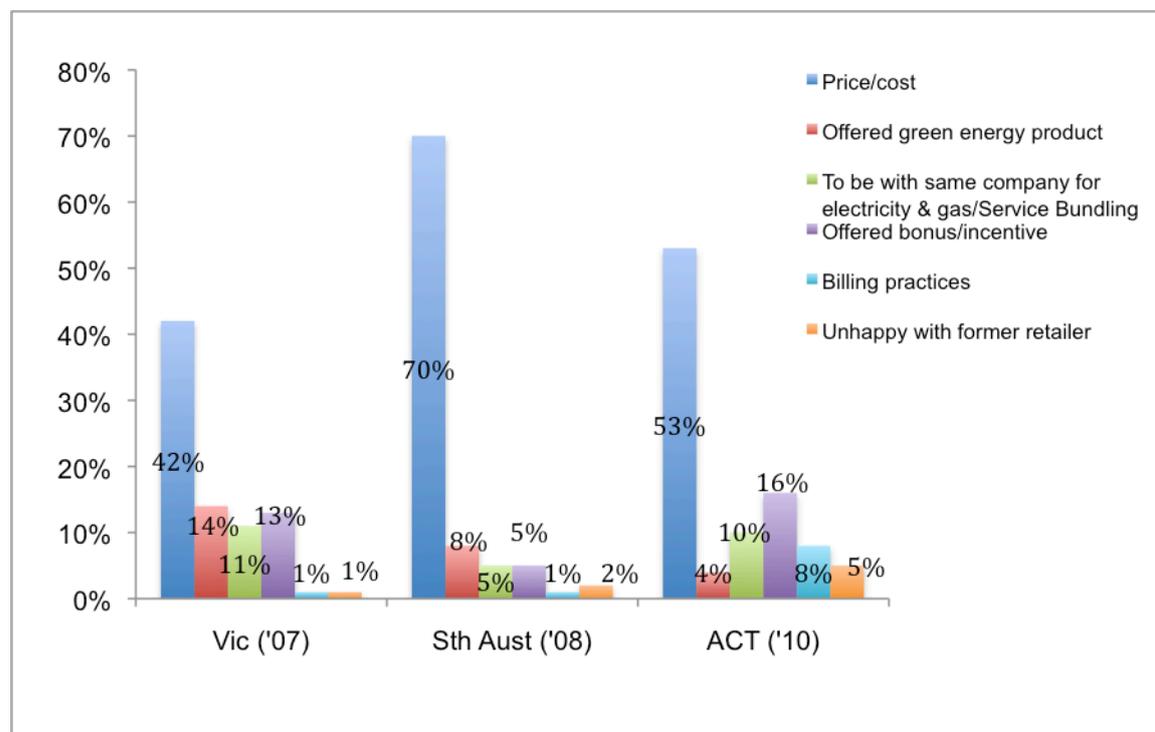


Of the consumers who switched retailers in South Australia, and the smaller number of consumers who switched retailers in the ACT, a clear majority only switched retailers once. Interestingly, while only a very small number of consumers in the ACT reported switching retailers, a much higher proportion of these consumers reported switching on more than one occasion, than in South Australia.

Figure 6.3 indicates the most common reasons given in Victoria, South Australia and the ACT for switching retailers. In each of the three jurisdictions, only the five most common responses are indicated.

³⁸ WCG (2007), Op cit, 33; MTR, (2008), Op cit, 34; RMR (2010), Op cit, 18.

Figure 6.3: Most commonly identified major reasons for respondents switching to the company that sells them electricity (Victoria, South Australia, ACT)³⁹



In each of the three jurisdictions, the most commonly reported driver for switching retailers is the issue of price/cost of electricity. This was reported by an overwhelming majority of consumers who had switched retailers in South Australia. The offer of a green energy product was also reported by 14% of consumers who had switched in Victoria. The offer of a bonus or incentive was also reported by some consumers in Victoria and the ACT.

Figure 6.4 indicates the most common reasons given in Victoria, South Australia and the ACT for remaining with current retailers.

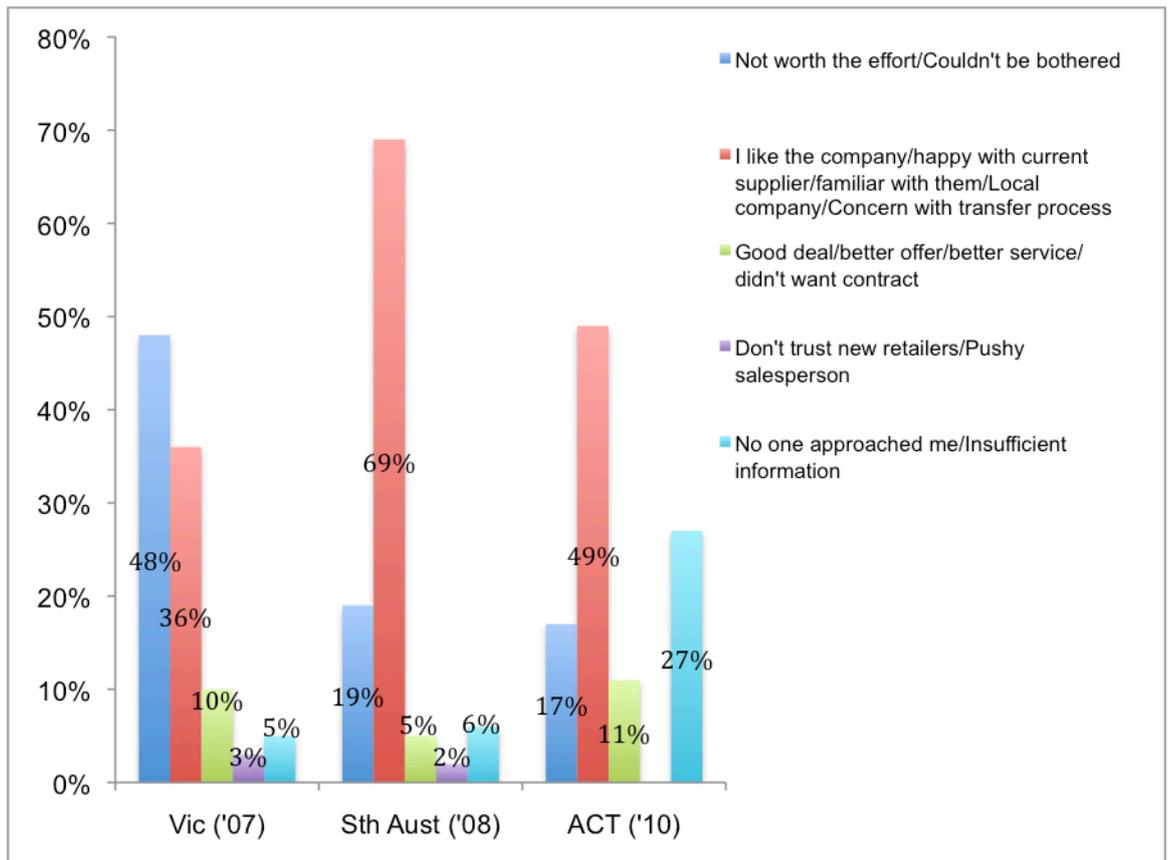
In presentation of this data, some of the categories which were reported in the various survey reports have been compressed into related areas, as follows:

1. “Not worth the effort” and “Couldn’t be bothered” – grouped together, as these indicate a level of consumer apathy;
2. “I like the company”, “Happy with current supplier”, “Familiar with them”, “Local company” and “Concern with the transfer process” – grouped together, as these indicate a level of status quo bias or passive contentedness on the part of consumers;

³⁹ WCG (2007), Op cit, 43-44; MTR, (2008), Op cit, 35-36; RMR (2010), Op cit, 21.

3. “Good deal”, “Better offer”, “Better service” and “Didn’t want contract” – grouped together, as these indicate a level of active engagement by the consumers with the choices on offer;
4. “Don’t trust new retailers” and “Pushy salesperson” – grouped together, as these indicate a level of consumer suspicion;
5. “No-one approached me”, “insufficient information” – grouped together as these indicate a level of consumer ignorance.

Figure 6.4: Most commonly identified major reasons for respondents not switching the company that sells them electricity (Victoria, South Australia, ACT)⁴⁰



The results across the three jurisdictions were different. In Victoria the most commonly reported reason for not switching retailers centred around issues of consumer apathy, and a perception that it was not worth the effort, with just under half of the respondents who hadn’t switched retailers reporting reasons for not switching in this grouping. These were the second most reported reasons in South Australia and third in the ACT. In South Australia and the ACT the most commonly reported reasons centred around passive contentedness with the current retailer (these reasons ranked second in Victoria). These were the overwhelmingly most common reasons provided in

⁴⁰ WCG (2007), Op cit, 40-41; MTR, (2008), Op cit, 42-43; RMR (2010), Op cit, 17.

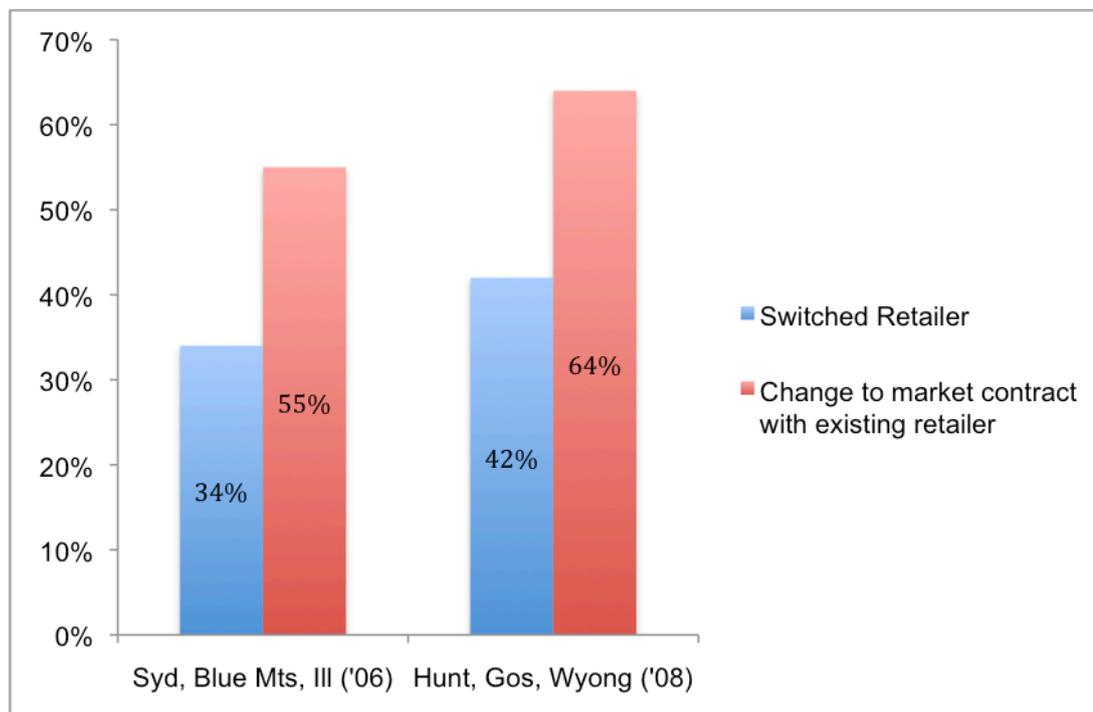
South Australia (69%). In the ACT, reasons relating to consumer ignorance were also commonly reported by consumers who had not switched retailers (27%). These results may be indicative of the existence of 'status-quo bias', which was discussed in Chapter One. Status-quo bias is said to exist where people are more likely to continue with their existing products than select a new supplier or product, even when switching supplier may be more advantageous for them.

What the three jurisdictions do have in common is the very low proportion of respondents in each jurisdiction who had not switched retailers providing reasons for not switching which indicate an active consumer engagement in considering the choices on offer and which option provided them with the best outcome (10% in Victoria, 5% in South Australia, 11% in the ACT).

6.3 Consumers changing retailers in regions of NSW – Sydney, the Blue Mountains, Illawarra (2006) and the Hunter, Gosford, Wyong (2008)

The 2006 and 2008 IPART household surveys of energy and water consumers in Sydney and selected regions of NSW asked whether respondents who had been approached to enter into a market contract with either their existing electricity supplier or an alternative supplier, had changed their arrangements to take up these offers. Figure 6.5 indicates the percentage of surveyed residents in the 2006 Survey (Sydney, the Blue Mountains, Illawarra) and the 2008 Survey (the Hunter, Gosford, Wyong) who had made these changes to their electricity supply arrangements.

Figure 6.5: Proportion of respondents approached by a retailer who changed to a market contract either with their existing electricity supplier or alternative supplier (Sydney, the Blue Mountains, Illawarra (2006) and the Hunter, Gosford and Wyong) (2008)⁴¹

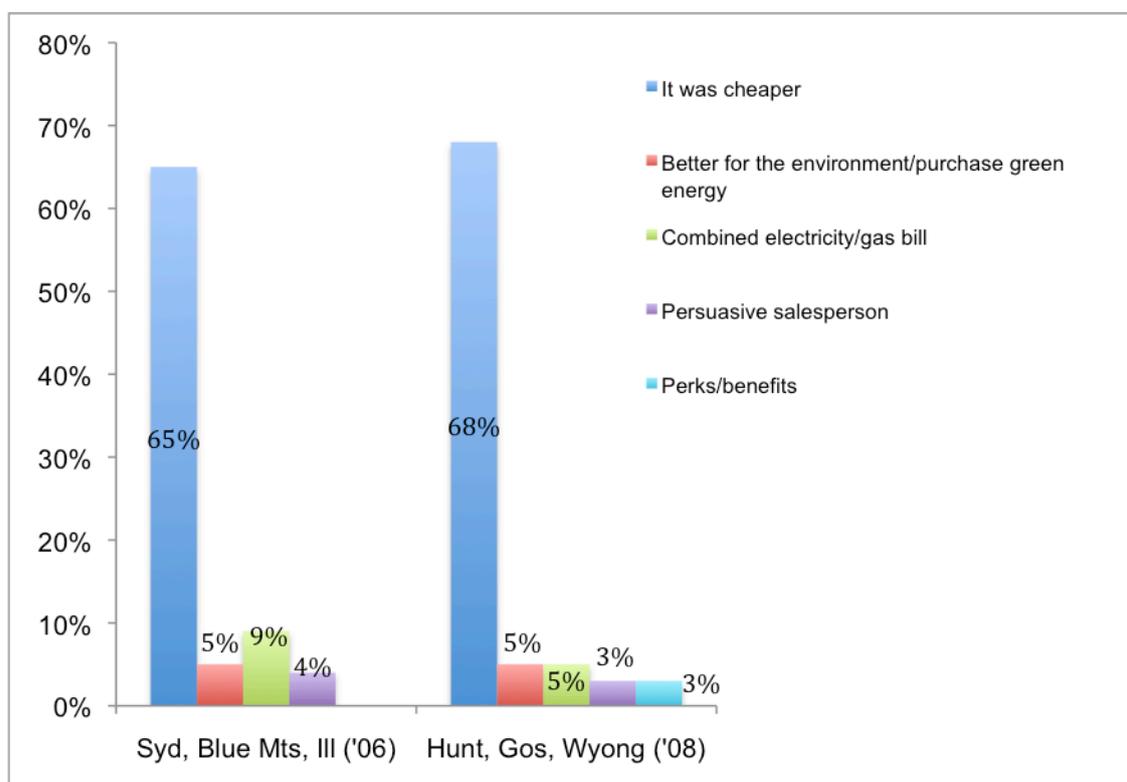


In both surveys, the results suggest that households were more likely to move to a market offer with an existing electricity supplier once approached, than switch to a new supplier. The surveys also indicate that where households in the surveyed regions were approached to switch retailers, they were more likely to remain with their existing retailer.

Figure 6.6 indicates the most common reasons given in the 2006 Survey (Sydney, the Blue Mountains, Illawarra) for switching retailers, and in the 2008 Survey (the Hunter, Gosford, Wyong), for choosing to accept a market offer.

⁴¹ IPART (2007), Op cit, 71; IPART (2008), Op cit, 92.

Figure 6.6: Most commonly identified major reasons for choosing to switch energy supplier or move to a market offer (Sydney, the Blue Mountains, Illawarra (2006) or choosing to accept a market offer (the Hunter, Gosford and Wyong) (2008))⁴²



In both surveys, of the households which switched electricity retailers, the overwhelmingly most common reason offered for the switch was the prospect of cheaper electricity.

Figure 6.7 indicates the most common reasons given in the 2006 Survey (Sydney, the Blue Mountains, Illawarra) for switching retailers, and in the 2008 Survey (the Hunter, Gosford, Wyong) for remaining with current retailers. The IPART Survey reports only indicate the four most common responses to this question. Figure 6.7 indicates these results without any compressing of the response categories.

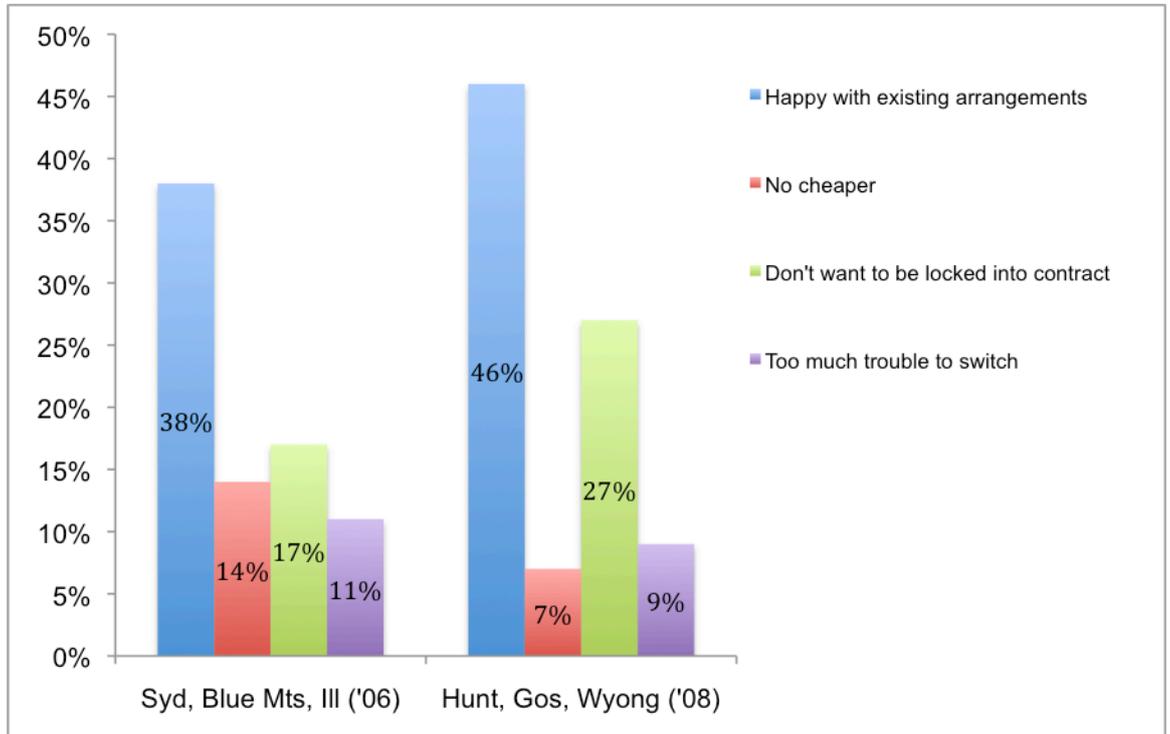
In both surveys the most common response from households who did not switch retailers, as to the reasons for not switching, was a contentedness with the existing arrangements. As indicated above, this may indicate a level of status-quo bias.

However, the results indicate a reasonable level of active consumer engagement in considering the choices on offer and which option provided them with the best outcome, if one adds the categories “No cheaper” and “Don’t want to be locked into a contract” together. Approximately a third of respondents to this question in both surveys indicated that they gave active

⁴² IPART (2007), Op cit, 73-74; IPART (2008), Op cit, 95.

consideration to these issues in making the decision to remain with their current electricity retailer.

Figure 6.7: Most commonly identified major reasons for respondents not switching the company that sells them electricity (Sydney, the Blue Mountains, Illawarra (2006) or remaining with their current electricity retail arrangements (the Hunter, Gosford and Wyong) (2008))⁴³



6.4 Consumers changing retailers in the five regions

The PIAC/Urbis HECCS asked respondents in Cooma, Lismore, Bourke, Wagga Wagga and Orange as to whether they had ever changed the company that sells them electricity. Figure 6.8 indicates the percentage of respondents in each of the five regions who had who had switched retailer.

It is important to note that there is a slight variation in the data which are reported in the figures below, and that which was recorded by Urbis from the surveys. The reason for this is that some respondents appeared to give an incorrect response to the question “Have you ever changed your electricity supplier?”. Those who answered “yes” to this question were asked “In total, how many times since January 2002 have you changed your electricity supplier?”. In each of the regions, a number of respondents answered “None” to this question, as indicated in Table 6.1.

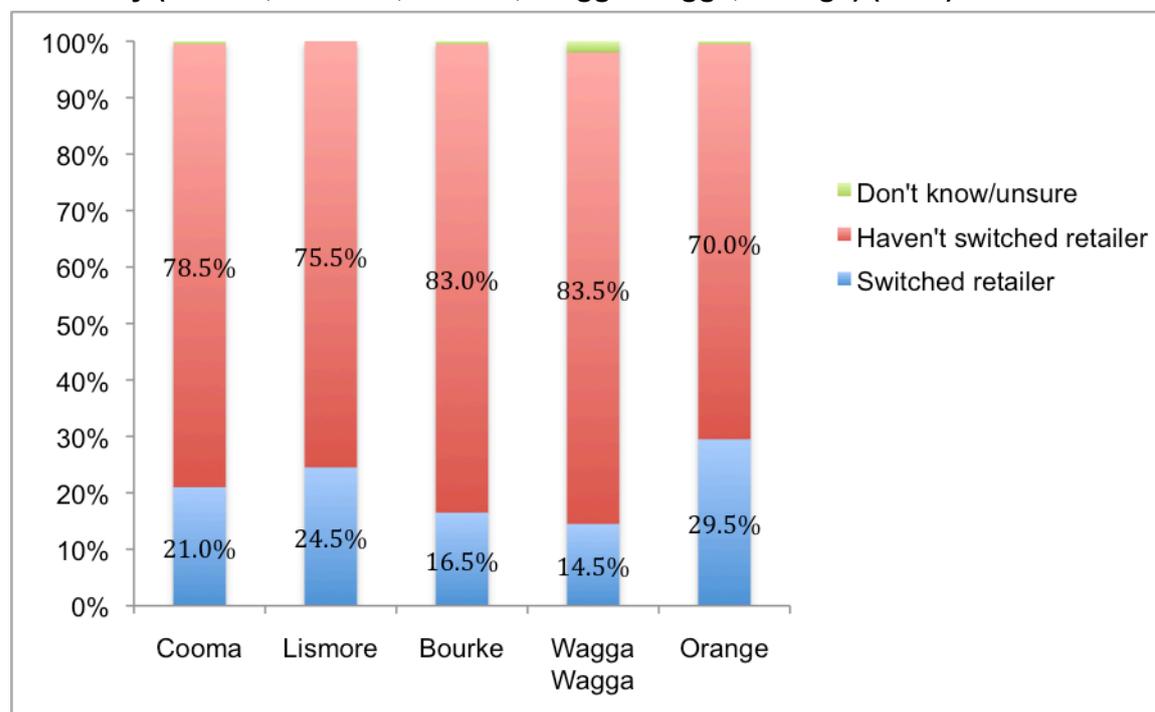
⁴³ IPART (2007), Op cit, 74; IPART (2008), Op cit, 96.

Table 6.1: Respondents who indicated that they had switched retailers, but when asked how many times they had switched since January 2002, answered “None”

Cooma	8
Lismore	4
Bourke	4
Wagga Wagga	2
Orange	1

These respondents have been removed from the total of respondents who indicated that they had switched retailers.

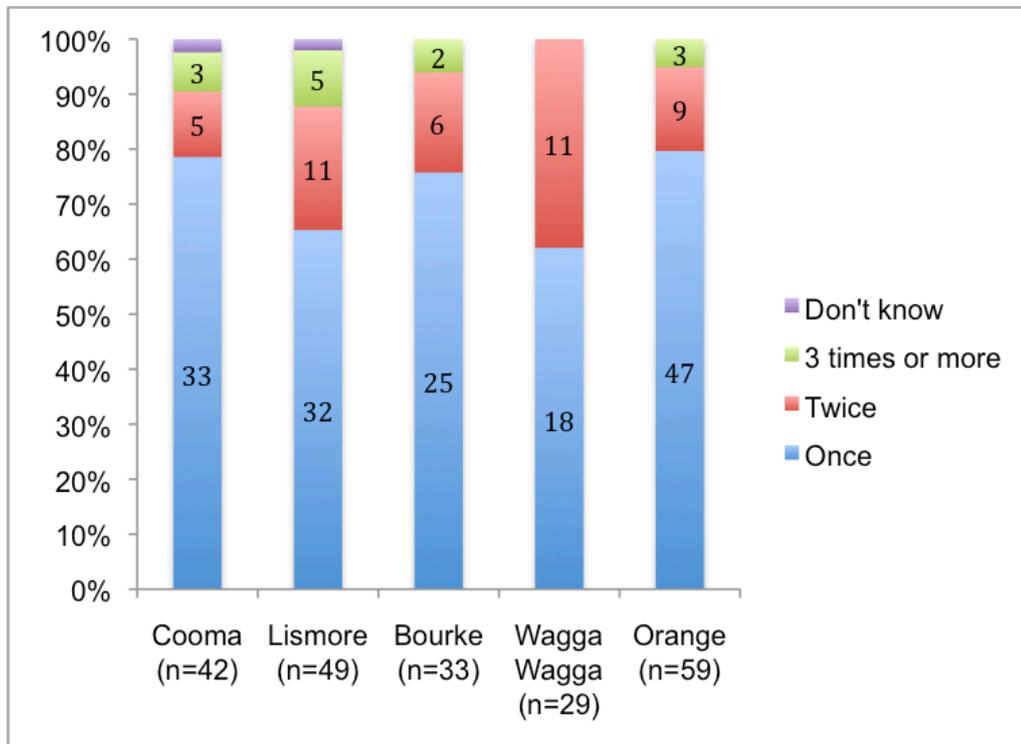
Figure 6.8: Respondents who changed the company that sells them electricity (Cooma, Lismore, Bourke, Wagga Wagga, Orange) (2010)



An overwhelming majority in each of the regions indicated that they had never switched retailers, with the lowest proportion of these being Orange (70%) and the highest Wagga Wagga (83.5%). The results are still slightly less than that which was recorded for the ACT in 2010, but are much closer to the ACT results than the results in Victoria and South Australia.

Figure 6.9 indicates for the customers in each of the regions who changed the company from whom they purchased electricity, the number of times those customers had switched retailer. The values indicated in each of the regions bars are number of respondents.

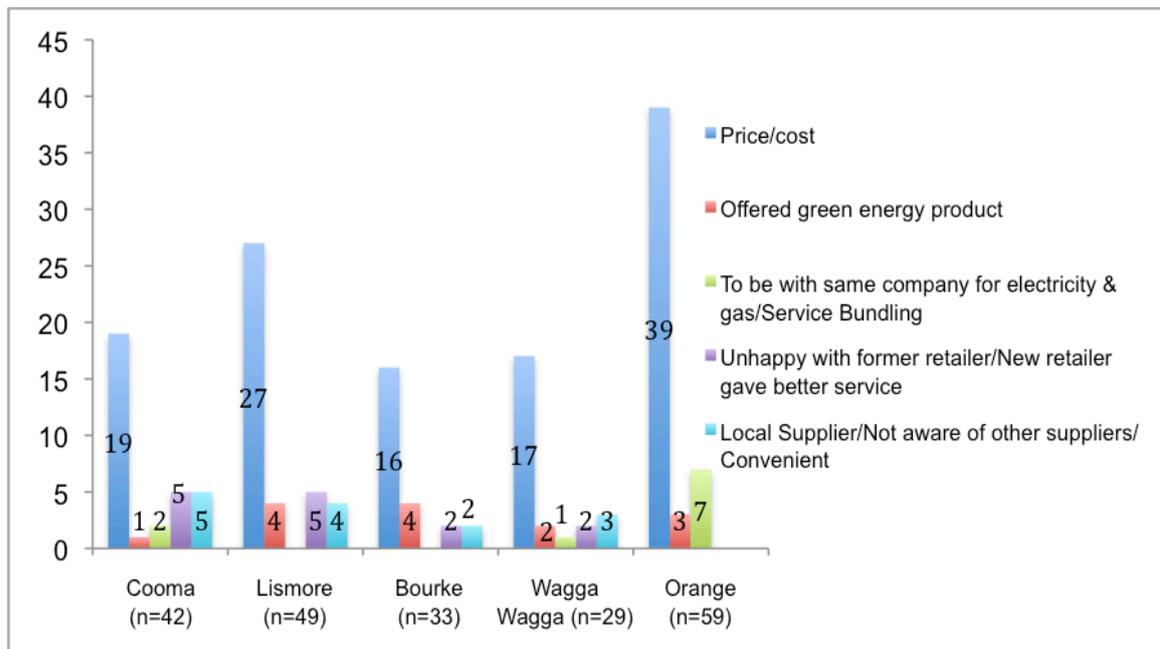
Figure 6.9: Number of times respondents changed the company that sells them electricity (Cooma, Lismore, Bourke, Wagga Wagga, Orange) (2010)



Of the low number of respondents who indicated that they had switched retailers, the clear majority in each of the five regions indicated that that had changed retailers on only one occasion.

Figure 6.10 indicates the most common reasons given in each of the five regions for switching retailers. The values indicated are number of respondents.

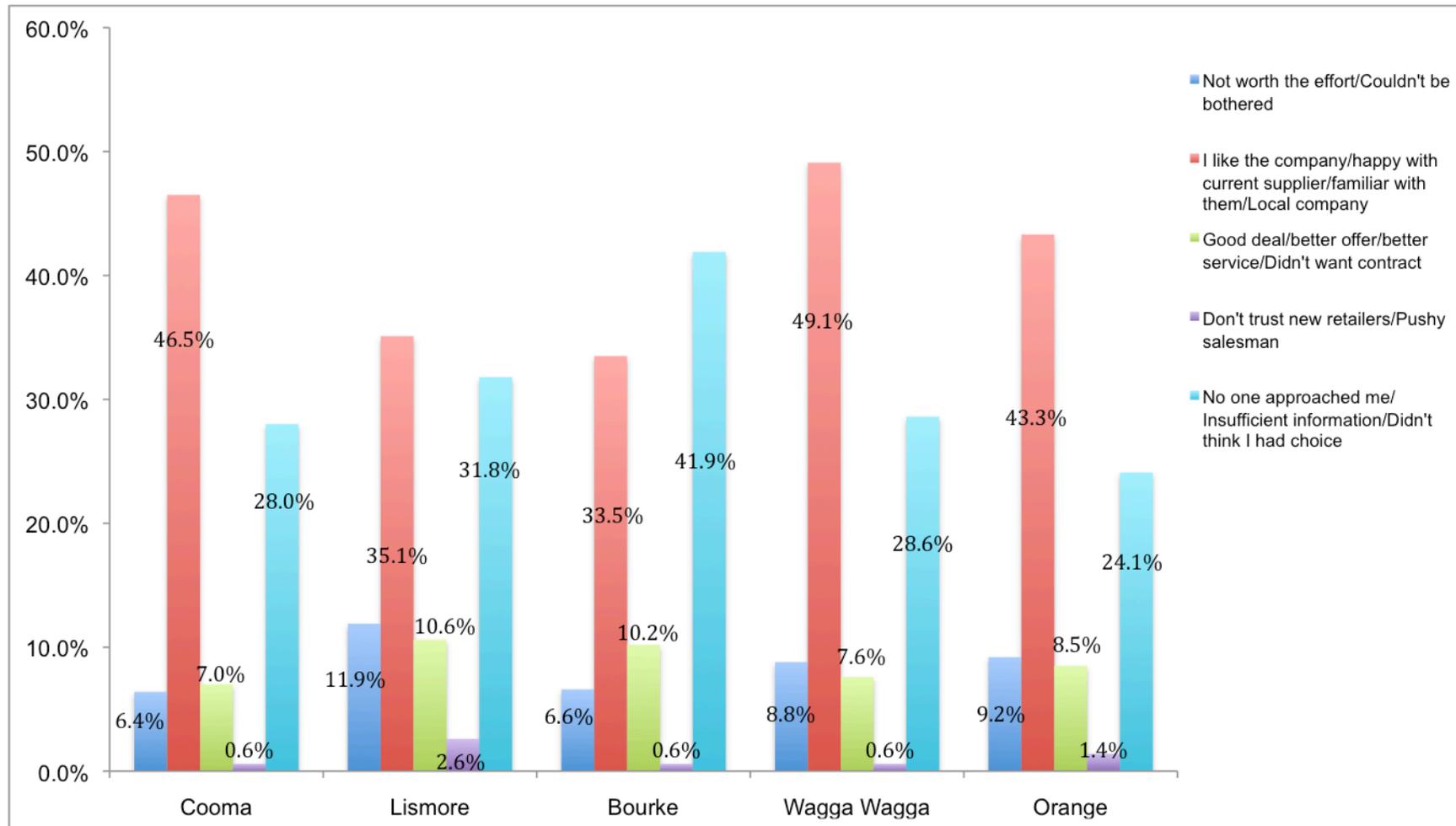
Figure 6.10: Most commonly identified major reasons for respondents switching to the company that sells them electricity (Cooma, Lismore, Bourke, Wagga Wagga, Orange) (2010)



In each of the five regions surveyed, the most commonly reported driver for switching retailers is the issue of price/cost of electricity.

Figure 6.11 indicates the most common reasons given in each of the five regions for remaining with current retailers. In presentation of this data, some of the categories which were reported in the Urbis survey report have been compressed into related areas, in a similar manner to the way categories were compressed when considering this results on this question in the AEMC Survey Reports, referred to above.

Figure 6.11: Most commonly identified major reasons for respondents not switching the company that sells them electricity (Cooma, Lismore, Bourke, Wagga Wagga, Orange) (2010)



There were two main rationales for not switching retailers, in each of the five regions:

- A contentedness with the existing retailer (status-quo bias)
- An ignorance of options for changing retailers.

These two groupings were the highest two ranking groupings in each of the five regions, with the contentedness with existing retailer ranking highest in four of the regions, while the customer ignorance grouping ranked highest in Bourke.

In each of the five regions only a very small proportion of customers who did not switch gave the reasons which indicate active consumer consideration of issues in making the decision to remain with their current electricity retailer. The region with the highest proportion of consumers offering such reasons was Lismore with only 10.6%.

6.5 Summary

This chapter has focused on a range of issues regarding whether electricity consumers change the company that sells them electricity. The chapter has looked at whether consumers have switched retailers, and if so, the number of times they have switched, and the reasons why they switch. The chapter also looked at those customers who had not switched retailers, and the reasons they provided for remaining with their retailer.

In each of the five regions surveyed in this study, an overwhelming majority of households reported that they had never switched electricity retailers. The proportion of households in each of the five regions who did not switch retailers was considerably higher than the proportions recorded in surveys in Victoria (2007) (50%) and South Australia (2008) (50%), but not as high as was recorded in the ACT survey (2010) (89%). The proportions of non-switching households in the five regions was also higher than that recorded in the IPART surveys conducted in Sydney/the Blue Mountains/Illawarra (2006) and also the Hunter/Gosford/Wyong (2008). The region with the lowest proportion of households who did not switch was Orange (70%). The region with the highest proportion of households who did not switch was Wagga Wagga (83.5%).

In each of the five regions surveyed, of the low proportion of households who switched retailers, the clear majority changed retailers on only one occasion, with no less than 62% of switching households in each of the regions indicating that they had switched once. This is similar to the results recorded in the surveys in Victoria, South Australia and the ACT.

Across each of the five regions, the overwhelmingly most commonly identified reason for households to switch electricity retailer was the price or cost of electricity. The attraction of cheaper electricity was also the most commonly reported reason for switching retailer in the surveys conducted in Victoria, South Australia and ACT, and also in Sydney/Blue Mountains/Illawarra and the Hunter/Gosford/Wyong.

In relation to those households who had not switched electricity retailer, in each of the five regions there were two main groupings or classifications of responses regarding the reasons for not switching:

- Contentedness with existing retailer/status-quo bias (ranked first in Cooma, Lismore, Wagga Wagga and Orange, and second in Bourke);
- Ignorance of options for changing retailers (ranked first in Bourke, and second in Cooma, Lismore, Wagga Wagga and Orange).

In each of the regions, only a very small proportion of households (no more than one in ten households) who did not switch gave as their reason for not switching a response that indicated a clear, active consideration of whether their current retailer offered them the best deal for their circumstances or preferences, when compared with the alternatives available.

In the surveys conducted in Victoria, South Australia and the ACT, general contentedness was commonly reported, particularly in South Australia (69%), although in Victoria, the most commonly reported reasons were those that suggested a level of consumer apathy (ie. “not worth the effort”).

The results may be indicative of the existence of ‘status-quo bias’, where people are more likely to continue with their existing products than select a new supplier or product, even when switching supplier may be more advantageous for them.

However, the results across the five regions most closely resemble the results in the ACT, where reasons relating to ignorance were the second most reported responses. As was the case in each of the five surveyed regions in NSW, only a very small proportion of non-switching households in Victoria, South Australia and the ACT reported reasons suggesting an active consideration by households of the choices on offer.

In the IPART surveys in Sydney/Blue Mountains/Illawarra and the Hunter/Gosford/Wyong, the most commonly reported reasons for not switching were those relating to general contentedness with existing retailer. However, unlike the five surveyed regions of this study, and the survey results for Victoria, South Australia and the ACT, a much higher proportion of non-switching households gave active consideration to the choices on offer before deciding to stay with the existing retailer.

7. OUTCOMES FOR CONSUMERS WHO CHANGE ELECTRICITY COMPANIES IN REGIONAL NSW

7.1 Introduction

This chapter focuses on whether electricity consumers who change the company that sells them electricity, or change their arrangements (i.e. move to a market contract) are satisfied with their new electricity company or new arrangements. The chapter gives particular attention to those customers who changed their electricity company in the expectation that their electricity bills would go down, and whether their expectations were realised.

The chapter will make comparative reference to the results of the AEMC Review surveys in Victoria, South Australia and the ACT, and also the 2008 IPART surveys undertaken in Sydney and selected regions in NSW. The AEMC Review Surveys only looked at the question whether respondents were satisfied with their new electricity company; and not whether, and how, their electricity bills changed. In addition, the question was approached differently in Victoria, as compared to South Australia and the ACT. The 2008 IPART Survey in the Hunter, Gosford and Wyong looked at respondents' perception of the impact on their electricity bills after going on a market contract, either with a new electricity company, or with their existing electricity supplier. The survey also considered whether respondents were satisfied with their current electricity contract. These issues were not considered in the 2006 IPART Survey in Sydney, the Blue Mountains and Illawarra.

The chapter will also consider the results of the 2010 HECCS in the five selected regions in NSW, to the following question:

- And what happened to your electricity bills after you started buying electricity from that company?

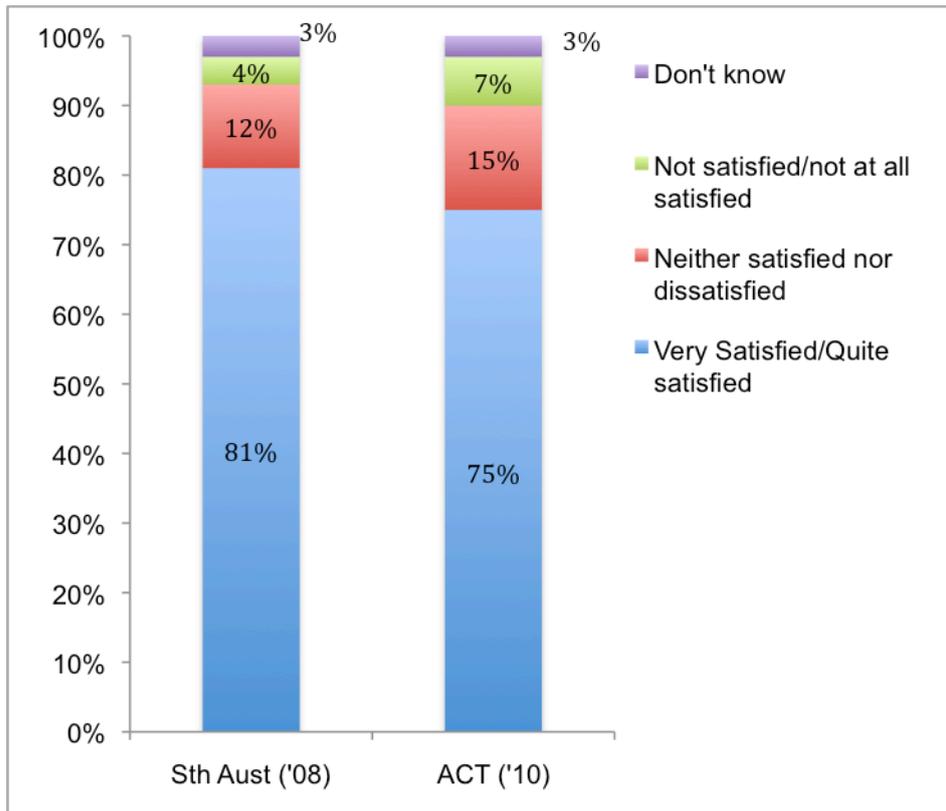
The chapter also considers the in-depth responses provided in interviews with 17 surveyed household bill payers across the five surveyed regions who indicated that they were prepared to be further interviewed as part of this study. These responses provide further insight into customer expectations about their electricity bills and how satisfied they were with the outcomes following their decision to change the company that sells them electricity.

7.2 Satisfaction with new electricity company in other jurisdictions

Previous customer surveys undertaken in South Australia, and the ACT as part of the reviews into effective competition undertaken by the AEMC, have asked whether respondents who changed the company that sells them electricity, were satisfied with their new electricity company. Figure 7.1 indicates the percentage of surveyed households in both of those jurisdictions who indicated their satisfaction or dissatisfaction.

In both South Australia and the ACT, levels of satisfaction with the new electricity company for those who had switched were very high.

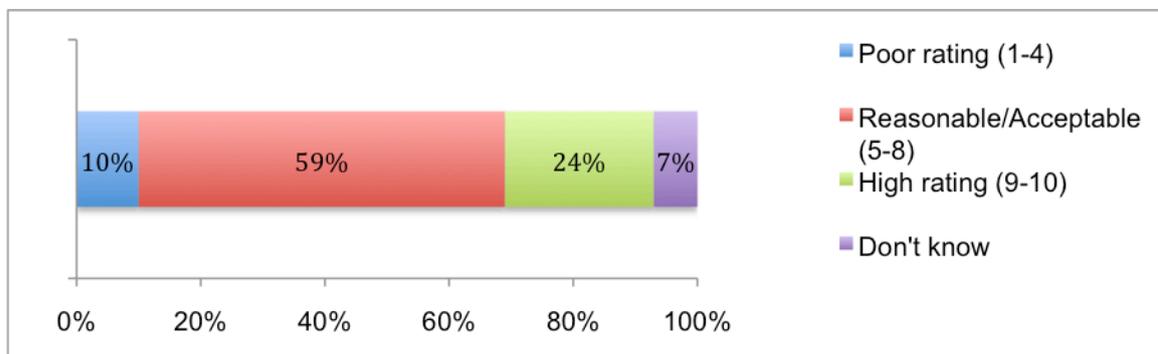
Figure 7.1: Respondent satisfaction with new electricity company (South Australia, ACT)⁴⁴



The AEMC customer survey in Victoria approached the issue differently to the way the surveys were undertaken in South Australia and the ACT. Victorian households who had changed the company that sells them electricity in Victoria were asked to rank on a scale of 1-10 their satisfaction with the new electricity company. Figure 7.2 indicates the percentage of surveyed households in Victoria for poor rating, reasonable/ acceptable ratings and high ratings.

Similar to the survey results in South Australia and the ACT, a very low proportion of surveyed Victorian households who had changed their electricity company indicated a low level satisfaction (10%).

Figure 7.2: Respondent satisfaction with new electricity company (Victoria)⁴⁵



⁴⁴ MTR, (2008), Op cit, 38 ;RMR (2010), Op cit, 22.

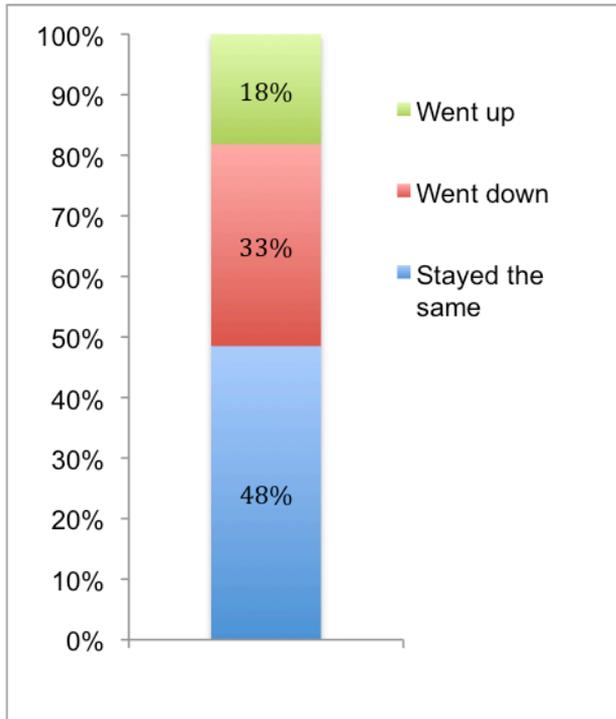
⁴⁵ WCG (2007), Op cit, 37.

7.3 Consumer satisfaction in other regions of NSW – the Hunter, Gosford, Wyong (2008)

The issue of customer perceptions and satisfaction following changing electricity retailers was pursued slightly differently by IPART in its 2008 household survey of energy and water consumers in the Hunter, Gosford and Wyong. The survey explored household perception of the impact on electricity bills after going onto a market contract, whether with their existing retailer, or with a new electricity company. Figure 7.3 indicates the percentages of households in the 2008 Survey who had gone onto a market contract, who perceived that their electricity bills had increased, decreased or stayed the same.

Significantly, only one-third of surveyed households who had gone onto a market contract indicated that they had noticed that their electricity bills had actually gone down, with nearly half indicating that they could perceive no difference, and 18% perceiving that their bills had actually increased.

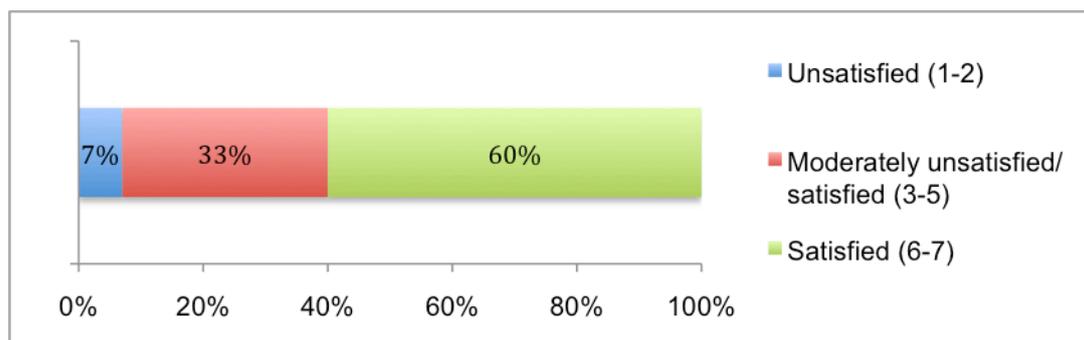
Figure 7.3: Respondents' perceived impact on bills after going on market contract (the Hunter, Gosford and Wyong) (2008)⁴⁶



The 2008 Survey also explored whether customers who had moved to a market contract were satisfied with their electricity contract. Households who had moved to a market contract for the purchase of their electricity were asked to rank on a scale of 1-7 their satisfaction with the new electricity company. Figure 7.4 indicates the percentages of surveyed households in the Hunter, Gosford and Wyong for unsatisfied rankings (1-2), moderately satisfied/unsatisfied rankings (3-5) and satisfied rankings (6-7).

⁴⁶ IPART (2008), Op cit, 96-97.

Figure 7.4: Respondents' satisfaction with electricity contract (the Hunter, Gosford and Wyong) (2008)⁴⁷



A clear majority of households (60%) indicated that they were satisfied with their electricity contract, after switching to a market contract. This is an interesting result given that a significant majority of households that had accepted a market contract (68%) indicated that their reason for doing so was that it was cheaper (see Figure 6.6), and only 33% of households reported that they had noticed that their bills had actually gone down (Figure 7.3). It would appear that for many households in the Hunter, Gosford and Wyong who moved to a market contract, their satisfaction was not affected by the fact that their expectation of lower electricity bills was not realised.

The issue of customer perceptions and satisfaction following changing electricity retailers was not pursued by IPART in its 2006 household survey of energy and water consumers in Sydney, the Blue Mountains and Illawarra.

7.4 Outcomes for switching consumers in the five regions

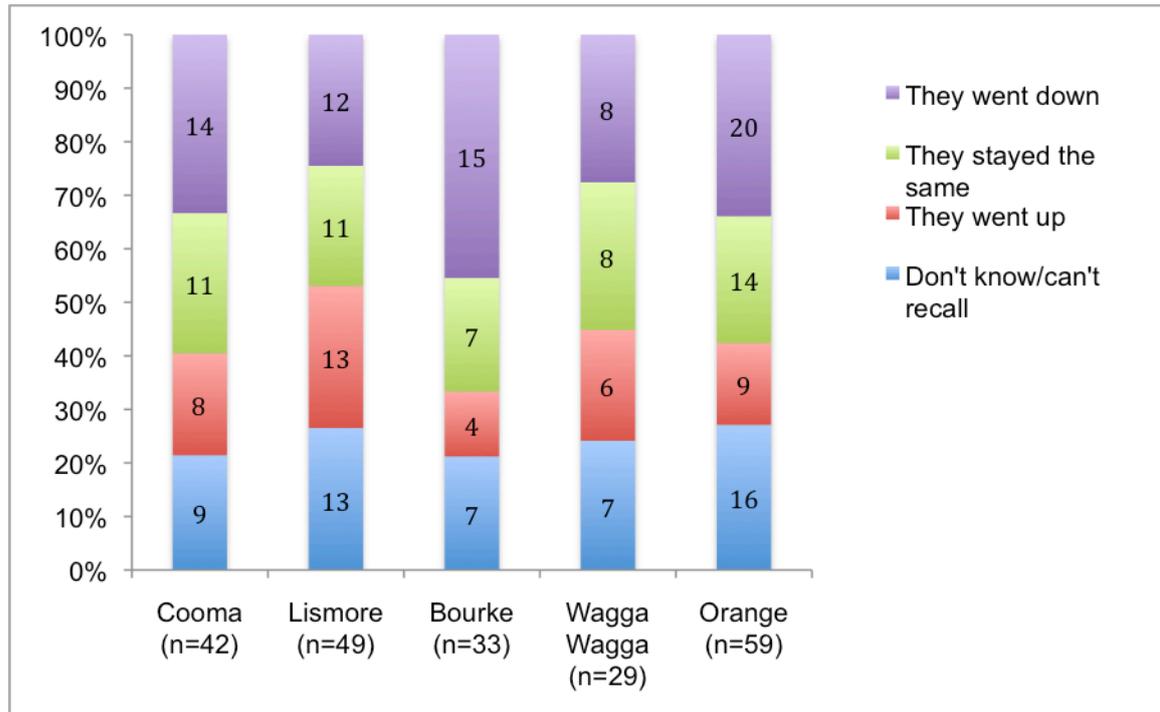
The PIAC/Urbis HECCS specifically focused on the issue of whether households who changed the company from which they bought electricity, noticed changes to their electricity bill after switching. The survey asked respondents in Cooma, Lismore, Bourke, Wagga Wagga and Orange who had switched their electricity company, what happened to their electricity bills after they started buying electricity from their new company. Figure 7.5 indicates the number of respondents in each of the five regions who noticed their bills increasing or decreasing, and those respondents who didn't notice any difference.

In each of the regions, only a small minority of respondents were able to report that their electricity bills had gone down after switching their electricity company. In four of the five regions, only one-third of respondents or less reported that their electricity bills had gone down. While the proportion was slightly higher in Bourke (15 out of 33 respondents), it was still less than half of those respondents in Bourke who reported that they had changed their electricity company.

These results are consistent with the 2008 IPART Household Survey in the Hunter, Gosford and Wyong.

⁴⁷ IPART (2008), Op cit, 97.

Figure 7.5: Respondents' perceived impact on bills after changing electricity suppliers (Cooma, Lismore, Bourke, Wagga Wagga, Orange) (2010)



As part of this study, a selection of 17 household bill payers across the five regions participated in a further in-depth interview. The 17 participants came from all of the five regions that were part of this study. These participants were self-selecting. Only those participants who indicated that they had changed the company from which they had purchased their electricity, and also indicated that since changing, they noticed that their electricity bills had gone up, were invited to participate in the follow-up interview.

The purpose of these interviews was to obtain a more detailed understanding of the motivations and attitudes that led households to change their electricity supplier, or remain with their existing supplier. In particular, the interviews give a detailed insight into customer expectations about their electricity bills and how satisfied they were with the outcomes following their decision.

Several of those interviewed expressed frustration at the fact that their electricity bills had gone up, despite having changed suppliers in the expectation that bills would reduce:

What was your main reason for changing?

They had a better deal. The rates were a little bit cheaper, so we changed because of that. ... Well, they gave a 3% or 4% discount overall on top of the bill but in saying that the usage rate was a little bit higher than the other one so it virtually compensates one from the other. It was a bit of change, but I don't think that much and it is a bit hard to follow nowadays because electricity has risen so much over the last couple of years, it is to hard to keep up and I don't know if we are getting a discount or not these days.

Did you notice if your bill went up or down?

It has gone up persistently over the last 3 or 4 years.

In what terms was the [new] deal better?

They were cheaper.

Can you provide some details about how your electricity bill changed?

I don't know how to explain. It was pretty much the same as before. I guess when we signed up, we thought it was going to be cheaper but went pretty much up straight away.

Did it meet your expectations?

Probably not as we didn't really want it to go up.

A young student came around and said we can get 6% below the rest of the market, but that was where it was really wrong... Oh well, I am just stuck with them. The bills just keeps on going up, I suppose they are all going up... The bills climbed steadily.

Were your expectations of the cost and pricing realized after changing provider?

Not really... They just weren't cheaper. In my opinion, somewhere around the time when the power bills come, everyone talks about their power bills and I wasn't doing better than anybody else.

So what was the main reason that you decided to change when they first approached you?

I think it was the offer of the supplier discounted rate... I was always under the assumption from the discussion with the person I was talking to, that there was going to be a discount rate.

Can you provide me with details of how your electricity bill changed when you changed companies?

It actually went up... I think it was in line with normal power rise... I think what annoyed me the most was the fact that when I changed over I lost the discount we had from XXX Energy...

Some consumers observed that they could not identify any difference from changing supplier, because of general price rises in electricity:

We just want to know the main reason for changing was?

Purely mercenary, it was a better deal. Cheaper. Well, it is all very confusing because we changed then shortly afterwards there was a general rise in electricity rates. It didn't come down to tell you the honest truth ... but the whole thing was confused by the rise across the board.

Ok, when I moved supplier it was because I moved house and I moved from XX to YY, the electricity was cheaper. Why I chose that company was because the house was already connected with and I accepted the connection and for the convenience I guess. It is definitely not cheaper, it is almost double now.

Were your expectations about the cost pricing realized after changing providers?

No. Electricity is just extremely expensive. It is double what a person in the city would pay.

What was your main reason for changing?

It looked a better deal financially.

Can you provide details about how your electricity bill changed when you moved supplier?

No ... I just hoped that it would be less than what it would've been. I cannot tell you because I don't know what the previous bill would've been. ... All the prices have gone up.

Some consumers were able to identify that offers of discounts and better deals did not lead to material outcomes in terms of how much they pay, as they were swallowed up by general price increases:

So price was the main reason why you changed?

Yes, we got \$200 credit... It was a better deal, yes

Are you able to provide detail about how your electricity bill may have changed once you moved supplier?

Well ... in actual fact, I think it has gone up. I think with all the talk in the media, electricity prices was going up anyway. So, it really did not make a great deal of difference to us I don't think. It would've gone up anyway.

What was your main reason for changing?

I pay less... The new supplier was cheaper, initially. Probably three months, it wasn't very long.

What was your main reason for changing?

It looked a better deal financially.

Can you provide details about how your electricity bill changed when you moved supplier?

No ... I just hoped that it would be less than what it would've been. I cannot tell you because I don't know what the previous bill would've been. ... All the prices have gone up.

Consistent with the survey data, most of the customers who participated in the in-depth interviews made the decision to change the company which sells them electricity on the basis of cost. Many of these customers indicated that it was difficult

for them to monitor differences in price and bills between their current arrangement, and those with their previous electricity supplier, due to price volatilities. For most of these customers, there was a sense that any discounts offered were simply swallowed by general price increases, leaving them dissatisfied that their expectation of lower bills had not been realised.

7.5 Summary

This chapter has focused on whether electricity consumers who switch electricity suppliers are satisfied with their new electricity company, and in particular, where those consumers change in the expectation that their electricity bills will go down, whether their expectations are realised.

Due to variances in the way this question has been approached in the AEMC Review Surveys, the IPART Surveys and the 2010 HECCS Survey comparisons of survey results is problematic. However, it is possible to compare the results of the 2010 HECCS Survey and the 2008 IPART Survey in the Hunter, Gosford and Wyong.

In each of the five regions surveyed in this study, only a small minority of respondents were able to report that their electricity bills had gone down after they had changed the company which sells them electricity. In four of the five regions only one-third of respondents or less reported that their electricity bills had decreased. This was consistent with the results in the 2008 IPART Household Survey.

Of those customers who agreed to be interviewed in-depth, most indicated that they perceived their bills had increased, or could not detect any reduction which was consistent with what they had been led to believe when they changed their electricity supplier. Several interviewees expressed frustration that their expectation that their electricity bills would go down was not realised, as this was the basis of their decision to change retailers. Others indicated that, in hindsight, given the general increases in electricity prices, it is difficult to identify whether they have secured better outcomes in terms of the discounts and reductions that were promised to them. Some recognised that general price increased would have had the effect of swallowing up any discounts or price reductions, negating any perceived benefit from switching.

The results would suggest that retailer competitive activity based on price and cost may not result in better outcomes for electricity consumers in the five regions which were surveyed. This raises questions as to whether consumers in these regions have sufficient capacity to be able to choose efficiently between competing retail offers.

8. CONCLUSION

8.1 Introduction

Since full retail contestability was introduced into the NSW electricity market, residential electricity consumers in NSW have been able to choose the company from which they purchase electricity. However, whether the existence of full retail contestability has facilitated the development of an effectively competitive electricity market in NSW depends on a range of other factors. One of these is whether, by virtue of having consumer choice, NSW residential electricity consumers are able to effectively participate in the market. Effective participation requires consumers to have a sufficient level of awareness of alternatives to enable them to make an informed choice as to which option will be most advantageous to them. In particular, consumers need to have an awareness of their ability to choose their electricity retailer, an awareness of the full range of options available to them, and an ability to be able to assess the options available to them.

In considering whether effective competition exists in the NSW retail electricity market it is important to acknowledge that the NSW market is not a single, homogenous beast. There may also be significant variances in the level of residential consumer awareness between urban areas and rural, regional and remote locations in NSW. In addition, there may also be variances between different regional and rural locations. Consumers, in particular socio-economically disadvantaged groups may have varying participatory abilities, both with other consumers who are disadvantaged, and those who are not disadvantaged. Moreover, this study has indicated that there are significant variances in the level of residential consumer awareness in the five regions considered here, to those regions in NSW that have previously been the subject of IPART surveys.

The principal aim of this study was to consider whether residential consumers of electricity in five selected rural, regional and remote locations of NSW, were able to effectively participate in the NSW electricity market. The five regions considered were Cooma, Lismore, Bourke, Wagga Wagga and Orange.

The study had four key objectives:

1. To examine whether residential electricity consumers in the five selected areas in rural and regional NSW are aware that they can choose the company which sells them electricity;
2. To examine whether these same consumers have ever changed the company which sells them electricity, and to identify the reasons for changing;
3. For those consumers who did not change the company which sells them electricity, to identify the reasons they did not change;
4. To identify any significant demographical or geographical variances in relation to these questions.

8.2 Consumer awareness of choice

At the time this research was undertaken, consumers in the five regions had available to them a considerable number of retailers from whom they could purchase electricity. In addition to the region's regulated supplier, consumers with a Standard

Meter had between seven and nine retailers from which they could choose. Consumers with a time-of-use meter had a choice of four retailers in each of the regions, in addition to the applicable regulated supplier(s) for the region.

In each of the regions, an overwhelming majority of respondents purchased their electricity from the main standard regulated supplier, Country Energy.

In each of the five regions, a strong majority of respondents indicated that they knew they could choose from which electricity retailer they could purchase their electricity. However, in each of the regions, the proportions of respondents who indicated such awareness were considerably lower than in other previously surveyed regions in NSW (Sydney, the Blue Mountains, Illawarra, the Hunter, Gosford and Wyong).

In each of the five regions, only a very small percentage of respondents indicated an awareness of more than three other retailers. In four of the five regions (Cooma, Lismore, Bourke and Wagga Wagga) there was a substantially higher proportion of respondents who indicated that they were not aware of an alternative retailer, or not interested in an alternative, or did not know, than what was discovered in the electricity consumer survey conducted in Victoria in 2007.

The AEMC has previously concluded that low levels of customer awareness of choice in is an example of customer conduct considered not to be consistent with the conduct that would be expected of consumers in a market that has an effective level of competition. The AEMC also concluded that customer non-awareness of other available electricity retailers was not consistent with the operation of an effective level of competition.

In examining the issue of customer non-awareness, the study considered the contact customers had with electricity retailers in their respective regions, in terms of the extent to which electricity retailers initiate contact with customers with an offer to purchase electricity, and the way in which that contact with customers is made. In each of the five regions surveyed, a significant majority of residents indicated that they had never been approached by a retailer with an offer to purchase electricity.

The AEMC has previously stated that low levels of marketing and retailer rivalry is not consistent with a market where there is effective competition. Given that a substantial majority of respondents in each of the five surveyed regions in this study reported that they had never been contacted by an electricity company, it is arguable that there is a low level of marketing activity in each of the Cooma, Lismore, Bourke, Wagga Wagga and Orange regions.

The study also considered the extent to which customers initiate contact with electricity retailers to make an inquiry about buying electricity. In each of the five regions surveyed, very low numbers of respondents reported initiating an approach to an electricity company to ask about buying electricity

8.3 Consumers who change their electricity retail company

In each of the five regions, an overwhelming majority of surveyed households reported that they had never switched electricity retailers. The proportion of households in each of the five regions who did not switch retailers was considerably higher than the proportions recorded in surveys in Victoria (2007) (50%) and South

Australia (2008) (50%), and also higher than that recorded in the IPART surveys conducted in Sydney/the Blue Mountains/Illawarra (2006) and also the Hunter/Gosford/Wyong (2008). The region with the lowest proportion of households who did not switch was Orange (70%). The region with the highest proportion of households who did not switch was Wagga Wagga (83.5%).

In each of the five regions, of the low proportion of households who switched retailers, the clear majority changed retailers on only one occasion, with no less than 62% of switching households in each of the regions indicating that they had switched once.

Across each of the five regions, overwhelmingly the most commonly identified reason for households to switch electricity retailer was the price or cost of electricity.

The study also considered whether the electricity consumers in the five regions who switched electricity suppliers in the expectation that their electricity bills will go down, had their expectations realised. In each of the five regions only a small minority of respondents were able to report that their electricity bills had gone down after they had changed the company that sells them electricity. In four of the five regions only one-third of respondents or less reported that electricity bills had decreased.

Of those customers who agreed to be interviewed in-depth, most indicated that they perceived their bills had increased, or could not detect any reduction which was consistent with what they had been led to believe when they changed their electricity supplier. Several interviewees expressed frustration that their prime motivation for switching retailer, namely the expectation that their electricity bills would go down, was not realised. Others indicated that general increases in electricity prices make it difficult to identify whether they are better off, as general price increases can have the effect of swallowing up any promised discounts or price reductions.

The results would suggest that retailer competitive activity based on price and cost may not result in better outcomes for electricity consumers in the five regions.

8.4 Consumers who did not change their electricity retail company

In relation to those households who had not switched electricity retailer, in each of the five regions there were two main groupings of responses regarding the reasons for not switching:

- Contentedness with existing retailer (ranked first in Cooma, Lismore, Wagga Wagga and Orange, and second in Bourke);
- Ignorance of options for changing retailers (ranked first in Bourke, and second in Cooma, Lismore, Wagga Wagga and Orange).

These results may be indicative of the existence of 'status-quo bias', which is said to exist where people are more likely to continue with their existing products than select a new supplier or product, even when switching supplier may be more advantageous for them.

In each of the regions, only a very small proportion of households (no more than 1 in 10 households) who did not switch gave as their reason for not switching a response that indicated a clear, active consideration of whether their current retailer offered

them the best deal for their circumstances or preferences, when compared with the alternatives available.

The results differ from the IPART surveys in Sydney/Blue Mountains/Illawarra and the Hunter/Gosford/Wyong, which found that a much higher proportion of non-switching households gave active consideration to the choices on offer before deciding to stay with the existing retailer.

8.5 Demographic or geographical variances

A cross tabulation analysis was undertaken by Urbis across the five regions, according to a number of demographic factors, including: concession card ownership; gender; age; number of people in household; resident status; ATSI status; health status; level of completed education; and weekly household income. Some of the key findings from this analysis are:

- Those between the ages 35-54 are less likely to think they have a choice between electricity retail companies than in any other age group;
- Those in the age group 45-54 are the least likely of any other age group to know of other electricity retail companies in their area;
- Those who own/fully paid off their home are more likely than any other group of housing occupiers to believe that they can choose their electricity retail company;
- Those with an income of \$500-\$999 were far more likely to indicate they had a choice between electricity retail companies than other income levels;
- Those who finished year 12/Higher School Certificate or above were more likely to be able to identify more than one other electricity retailer in their area;
- Those households with combined income of \$500 or more were more likely to be able to identify more than one other electricity retailer in their area;
- Those individuals who indicated characteristics suggesting that they were more likely to be at home during the day, were more likely to be contacted by an electricity supplier. This included concession card holders, people in older age groups, households with an individual who had a health condition or disability, those on lower income levels.

In terms of awareness of choice and awareness of options, those with higher incomes and higher levels of education were more likely to be able to participate effectively in the retail electricity market across the five regions.

In terms of variances across the five regions, with a few exceptions, results in each of the five regions were quite similar. Some of the key variances were:

- Awareness of choice was significantly higher in Orange than in the other four regions, as was awareness of other retailers;
- In Bourke a significantly higher proportion of households indicated that they were not aware of choice, and were not aware of alternative retailers;
- Only in Cooma was telephone sales the most commonly reported method of contact by electricity companies to households. In the other four regions, door-to-door sales was the most commonly reported method of contact by electricity companies;

- In Bourke, the highest-ranked grouping of reasons for not switching retailers related to consumer ignorance of options for changing retailers. In the other four regions, the highest ranking grouping of reasons for not changing retailers related to a contentedness with the existing retailer;
- A slightly higher proportion of residents in Bourke who had switched retailers reported that they believed that their bills had gone down. However, this was still a minority of those residents who indicated that they had switched retailers.

However, in a number of key areas, there was significant variation of the results in these five regions, and the NSW regions which were surveyed by IPART in 2006 (Sydney, the Blue Mountains, Illawarra) and 2008 (Hunter, Gosford, Wyong):

- Consumer awareness of choice of retailer was significantly lower in the five regions, than it was in the regions surveyed by IPART in 2006 and 2008;
- Proportions of residents who had switched retailers was significantly lower in the five regions, than they were in the regions surveyed by IPART in 2006 and 2008.

8.6 Final comments

This study set out to consider whether residential consumers in the five selected regions in rural, regional and remote NSW, are able to participate effectively in the NSW electricity market. Based on the results of this study, it would appear that in spite of the fact that full retail contestability had been in existence for nearly nine years at the time this study was undertaken, consumer awareness of the ability to choose one's electricity retailer, and the range of electricity retailer options available to consumers was relatively low in the five selected regions, when compared to similar survey results in Victoria, South Australia and other previously surveyed regions in of NSW. In addition, it appears that there is also a low level of marketing activity by electricity retailers in each of the regions.

The study also indicated that a low proportion of households in each of the regions have switched retailers, and of those that have, most have only switched once. Of those that switched, most did so because they were seeking lower prices for electricity, and ultimately did not have their expectations of lower prices realised. Of the households in each of the five regions that did not switch retailers, only a very small proportion gave active consideration as to whether their current retailer offered the best deal, with most indicating that they stayed with their retailer out of a general contentedness with their existing arrangements, or an ignorance of the options available.

Based on the results from the five selected regions, and when compared with similar surveys conducted in Victoria, South Australia, the ACT, and other regions of NSW surveyed by IPART, there is no clear evidence that electricity consumers in these five areas participate effectively in the electricity market. Accordingly, there appears to be insufficient evidence that effective competition currently exists in the electricity markets in these regions. Before any assertion that effective competition exists in the NSW electricity market is made, it is submitted that further quantitative research would need to be undertaken in each of these regions to establish that there has been a change in consumer behaviour that suggests effective consumer participation in the electricity market.

It is not suggested that the results in this study apply uniformly across all of regional and rural NSW. Moreover, as can be seen with the comparisons between the results of this research and the results of the IPART Household surveys conducted in 2006 and 2008, there is considerable variance in terms of consumer awareness and market behaviour across different areas of NSW. This in itself should caution against employing a market analysis that conflates the results of regional and remote areas. Moreover, a decision to remove electricity price regulation based on such a research strategy would risk leaving consumers in specific regions where there is not effective competition without the protections and safeguards offered by price regulation.

The NSW electricity market is currently in a state of transition. Electricity consumers are experiencing great uncertainty as to how the recent sale of state-owned retailers will impact on them. Consumers in regional NSW, many of whom purchased their electricity from Country Energy, will also have a sense of uncertainty as to the future shape of the NSW electricity market, given that the retail brand of Country Energy will evolve into Origin Energy over the next three years. It is too early to predict how these changes will ultimately affect the awareness and market behaviours of the electricity-consuming households in the five regions that have been analysed in this study.

While this study provides a snapshot of the state of consumer participation in the market in each of the five regions as at late 2010, it also provides strong evidence to suggest that at that time, there was not effective customer participation in the NSW electricity market in these five regions. While the changes which have occurred in the NSW electricity market since then may, over time, have a significant effect on the ability of consumers in the five regions to participate effectively in the electricity market, this can only be ascertained by further quantitative research in these five regions on the issue of effective consumer participation. Until such research is undertaken, the information in this report represents the most reliable indicator of the state of customer participation in the electricity market in these five regions. Moreover, any policy initiative which implies that this situation has changed should only proceed after further detailed quantitative research in these regions which indicate increases in customer awareness of choice, available options, and capacities to make informed choices about electricity purchases.

APPENDIX A

Research Findings – Household electricity consumer choice survey

Urbis 2010

**RESEARCH FINDINGS
– HOUSEHOLD
ELECTRICITY
CONSUMER CHOICE
SURVEY**

November 2010



URBIS STAFF RESPONSIBLE FOR THIS REPORT:

Director	Alison Wallace
Associate Director	Wesley Hill
Senior Consultant	Benita Power
Consultant	Daria Bodzak
Group Support	Lynda Jones
Job Code	SSP 18910



Urbis Social Policy team has received ISO 20252 certification, the new international quality standard for Market and Social Research, for the provision of social policy research and evaluation, social planning, community consultation, market and communications research.

Copyright © Urbis Pty Ltd
ABN 50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission. While we have tried to ensure the accuracy of the information in this publication, the Publisher accepts no responsibility or liability for any errors, omissions or resultant consequences including any loss or damage arising from reliance in information in this publication.

URBIS
Australia Asia Middle East
www.urbis.com.au



1 Introduction..... 1

2 Methodology 2

2.1 Household telephone survey: (Quantitative) 2

2.2 Telephone in-depth interviews: (Qualitative) 2

3 Analysis and reporting 3

3.1 Presentation of the findings: 3

4 Survey Findings..... 4

4.1 Cooma 4

4.2 Lismore 13

4.3 Bourke 21

4.4 Wagga Wagga 30

4.5 Orange 38

5 Cross-tabulation analysis..... 47

5.1 Choice of electrical company 47

5.2 Current electricity company 47

5.3 Number of other electricity companies in the area 47

5.4 Electricity providers contacting respondents 48

5.5 Respondents approaching electricity companies 49

5.6 Changing electricity suppliers 49

5.7 Number of times changes occurred 49

5.8 Main reason for purchasing electricity from current company 50

5.9 Outcome of electricity bills as a result 50

5.10 Main reason for not changing electrical company 50

Appendix A Questionnaire for household survey.

Appendix B Cross-tabulation analysis

- B.1 Choice of electricity company
- B.2 Current electricity company
- B.3 Number of electricity companies in the area
- B.4 Electricity providers contacting respondents
- B.5 Changing electricity suppliers
- B.6 Number of times changes occurred
- B.7 Main reason for not changing electricity company



FIGURES:

Figure 1 - Ability to choose electricity provider (Survey Question B1) 4

Figure 2 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3) 5

Figure 3 - Current electricity provider (Survey Question B2) 6

Figure 4 – Form of contact electricity supplier had with respondent (Survey Question B4a) 7

Figure 5 - Reasons why respondents contacted electricity supplier (Survey Question B6b) 8

Figure 6 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13). 9

Figure 7 – Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10). 10

Figure 8 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11) 11

Figure 9 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a) 12

Figure 10 - Ability to choose electricity provider (Survey Question B1) 13

Figure 11 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3) 14

Figure 12 - Current electricity provider (Survey Question B2) 15

Figure 13 - Form of contact electricity supplier had with respondent (Survey Question B4a) 16

Figure 14 - Reasons why respondents contacted electricity supplier (Survey Question B6b) 17

Figure 15 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13) 18

Figure 16 - Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10). 19

Figure 17 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11) 19

Figure 18 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11 a) 20

Figure 19 - Ability to choose electricity provider (Survey Question B1) 21

Figure 20 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3) 22

Figure 21 - Current electricity provider (Survey Question B2) 23

Figure 22 - Form of contact electricity supplier had with respondent (Survey Question B4a) 24

Figure 23 - Reasons why respondents contacted electricity supplier (Survey Question B6b) 25

Figure 24 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13) 26

Figure 25 - Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10). 27

Figure 26 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11) 28

Figure 27 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a) 29

Figure 28 - Ability to choose electricity provider (Survey Question B1) 30

Figure 29 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3) 31

Figure 30 - Current electricity provider (Survey Question B2) 32

Figure 31 - Form of contact electricity supplier had with respondent (Survey Question B4a) 33

Figure 32 - Reasons why respondents contacted electricity supplier (Survey Question B6b) 34

Figure 33 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13) 35

Figure 34 - Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10). 36



Figure 35 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11) 36

Figure 36 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a) 37

Figure 37 - Ability to choose electricity provider (Survey Question B1) 38

Figure 38 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3) 39

Figure 39 - Current electricity provider (Survey Question B2) 40

Figure 40 - Form of contact electricity supplier had with respondent (Survey Question B4a)..... 41

Figure 41 - Reasons why respondents contacted electricity supplier (Survey Question B6b) 42

Figure 42 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13) 43

Figure 43 - Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10)..... 44

Figure 44 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11) 45

Figure 45 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a) 46

TABLES:

Table 1 – Do you think you can choose your electricity company by age range..... 61

Table 2 – Do you think you can choose your electricity company by number of people in household..... 62

Table 3 – Do you think you can choose your electricity company by resident status 63

Table 4 – Do you think you can choose your electricity company by health condition..... 64

Table 5 – Do you think you can choose your electricity company by household income..... 65

Table 6 – Which company are you currently purchasing electricity from by concession card ownership 66

Table 7 – Which company are you currently purchasing electricity from by age range 67

Table 8 – How many other companies can you purchase electricity from by concession card ownership 68

Table 9 – How many other companies can you purchase electricity from by gender 69

Table 10 – How many other companies can you purchase electricity from by age range 70

Table 11 – How many other companies can you purchase electricity from by number of people in the household..... 71

Table 12 – How many other companies can you purchase electricity from by education..... 72

Table 13 – How many other companies can you purchase electricity from by household income 73

Table 14 – Have you ever been contacted by a company to buy electricity from them by concession card ownership 74

Table 15 – Have you ever been contacted by a company to buy electricity from them by health condition 74

Table 16 – Have you ever been contacted by a company to buy electricity from them by age range 75

Table 17 – Have you ever been contacted by a company to buy electricity from them by resident status 75

Table 18 – Have you ever been contacted by a company to buy electricity from them by household income 76

Table 19 – Which supplier were you approached by, by age range 76

Table 20 – Have you ever changed electricity provider by concession card ownership 77

Table 21 – Have you ever changed electricity provider by health condition 77

Table 22 – Total times have changed electrical companies since January 2002 by concession card ownership78

Table 23 – Total times have changed electrical companies since January 2002 by gender..... 79

Table 24 – Main reason for not changing electricity company by concession card ownership 80

1 Introduction

This report details the results from a customer survey of 1000 homes in five towns/regional centres regarding the subject of their household electricity.

The following towns/regional centres were surveyed:

- Cooma
- Lismore
- Bourke
- Wagga Wagga
- Orange

This research is required to answer the question as to whether people living in rural and regional NSW have customer choice in relation to the provision of services by electricity retailers.

PIAC

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

Aims

The primary aim of this study is to assess whether there is effective competition in the NSW energy market in rural and regional areas of NSW, by using the existence of consumer choice of electricity retailer in these areas as a proxy indicator of the existence of effective competition.

Objectives

Four key objectives have been identified for the study:

1. To determine whether residential electricity consumers in rural and regional NSW are aware that they can choose their electricity supplier.
2. To determine whether these same consumers have ever changed their electricity supplier together with the reasons for changing supplier.
3. To determine amongst those consumers who have not changed their electricity supplier the reasons why they have not changed supplier.
4. To identify any significant demographical or geographical variances across the first three objectives

2 Methodology

2.1 Household telephone survey: (Quantitative)

A computer-assisted telephone interview (CATI) was conducted with a random sample of 1000 main household bill payers; 200 in each of the five towns/regional centres. Given the relatively small population of residents in each of the towns/regional centres, a sample size of 200 is considered to be statistically representative. The sample included households from ATSI or NESB background who spoke sufficient English or who were assisted by another family member to answer the questions. The questionnaire used in this interview can be found in Appendix A.

The survey covered the following areas:

- Consumer choice of electricity providers;
- The extent and means by which electricity companies make contact with consumers, the extent and reasoning behind consumers approaching electricity companies, and the outcome of the contact
- Consumer experience in dealing with other electricity companies;
- Reasons for changing or staying with a particular electricity provider;
- Demographic information of consumers

All household interviews were conducted between 16th August and 28th August 2010 by market research interviewers contracted by Urbis. Interviews took approximately eight minutes.

2.2 Telephone in-depth interviews: (Qualitative)

A selection of seventeen household bill payers interviewed as part of the household telephone survey across the five towns/regional centres were invited to participate in a fifteen minute follow-up in-depth interview. The purpose of these in-depth interviews was to provide a greater understanding of the key motivations and attitudes that have led to households either moving to alternative electricity suppliers or deciding to remain with existing suppliers. The respondents' views will help ascertain how satisfied the clients were with the service provided by their electricity supplier with supporting evidence.

All interviews were conducted and recorded by Urbis staff between September and October 2010. Analysis of the transcripts will be undertaken by PIAC, and outlined in a separate report.

3 Analysis and reporting

Data pertaining to each individual town/regional centre was analysed using descriptive statistics.

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

It is expected that the quantitative data conveyed in this report will be triangulated with the results of the qualitative analysis to provide a broad picture of consumer experience.

3.1 Presentation of the findings:

The findings from this summary are reported on in two sections:

- Individual findings by town/centre
 - 4.1 Cooma
 - 4.2 Lismore
 - 4.3 Bourke
 - 4.4 Wagga Wagga
 - 4.5 Orange
- Cross tabulation analysis (Section 5)

4 Survey Findings

4.1 Cooma

4.1.1 Choice of Electricity Provider

Summary and Key Findings:

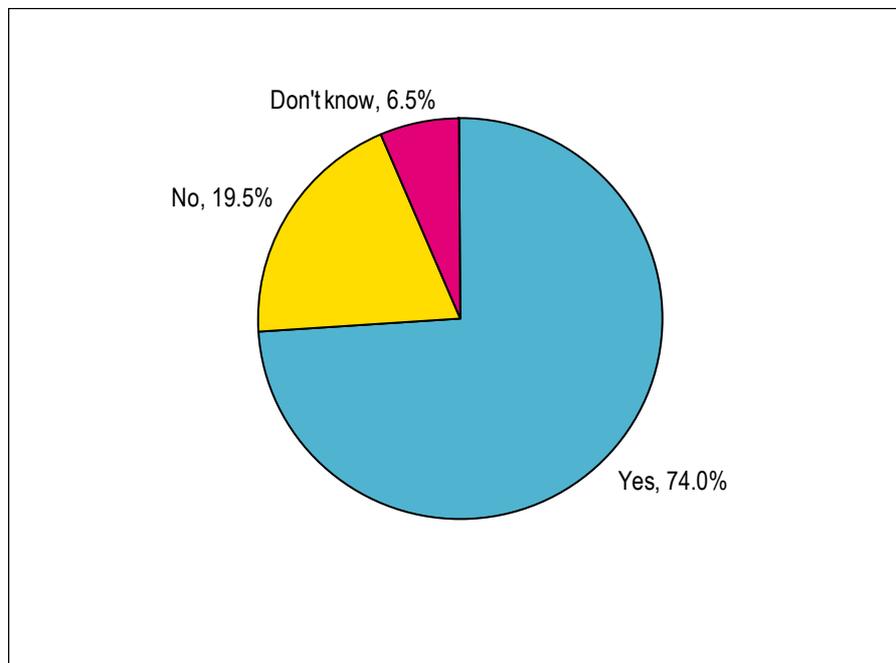
A key focus of the survey was to investigate individuals' perceptions of whether they had a choice of companies that could supply them with electric power, and which provider they were currently purchasing electricity from. The key findings of this section are:

- The majority of respondents to the survey stated they had a choice in which company they purchased electricity from.
- Around half of the respondents were aware of between 1 to 3 other companies they could buy electricity from in their area.
- Almost three quarters of respondents in Cooma purchased electricity from one provider, although twelve different sources were identified in total.

Choice of Electricity Provider

Most respondents to the survey (74%) believed they had the ability to choose which company they purchased electricity from (Figure 1).

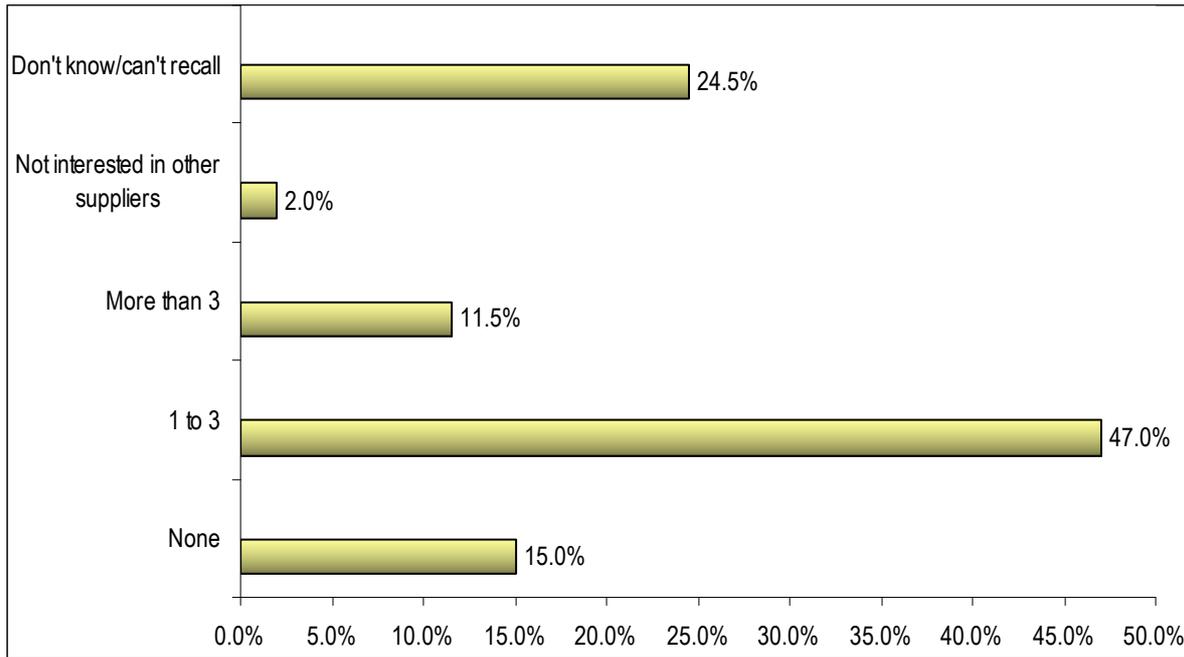
Figure 1 - Ability to choose electricity provider (Survey Question B1)



Source: Survey Data 2010, N=200; Single response question.

There was a mixed response to the question “How many other companies do you think you can buy electricity from in your local area?”. Over half of those surveyed stated there were between 1 to 3 other companies, or more than 3 (Figure 2). However, about 15% of respondents revealed that there were no other choices in the area, with a further 25% of individuals who did not know or could not recall alternative electricity suppliers. This could either suggest a lack of awareness about other electricity providers, or a lack of adequate competition in the electricity market in the area.

Figure 2 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3)

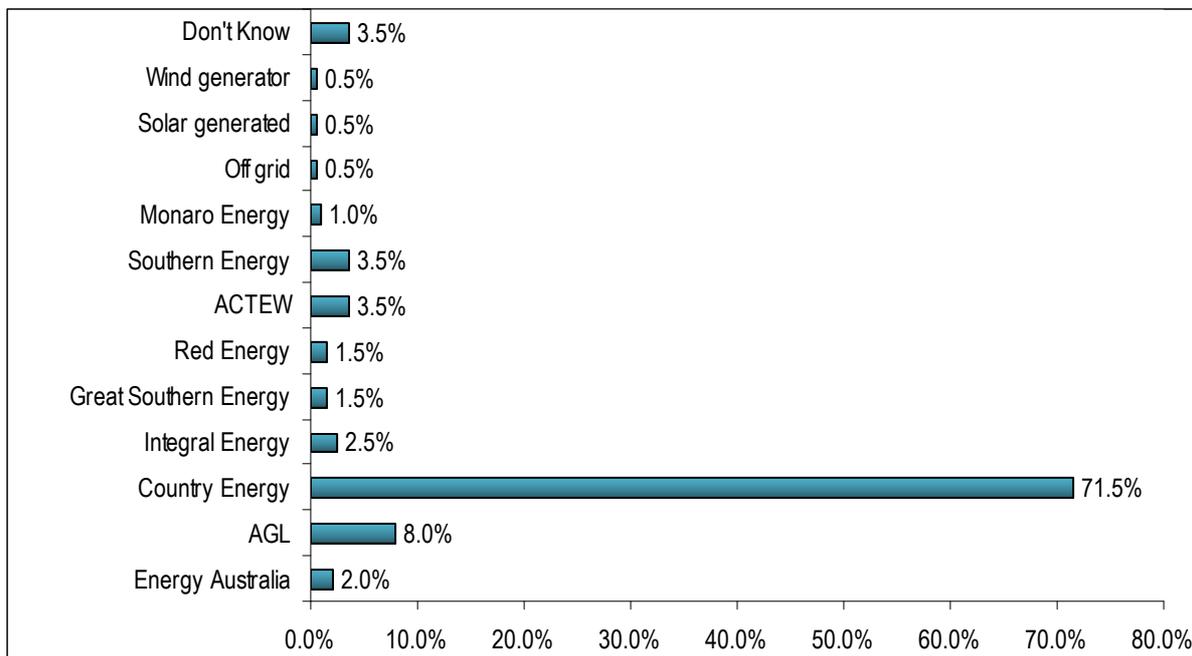


Source: Survey Data 2010, N=200; Single response question.

Current electricity provider

Respondents were asked to identify their current electricity supplier. Their answers reveal that although most Cooma residents purchase electricity from a single provider, a range of options are available. Figure 3 below outlines which company respondents were buying electricity from at the time of the survey. Most respondents (72%) purchased electricity from Country Energy, followed by AGL (8%) ACTEW and Southern Energy (4%). Overall, nine different companies were identified by the majority. Five respondents also highlighted other options, including Monaro Energy; off grid; solar generated power; and wind generator.

Figure 3 - Current electricity provider (Survey Question B2)



Source: Survey Data 2010, N=200; Single response question.

4.1.2 Being in contact with another electricity company

Summary and Key Findings:

The survey sought to determine whether respondents had ever been contacted by an electricity company or directly approached an electricity company, and what happened as a result. The key findings of this section are:

- Close to 6 out of 10 respondents have never been contacted by any electricity company.
- Two in five respondents who had been contacted received a phone call, followed by a visit.
- Most of the respondents who were contacted by an electricity supplier were currently with a different company.
- Despite the contact, most of the respondents decided to stay with their existing electricity supplier with the existing arrangements.
- Almost all of the respondents have never personally approached an electricity company.
- Of the proportion who have (n=16), the main reason was due to moving property, followed by price comparison, and unhappiness with the other supplier.
- Over half of these respondents (n=9) approached a different electricity supplier, while 5 individuals contacted their current company, and the remainder contacted both.
- As a result of the contact, most (n=11) respondents decided to stay with their existing company, while 5 respondents changed electricity provider.
- Of those who had contacted an electricity company (n=16), almost all have never been refused an offer by the supplier. The main reasons for refusal to sell electricity was that the company did not supply in the area, or that the company was not interested or did not want to help the consumer.

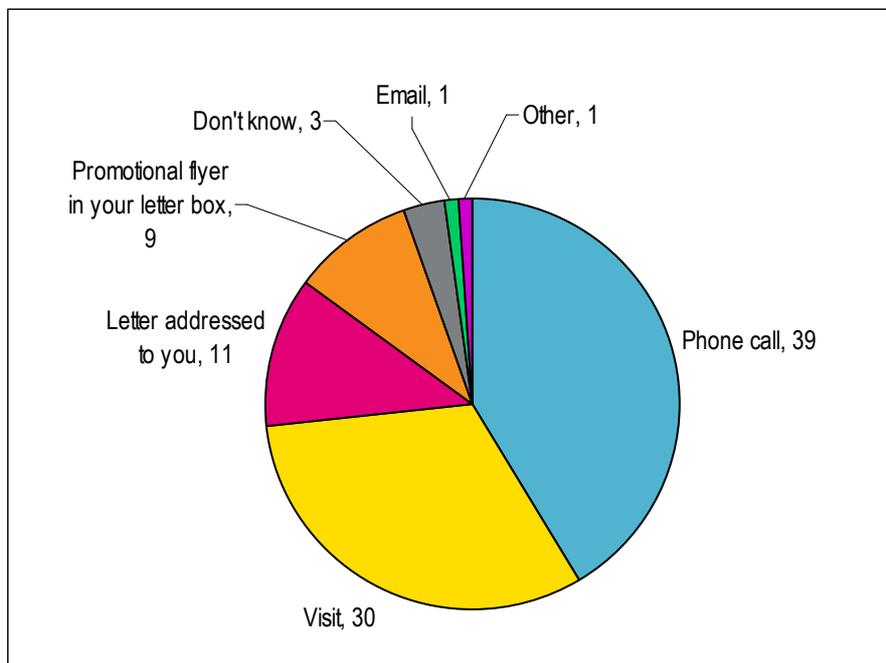
Being contacted by another electricity company

It appears that over half of respondents (59%) have never been contacted by an electricity company. For the purpose of the survey, the following instructions were given to the interviewer:

‘Contact’ must be a phone call, visit, a specific letter addressed to occupants, a flyer in the letter box, or an invitation to ask for an offer when moving house. A general notice attached to a bill is not defined as an ‘approach’.

For those respondents who were approached by an electricity company (n=78), Figure 4 below indicates the form of contact. It is important to note that participants could be contacted by more than one means. A telephone call was the most common means (n=39), followed by a visit (n=30), personally addressed letter (n=11), promotional flyer (n=9), and email (n=1).

Figure 4 – Form of contact electricity supplier had with respondent (Survey Question B4a)



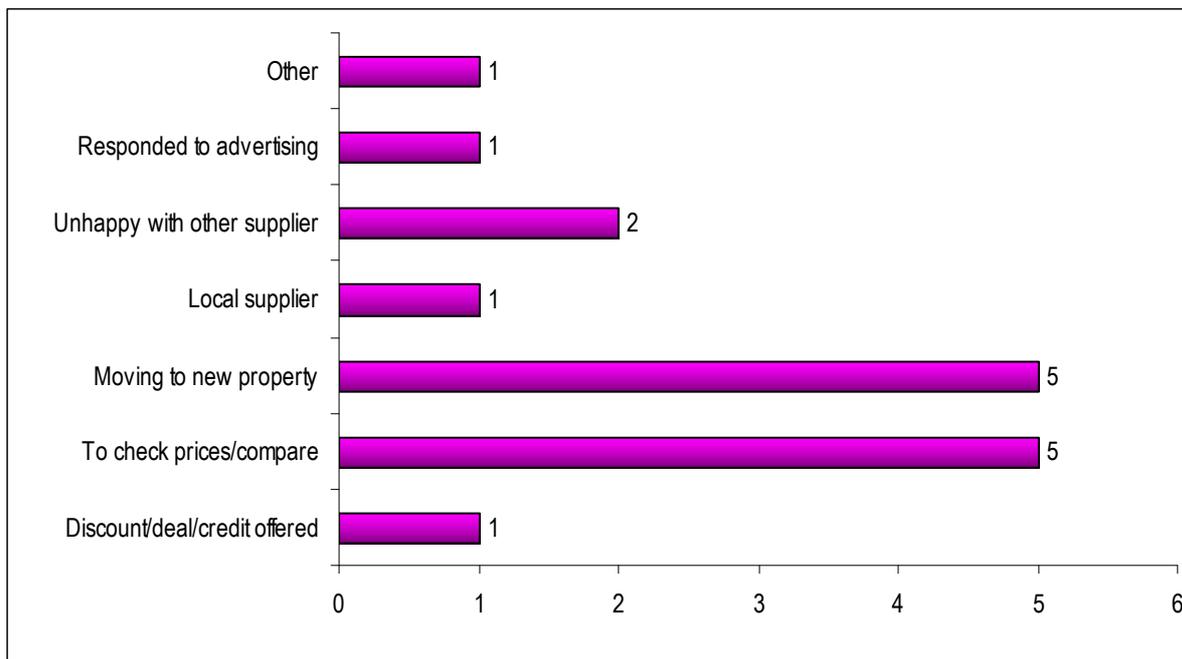
Source: Survey Data 2010, N=78; Multiple response question.

In most cases, it was a different electricity company that was approaching clients (n=67), with only 5 respondents being contacted by both an existing and new supplier. As a result, 62 respondents decided to stay with their existing electricity provider, while the remainder of individuals changed to a different company.

Making contact with an electricity company

Almost all of the respondents have never personally approached an electricity company (92%). Of those who have (n=16), one third attributed this to moving property (n=5) followed by price check and comparison (n=5), and due to unhappiness with the other supplier (n=2). Figure 5 outlines the full range of reasons given by respondents.

Figure 5 - Reasons why respondents contacted electricity supplier (Survey Question B6b)



Source: Survey Data 2010, N=16; Single response question.

Of the 16 respondents who approached an electricity company, 9 contacted a new supplier, 5 approached their current company, while 2 respondents contacted both.

As a result of the communication exchange, 10 of these clients decided to stay with their existing energy company, 1 negotiated a new arrangement with their current company, and 5 changed suppliers.

Dealing with other companies

To gain a better understanding of service provision in the electricity market, respondents were also asked about their experience in dealing with other companies. This question applied to just under one fifth of all respondents (n=16), most of whom (n=14) stated they had never been refused electricity by a supplier. Of the two individuals who had been declined an offer by a company, one reason was that the company did not supply electricity/it was not available in the area, while the other reason was that the company was not interested and did not want to help the individual.

4.1.3 Changing Electricity Providers

Summary and Key Findings:

An important aspect of the survey was to ascertain whether respondents have previously changed electricity providers, their main motive for the decision, and how the change affected their electricity bills. For those who have stayed with their existing company, it was equally important to understand the respondents' reasoning behind this. Respondents were read out fixed choice answers, but could comment on additional reasons which were not prompted by the survey. The key findings of this section are:

- Three quarters of all respondents (n=149) have never changed electricity providers.
- The main reason given is that they are happy with their current supplier, followed by being unaware of the option to choose.

- Of the 50 respondents who have changed providers, two thirds (n=33) have changed once since January 2002, while 16% (n=8) have changed between two and five times.
- For these individuals, cheaper price was the most common reason given, followed by better service, 'other' reasons, and unawareness of other suppliers in the area.
- As a result of the switch, the electricity bills went down for about one third of respondents and stayed the same for just under one third. Some people reported an increase in payments since the transition.

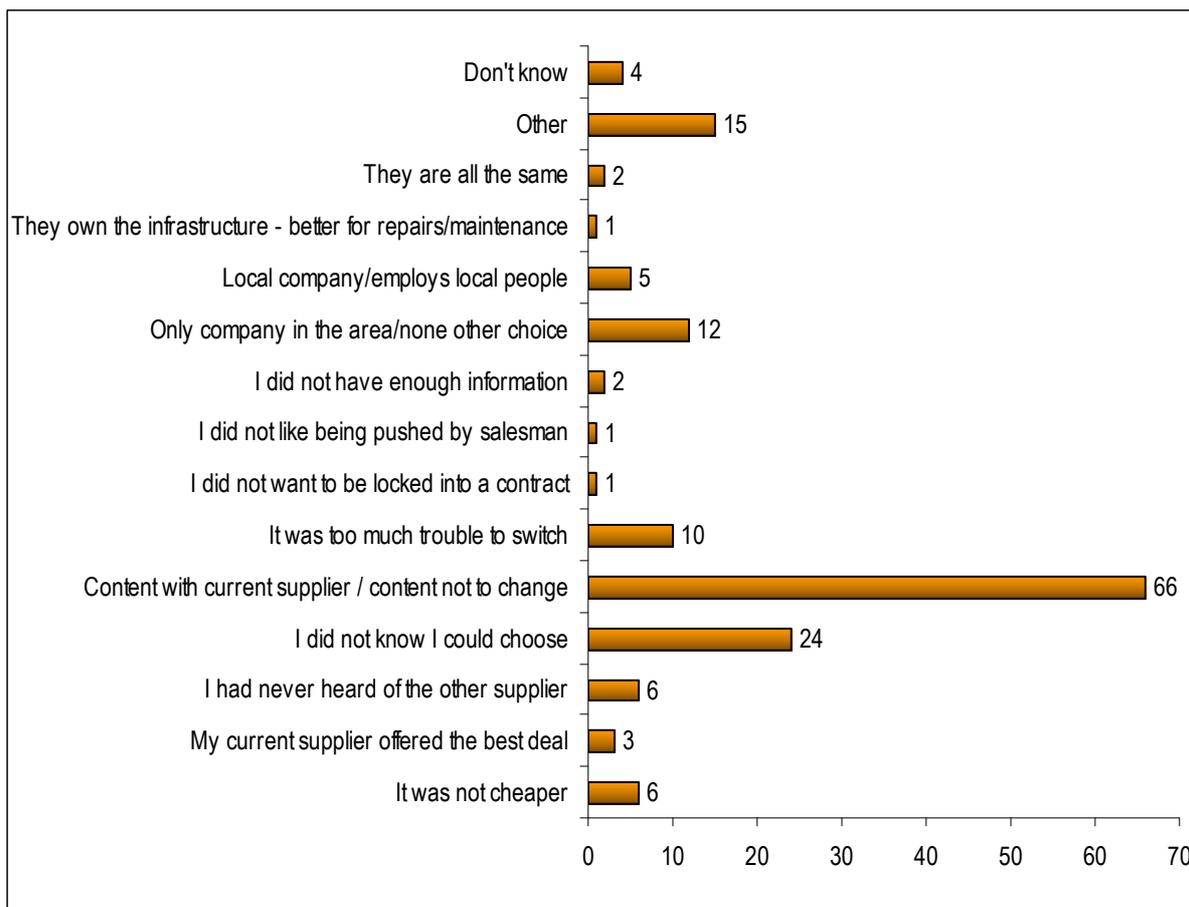
Changing electricity providers

Respondents were asked whether they had ever changed their electricity provider. One quarter of respondents stated they had previously switched suppliers.

Respondents who have not changed

A total of 158 respondents have always remained with their existing service, and stated contentment with their current company as the main reason (n=66) (Figure 6). This was followed by lack of knowledge about the option to choose (n=24), existing company being the only one in the area (n=12), and too much trouble to switch (n=10). Figure 6 outlines the range of reasons proposed by the respondents.

Figure 6 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13).

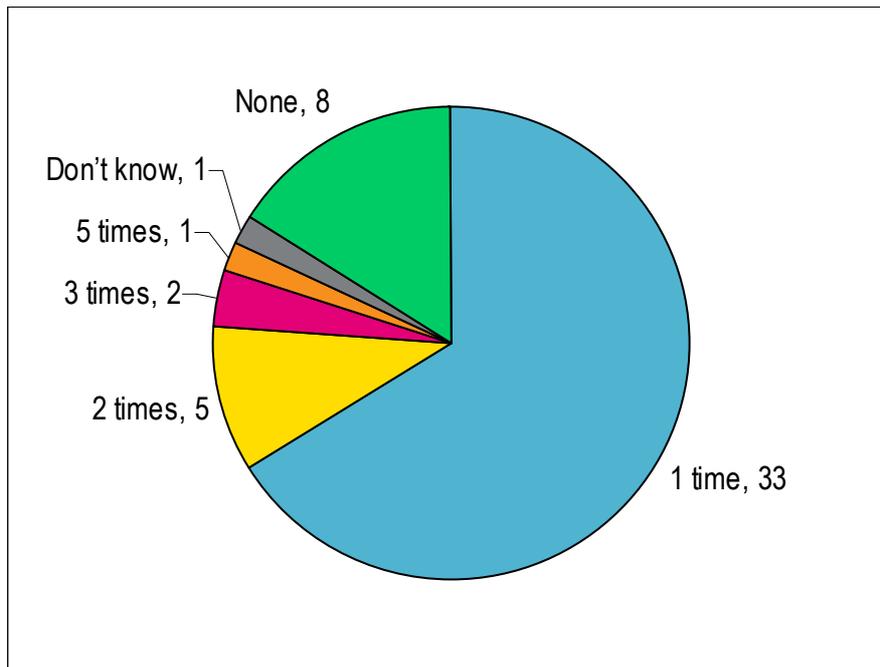


Source: Survey Data 2010, N=158; Single response question.

Respondents who have changed

The remaining 50 respondents who indicated they had switched energy suppliers were asked how many times this has occurred since January 2002. Two thirds (n=33) of respondents had only changed once, while 8 had changed between 2-5 times, or none, respectively (Figure 7).

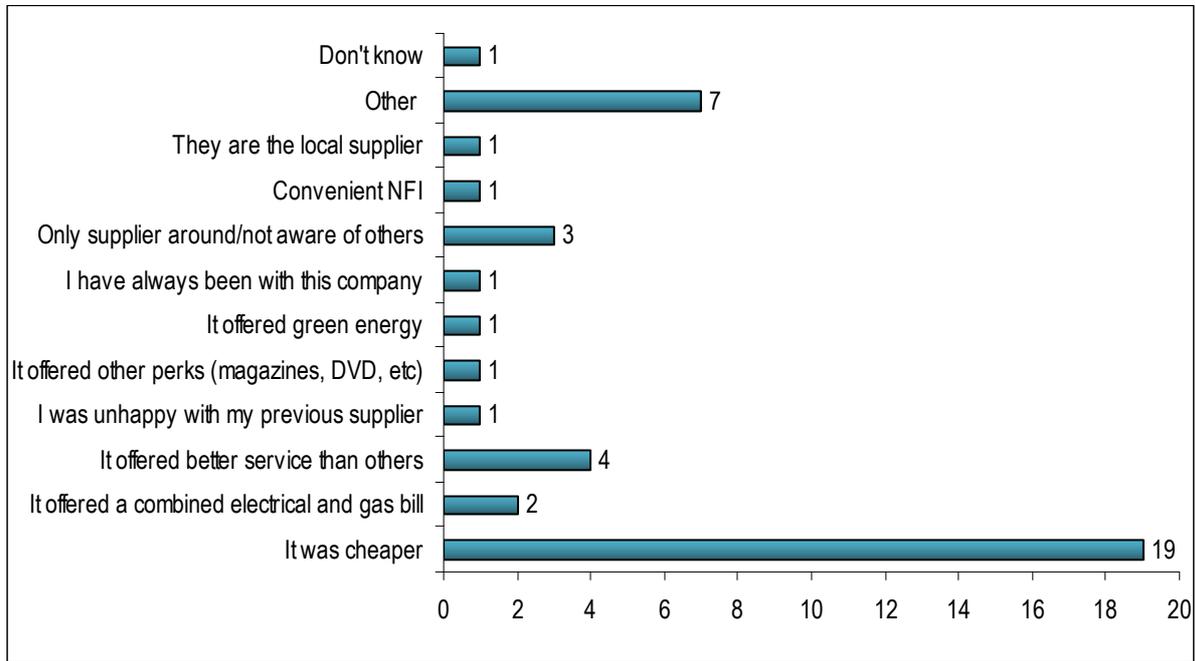
Figure 7 – Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10)



Source: Survey Data 2010; N=50; Single response question.

A total of 42 respondents listed reasons for changing electricity suppliers. As Figure 8 indicates, almost half of these individuals were able to get a lower price at a different company (n=19). Respondents also valued better service at the new company (n=4), or did not think they had an option as it was the only service in the area or they were unaware of others (n=3).

Figure 8 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11)

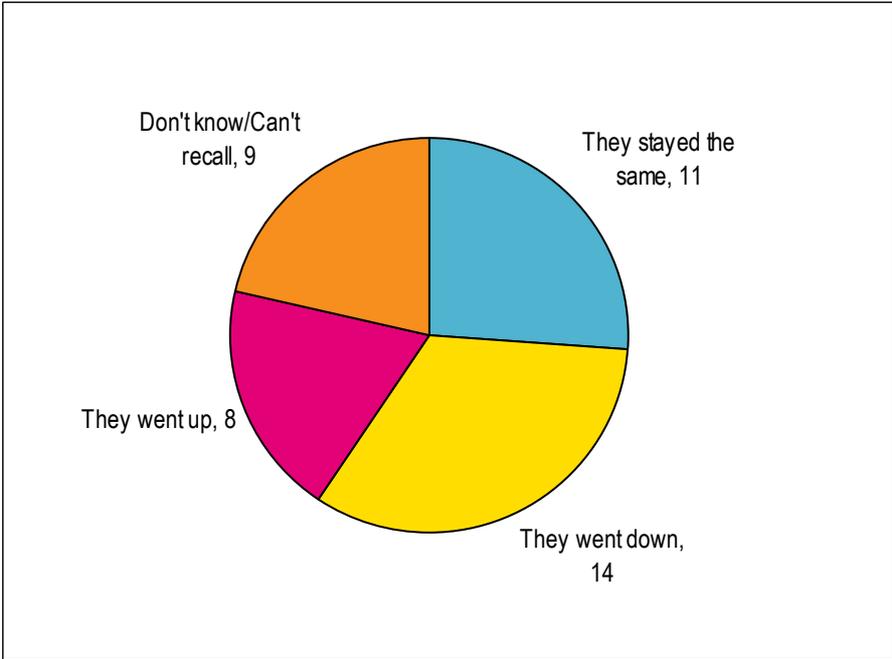


Source: Survey Data, 2010, N=42; Single response answer.

It was anticipated that price would be one of the key factors persuading individuals to change electricity companies. For this reason, a follow-up question was asked about the effect that the switch had on the electricity bill amount. About one third of individuals (n=14) stated that the bill amount decreased, whilst many indicated that the amount stayed the same. For one fifth of those who switched (n=8), the electricity bill was higher than with their previous company (Figure 9).

Some respondents found it difficult to comment on whether the switch in supplier had resulted in lower electricity bills given a market characterised by steadily increasing electricity costs.

Figure 9 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a)



Source: Survey Data 2010, N=42; Single response question.

4.2 Lismore

4.2.1 Choice of Electricity Provider

Summary and Key Findings:

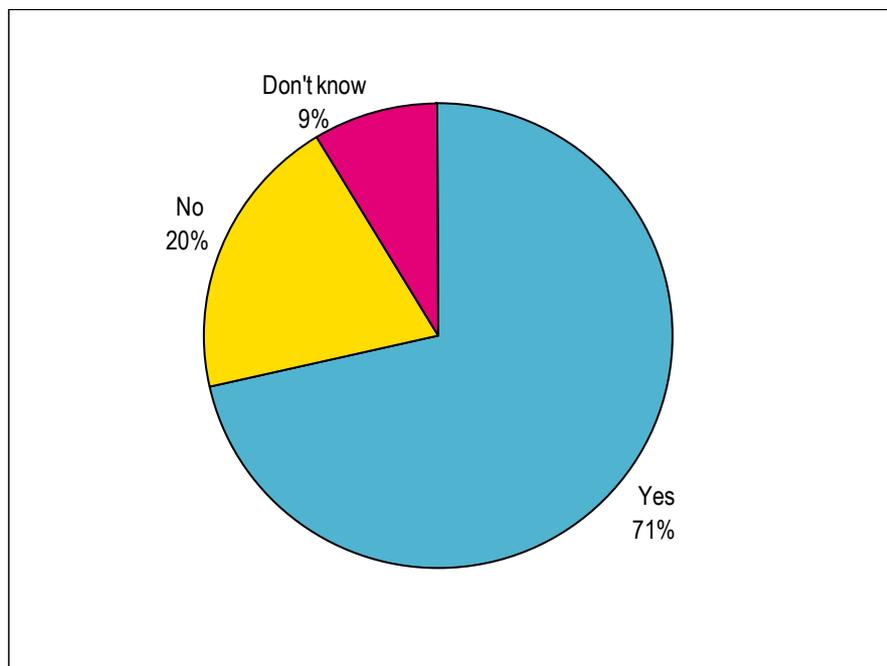
A key focus of the survey was to investigate individuals' perceptions of whether they had a choice of companies that could supply them with electric power, and which provider they were currently purchasing electricity from. The key findings of this section are:

- The majority of respondents to the survey stated they had a choice in which company they purchased electricity from.
- Around half of the respondents were aware of between 1 to 3 or more alternative companies they could buy electricity from in their area.
- Three quarters of respondents in Lismore purchased electricity from one provider, although nine different providers were identified in total.

Choice of Electricity Provider

Most respondents to the survey (71.5%) believed they had the ability to choose which company they purchased electricity from (Figure 10).

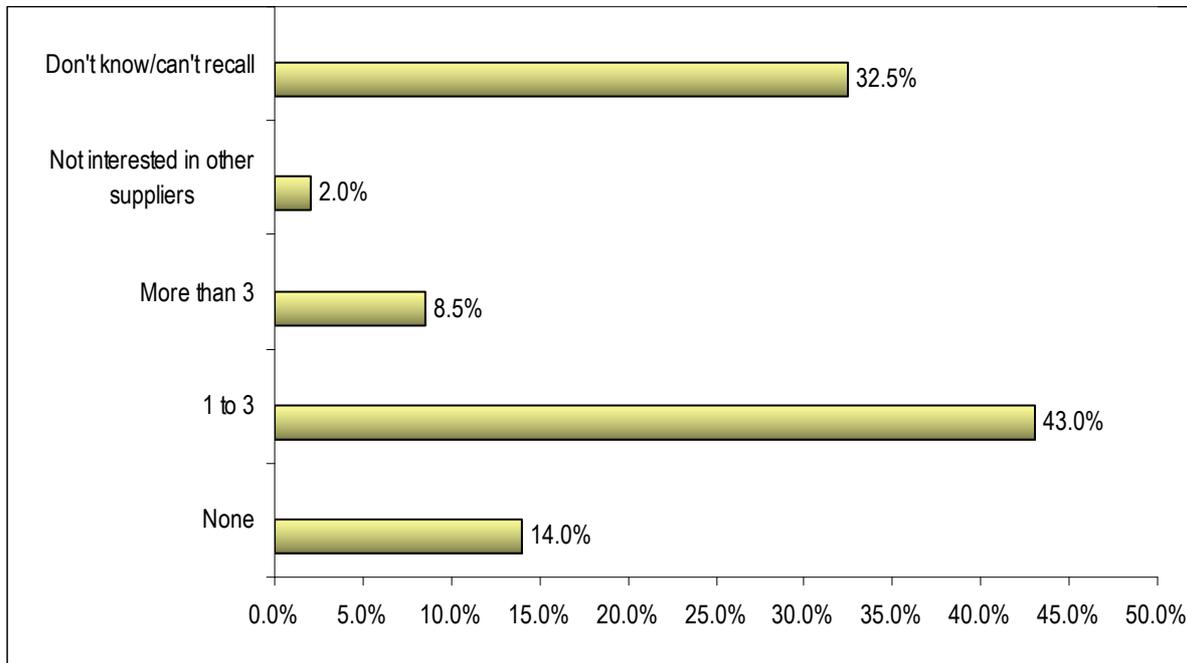
Figure 10 - Ability to choose electricity provider (Survey Question B1)



Source: Survey Data 2010, N=200; Single response question.

There was a mixed response to the question “How many other companies do you think you can buy electricity from in your local area?”. Over half of those surveyed stated there were between 1 to 3 other companies, or more than 3 (Figure 11). However, about 14% of respondents revealed that there were no other choices in the area, with a further 32.5% of individuals who did not know or could not recall alternative electricity suppliers. This could either suggest a lack of awareness about other electricity providers, or a lack of adequate competition in the electricity market in the area.

Figure 11 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3)

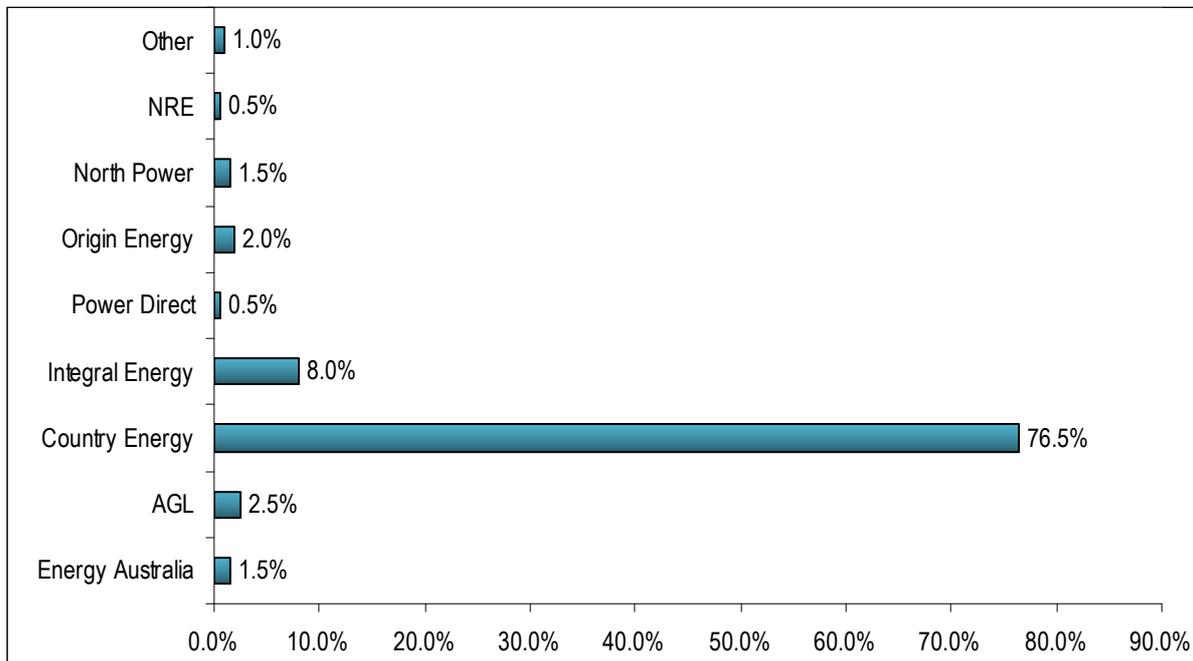


Source: Survey Data 2010, N=200; Single response question.

Current electricity provider

Respondents were asked to identify their current electricity supplier. Their answers reveal that although most Lismore residents purchase electricity from a single provider, a range of options are available. Figure 12 below outlines which company respondents were buying electricity from at the time of the survey. Most respondents (76.5%) purchased electricity from Country Energy, followed by Integral Energy (8%) AGL (2.5%) and Origin Energy (2%). Overall, nine different providers were identified by respondents.

Figure 12 - Current electricity provider (Survey Question B2)



Source: Survey Data 2010, N=200; Single response question.

4.2.2 Being in contact with another electricity company

Summary and Key Findings:

The survey sought to determine whether respondents had ever been contacted by an electricity company or directly approached an electricity company, and what happened as a result. The key findings of this section are:

- Around half of respondents have never been contacted by any electricity company.
- Two thirds of respondents who had been contacted were visited by a representative, while one third received a phone call.
- Most of the respondents who were contacted by an electricity supplier were currently with a different company.
- Despite the contact, most of the respondents decided to stay with their existing electricity supplier with the existing arrangements.
- Almost all of the respondents have never personally approached an electricity company.
- Of the proportion who have (n=20), the main reason was to check prices and compare, followed by enquiries about green energy.
- Most of the respondents (n=16) approached a different electricity supplier, while 2 individuals contacted their current company, and the remainder contacted both.
- As a result of the contact, most (n=12) respondents decided to stay with their existing company, while 8 respondents changed electricity providers.
- Of those who had contacted an electricity company (n=20), none had been refused service by the company

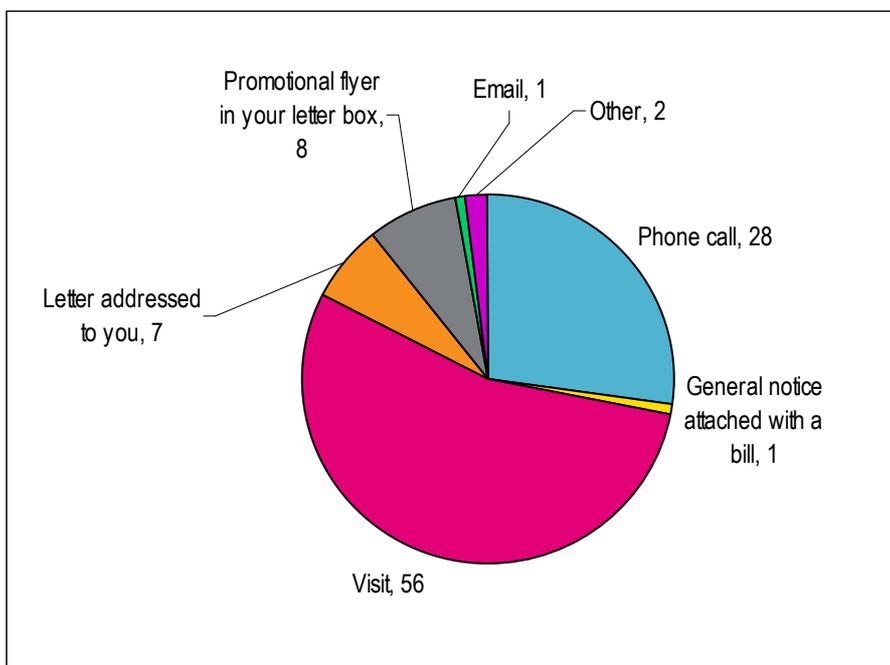
Being contacted by another electricity company

It appears that over half of respondents (55%) have never been contacted by an electricity company. For the purpose of the survey, the following instructions were given to the interviewer:

‘Contact’ must be a phone call, visit, a specific letter addressed to occupants, a flyer in the letter box, or an invitation to ask for an offer when moving house. A general notice attached to a bill is not defined as an ‘approach’.

For those respondents who were approached by an electricity company (n=87), Figure 13 below indicates the form of contact. It is important to note that participants could be contacted by more than one means. A visit to the household was the most common means (n=56), followed by a phone call (n=28), promotional flyer in the letter box (n=8), and a personally addressed letter (n=7).

Figure 13 - Form of contact electricity supplier had with respondent (Survey Question B4a)



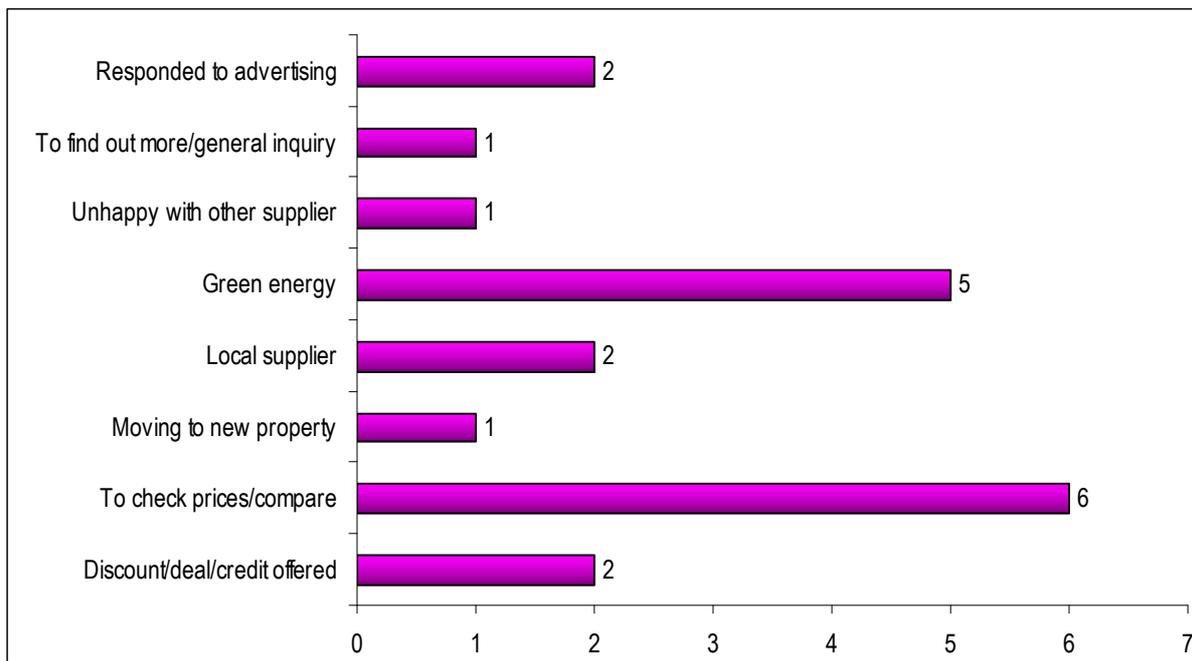
Source: Survey Data 2010, N=87; Multiple response question.

In most cases, it was a different electricity company that was approaching clients (n=69), with only 11 respondents being contacted by both an existing and new supplier. As a result, 59 respondents decided to stay with their existing electricity provider, of which 2 respondents entered into new arrangements with their existing electricity company. The remainder of individuals (n=28) changed to a different company.

Making contact with an electricity company

Almost all of the respondents have never personally approached an electricity company (90%). Of those who have (n=20), one third attributed this to price comparison (n=6), followed by enquiries about green energy (n=5). Figure 14 outlines the full range of reasons given by respondents.

Figure 14 - Reasons why respondents contacted electricity supplier (Survey Question B6b)



Source: Survey Data 2010, N=20; Single response question.

Of the 20 respondents who approached an electricity company, 16 contacted a new supplier, 2 approached their current company, while 2 respondents contacted both.

As a result of the communication exchange, 12 of these clients decided to stay with their existing energy company with existing arrangements, and 8 changed electricity companies.

Dealing with other companies

To gain a better understanding of service provision in the electricity market, respondents were also asked about their experience in dealing with other companies. This question applied to just under one fifth of all respondents (n=20), all of whom stated they had never been refused electricity by a supplier.

4.2.3 Changing Electricity Providers

Summary and Key Findings:

An important aspect of the survey was to ascertain whether respondents have previously changed electricity providers, their main motive for the decision, and how the change affected their electricity bills. For those who have stayed with their existing company, it was equally important to understand the respondents' reasoning behind this. Respondents were read out fixed choice answers, but could comment on additional reasons which were not prompted by the survey. The key findings of this section are:

- Three quarters of all respondents (n=147) have never changed electricity providers.
- The main reason given is that they are happy with their current supplier, followed by being unaware of the option to choose, and the difficulty of switching suppliers.
- Of the 53 respondents who have changed providers, two thirds (n=32) have changed once since January 2002, while 30% (n=16) have changed between two and five times.
- For these individuals, cheaper price was the most common reason given, followed by the option of green energy, and better service.

- As a result of the switch, the electricity bills either stayed the same or went down for about one quarter of respondents, respectively. A similar number of people reported an increase in payments since the transition.

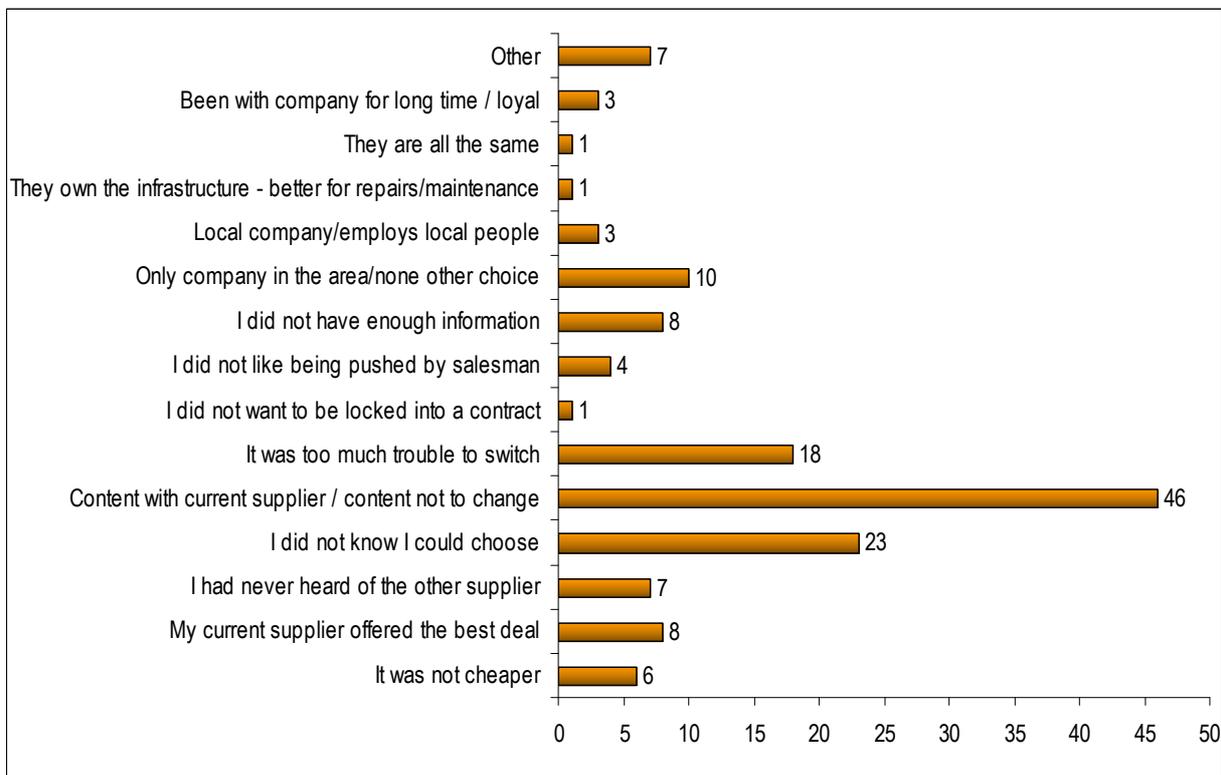
Changing electricity providers

Respondents were asked whether they had ever changed their electricity provider. Just over one quarter of respondents stated they had previously switched suppliers.

Respondents who have not changed

A total of 147 respondents have always remained with their existing service, and stated contentment with their current company as the main reason (n=46) (Figure 15). This was followed by lack of knowledge about the option to choose (n=23), too much trouble to switch (n=18), and the existing company being the only one in the area (n=10). Figure 15 outlines the range of reasons proposed by the respondents.

Figure 15 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13)

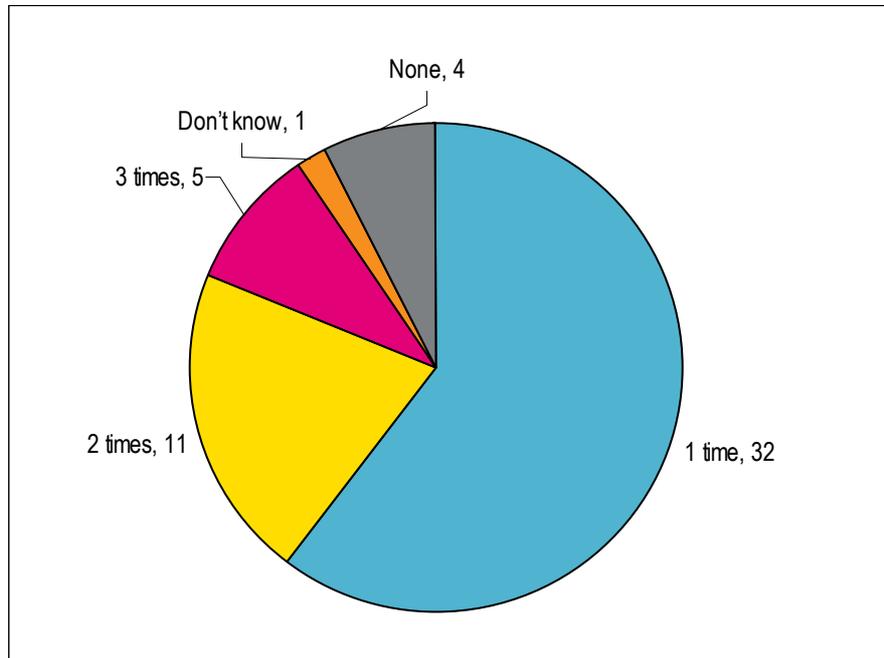


Source: Survey Data 2010, N=151; Single response question.

Respondents who have changed

The remaining 53 respondents who indicated they had switched energy suppliers were asked how many times this has occurred since January 2002. Two thirds (n=32) of respondents had only changed once, while 16 had changed between 2-5 times, and 4 had not switched since that time (Figure 16).

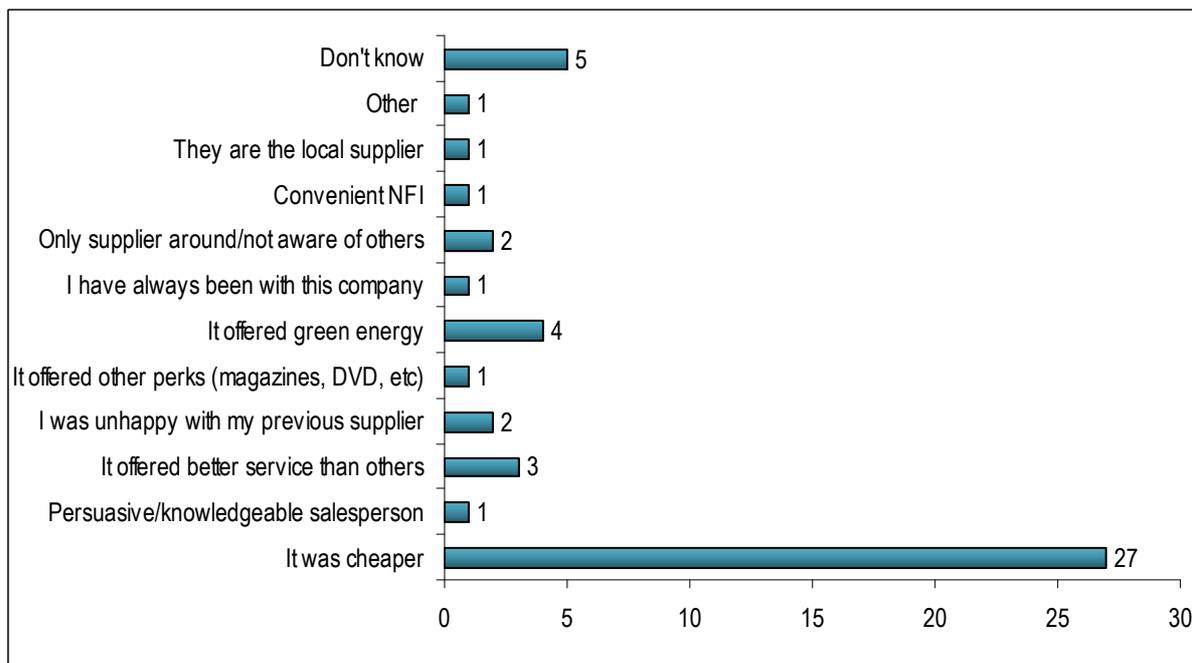
Figure 16 - Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10)



Source: Survey Data 2010, N= 53; Single response question.

A total of 49 respondents listed reasons for changing electricity suppliers. As Figure 17 indicates, over half of these individuals were able to get a lower price at a different company (n=27). Respondents also valued the option of green energy at the new company (n=4), as well as better service (n=3).

Figure 17 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11)

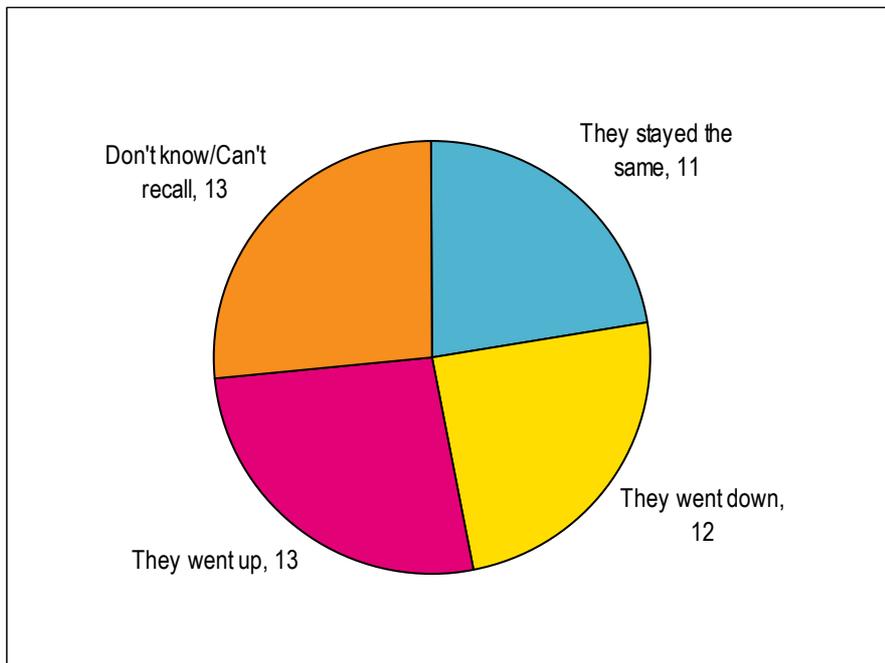


Source: Survey Data 2010, N=49; Single response question.

It was anticipated that price would be one of the key factors persuading individuals to change electricity companies. For this reason, a follow-up question was asked about the effect that the switch had on the electricity bill amount. Responses were divided fairly evenly amongst the categories, with about one quarter of individuals stating the bill had either remained the same, increased, decreased, or they could not recall (Figure 18).

Some respondents found it difficult to comment on whether the switch in supplier had resulted in lower electricity bills given a market characterised by steadily increasing electricity costs.

Figure 18 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a)



Source: Survey Data 2010, N=49; Single response question.

4.3 Bourke

4.3.1 Choice of Electricity Provider

Summary and Key Findings:

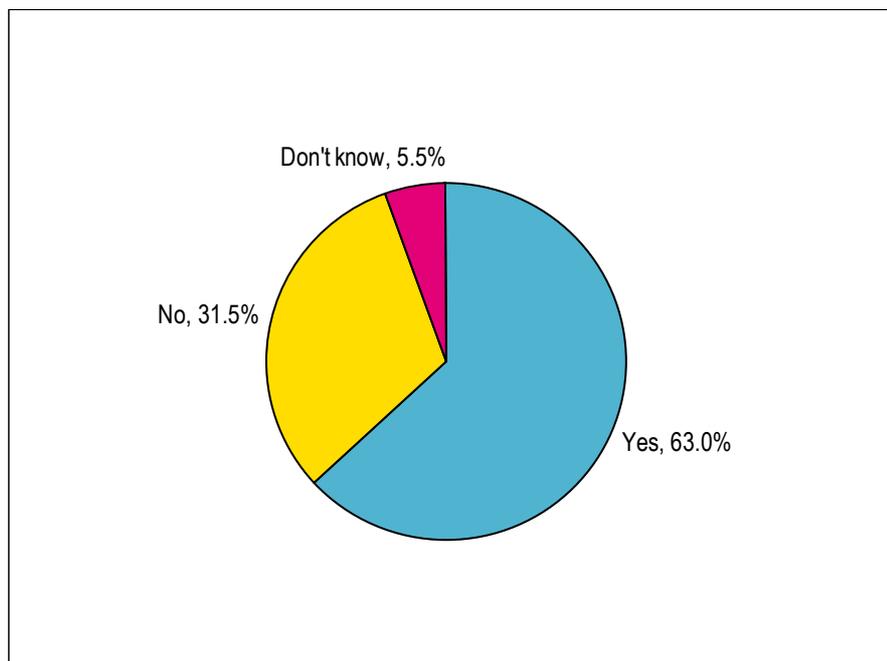
A key focus of the survey was to investigate individuals' perceptions of whether they had a choice of companies that could supply them with electric power, and which provider they were currently purchasing electricity from. The key findings of this section are:

- About two thirds of respondents to the survey stated they had a choice in which company they purchased electricity from.
- Under half of the respondents were aware of between 1 to 3 or more alternative companies they could buy electricity from in their area.
- Four out of five respondents in Bourke purchased electricity from one provider, although nine different providers were identified in total.

Choice of Electricity Provider

Most respondents to the survey (63%) believed they had the ability to choose which company they purchased electricity from (Figure 19).

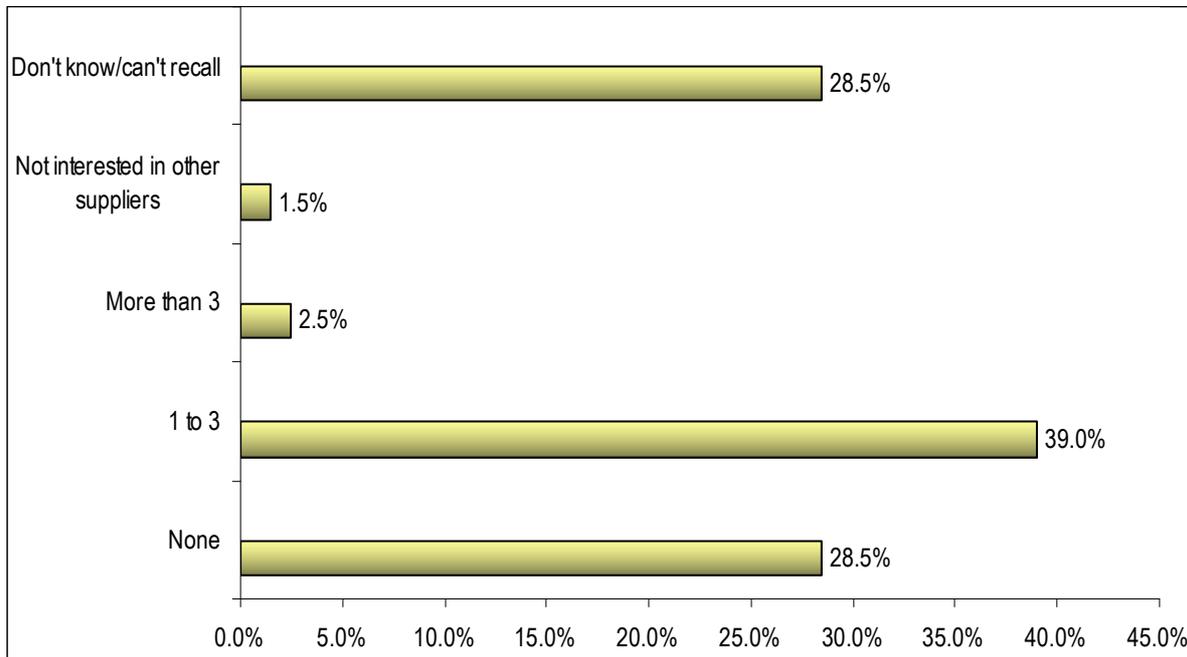
Figure 19 - Ability to choose electricity provider (Survey Question B1)



Source: Survey Data 2010, N=200; Single response question.

There was a mixed response to the question “How many other companies do you think you can buy electricity from in your local area?”. Two out of five respondents stated there were between 1 to 3 other companies, or more than 3 (Figure 20). However, about 28.5% of those surveyed revealed that there were no other choices in the area, with a further 28.5% of individuals who did not know or could not recall alternative electricity suppliers. This could either suggest a lack of awareness about other electricity providers, or a lack of adequate competition in the electricity market in the area.

Figure 20 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3)

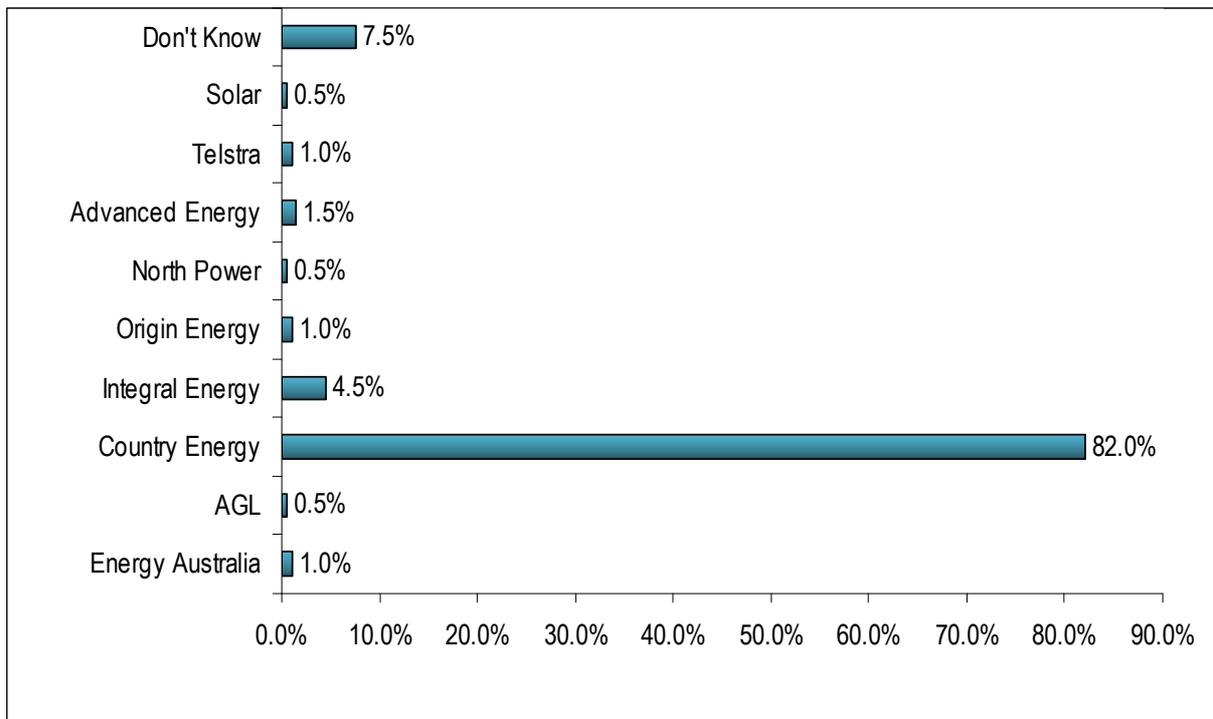


Source: Survey Data 2010, N=200; Single response question.

Current electricity provider

Respondents were asked to identify their current electricity supplier. Their answers reveal that although most Bourke residents purchase electricity from a single provider, a range of options are available. Figure 21 below outlines which company respondents were buying electricity from at the time of the survey. Most respondents (82%) purchased electricity from Country Energy, followed by Integral Energy (4.5%), and Advanced Energy (1.5%). Overall, nine different providers were recognized by respondents.

Figure 21 - Current electricity provider (Survey Question B2)



Source: Survey Data 2010, N=200; Single response question.

4.3.2 Being in contact with another electricity company

Summary and Key Findings:

The survey sought to determine whether respondents had ever been contacted by an electricity company or directly approached an electricity company, and what happened as a result. The key findings of this section are:

- Over half of respondents have never been contacted by any electricity company.
- Three quarters of respondents who had been contacted were visited by a representative, while one quarter received a phone call.
- Most of the respondents who were contacted by an electricity supplier were currently with a different company.
- Despite the contact, most of the respondents decided to stay with their existing electricity supplier with the existing arrangements.
- Almost all of the respondents have never personally approached an electricity company.
- Of the proportion who have (n=3), the main reasons were to check prices and compare or due to moving property.
- Two of the respondents approached their current electricity supplier while one contacted both.
- As a result of the contact, all 3 respondents decided to change their electricity supplier.
- Of those who had contacted an electricity company, none had been refused service by the company.

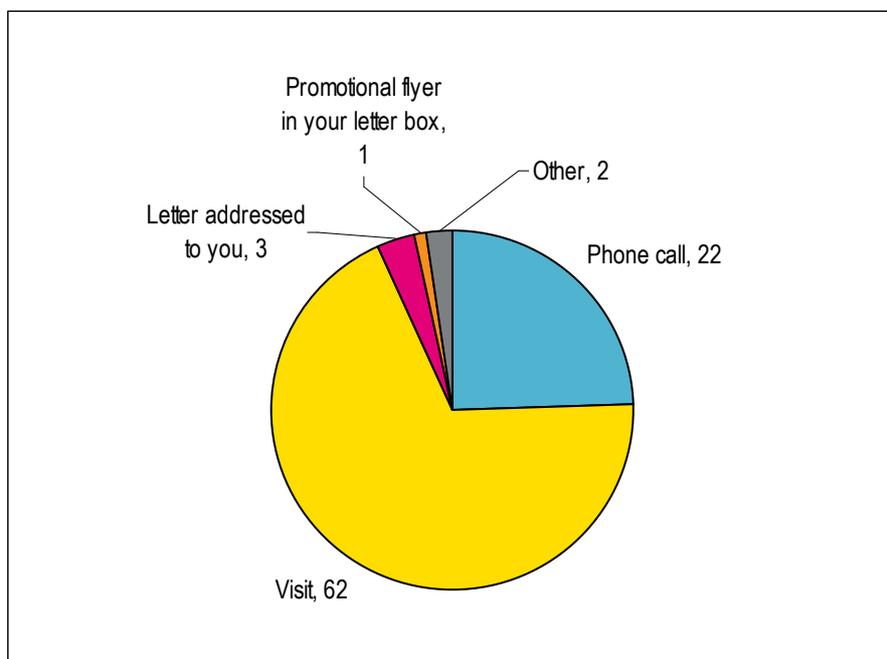
Being contacted by another electricity company

It appears that over half of respondents (59%) have never been contacted by an electricity company. For the purpose of the survey, the following instructions were given to the interviewer:

‘Contact’ must be a phone call, visit, a specific letter addressed to occupants, a flyer in the letter box, or an invitation to ask for an offer when moving house. A general notice attached to a bill is not defined as an ‘approach’.

For those respondents who were approached by an electricity company (n=80), Figure 22 below indicates the form of contact. It is important to note that participants could be contacted by more than one means. A visit to the household was the most common means (n=62), followed by a phone call (n=22), a personally addressed letter (n=3), and a promotional flyer in the letter box (n=1).

Figure 22 - Form of contact electricity supplier had with respondent (Survey Question B4a)



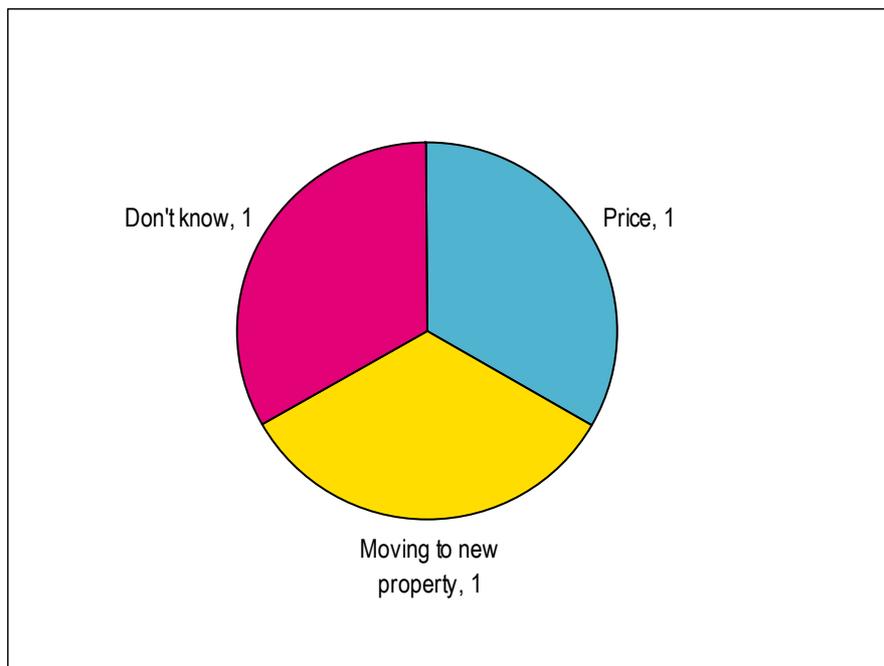
Source: Survey Data 2010, N=80; Multiple response question.

In most cases, it was a different electricity company that was approaching clients (n=72), with only 1 respondent being contacted by both an existing and new supplier. As a result, 64 respondents decided to stay with their existing electricity provider, of which 1 respondent entered into new arrangements. The remainder of individuals (n=16) changed to a different company.

Making contact with an electricity company

Almost all of the respondents have never personally approached an electricity company (99%). Of those who have (n=3), one individual attributed this to price comparison, one was moving to a new property, and the third respondent could not recall. Figure 23 outlines the reasons given by respondents.

Figure 23 - Reasons why respondents contacted electricity supplier (Survey Question B6b)



Source: Survey Data 2010, N=3; Single response question.

Of the 3 respondents who approached an electricity company, 2 approached their current company, while 1 respondent contacted both their existing provider as well as a new one.

As a result of the communication exchange, all 3 respondents changed electricity companies.

Dealing with other companies

To gain a better understanding of service provision in the electricity market, respondents were also asked about their experience in dealing with other companies. This question applied to only 3 respondents, all of whom stated they had never been refused electricity by a supplier.

4.3.3 Changing Electricity Providers

Summary and Key Findings:

An important aspect of the survey was to ascertain whether respondents have previously changed electricity providers, their main motive for the decision, and how the change affected their electricity bills. For those who have stayed with their existing company, it was equally important to understand the respondents' reasoning behind this. Respondents were read out fixed choice answers, but could comment on additional reasons which were not prompted by the survey. The key findings of this section are:

- Most respondents (n=162) have never changed electricity providers.
- The main reason given is that they are happy with their current supplier, followed by being unaware of the option to choose, and unfamiliarity with the other suppliers.
- Of the 37 respondents who have changed providers, two thirds (n=25) have changed once since January 2002, while 21% (n=8) have changed between two and five times.
- For these individuals, cheaper price was the most common reason given, followed by the option of green energy.

- As a result of the switch, the electricity bills went down for almost half of all respondents and stayed the same for about one in five individuals. Some people reported an increase in payments since the transition.

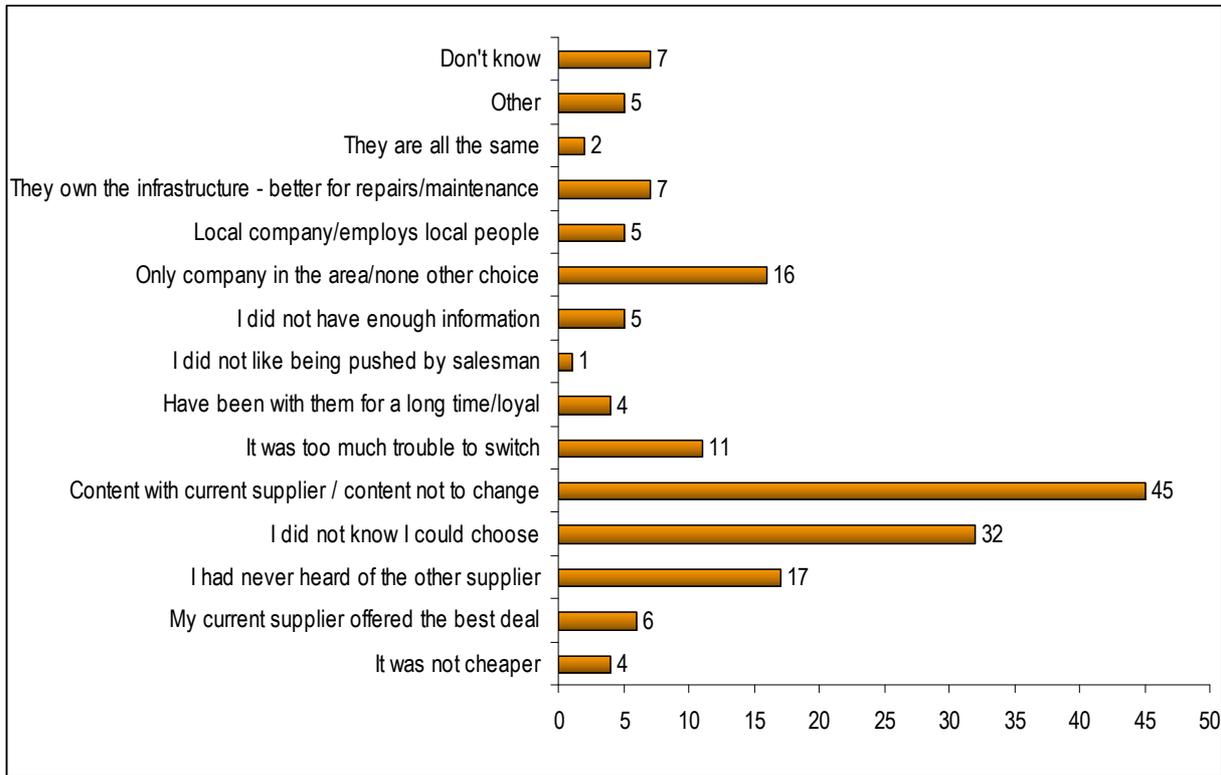
Changing electricity providers

Respondents were asked whether they had ever changed their electricity provider. Around one in five respondents stated they had previously switched suppliers.

Respondents who have not changed

A total of 167 respondents have always remained with their existing service, and stated contentment with their current company as the main reason (n=45) (Figure 24). This was followed by lack of knowledge about the option to choose (n=32), unfamiliar with the other supplier (n=17), and existing company being the only one in the area (n=16). Figure 24 outlines the range of reasons proposed by the respondents.

Figure 24 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13)

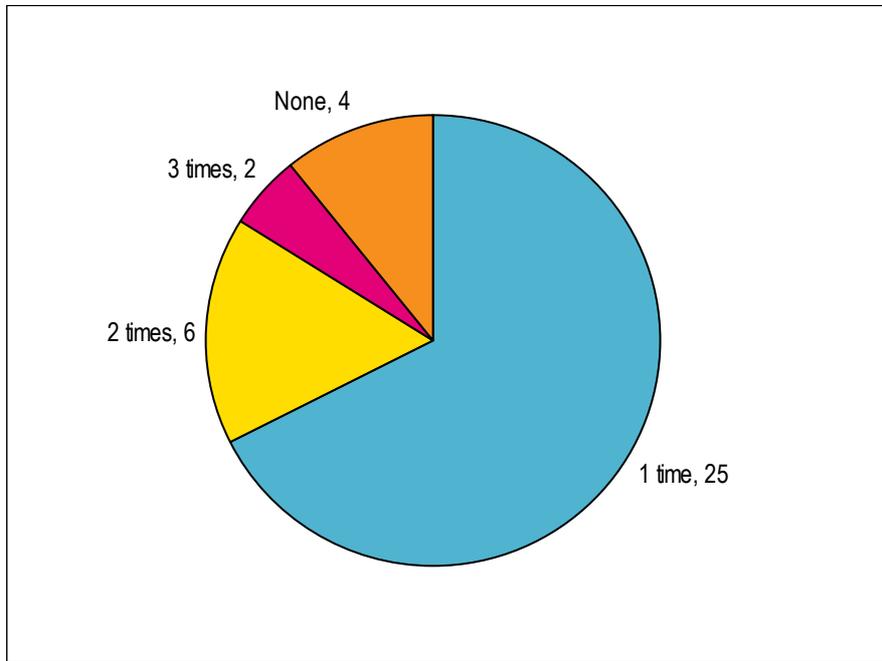


Source: Survey Data 2010, N=167, Single response question.

Respondents who have changed

The remaining 53 respondents who indicated they had switched energy suppliers were asked how many times this has occurred since January 2002. Two thirds (n=25) of respondents had only changed once, while 8 had changed between 2-5 times, and 4 had not switched since that time (Figure 25).

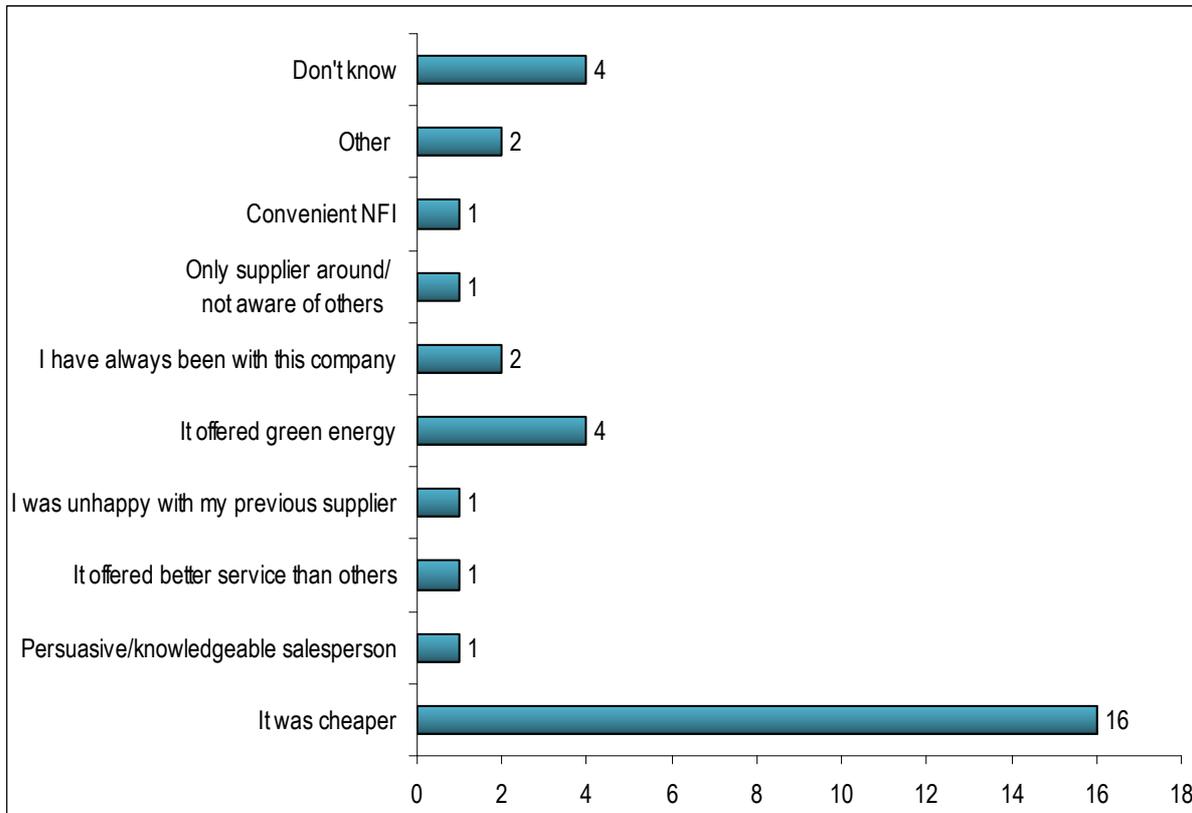
Figure 25 - Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10)



Source: Survey Data 2010, N=37; Single response question.

A total of 33 respondents listed reasons for changing electricity suppliers. As Figure 26 indicates, around half of these individuals were able to get a lower price at a different company (n=16), followed by the option of green energy at the new company (n=4).

Figure 26 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11)

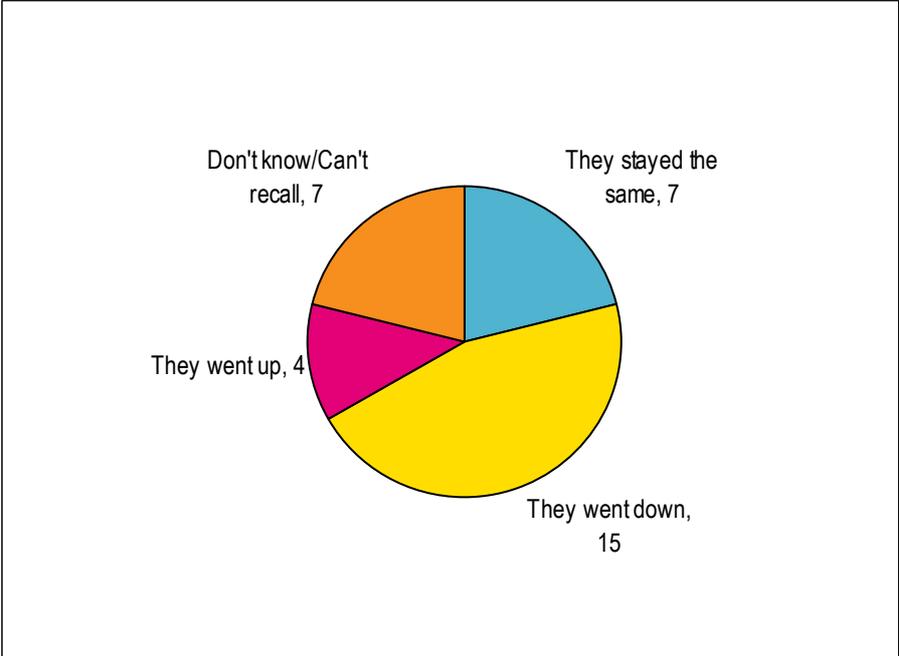


Source: Survey Data 2010, N=33; Single response question.

It was anticipated that price would be one of the key factors persuading individuals to change electricity companies. For this reason, a follow-up question was asked about the effect that the switch had on the electricity bill amount. Just under half of individuals (n=15) stated that the bill amount had decreased, while 7 respondents indicated that the amount stayed the same, with 4 indicating it had increased (Figure 27).

Some respondents found it difficult to comment on whether the switch in supplier had resulted in lower electricity bills given a market characterised by steadily increasing electricity costs.

Figure 27 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a)



Source: Survey Data NSW, N= 33; Single response question.

4.4 Wagga Wagga

4.4.1 Choice of Electricity Provider

Summary and Key Findings:

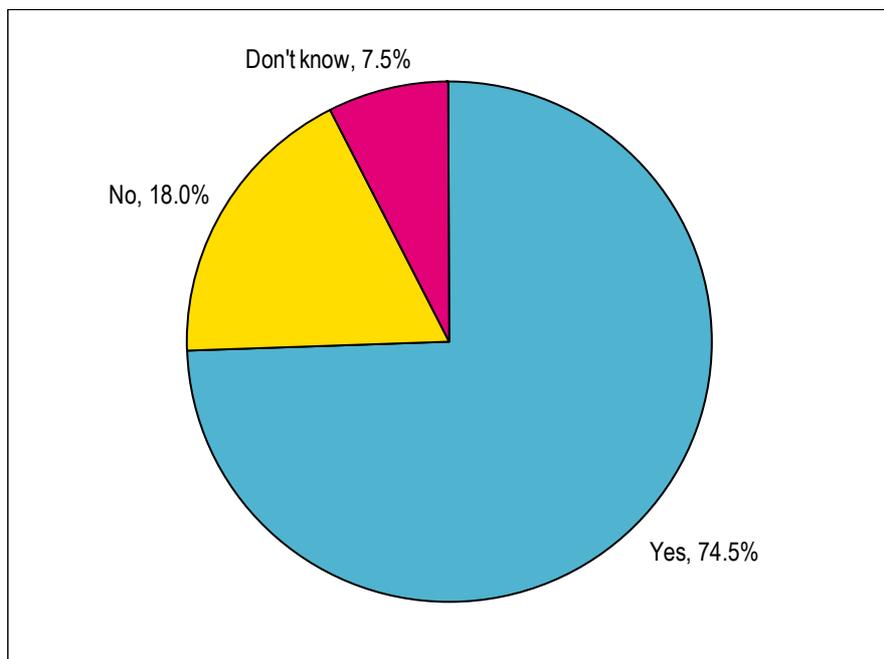
A key focus of the survey was to investigate individuals' perceptions of whether they had a choice of companies that could supply them with electric power, and which provider they were currently purchasing electricity from. The key findings of this section are:

- Three quarters of respondents to the survey stated they had a choice in which company they purchased electricity from.
- Over half of the respondents were aware of between 1 to 3 or more alternative companies they could buy electricity from in their area.
- Three quarters of respondents in Wagga Wagga purchased electricity from one provider, although nine different providers were identified in total.

Choice of Electricity Provider

Most respondents to the survey (74.5%) believed they had the ability to choose which company they purchased electricity from (Figure 28).

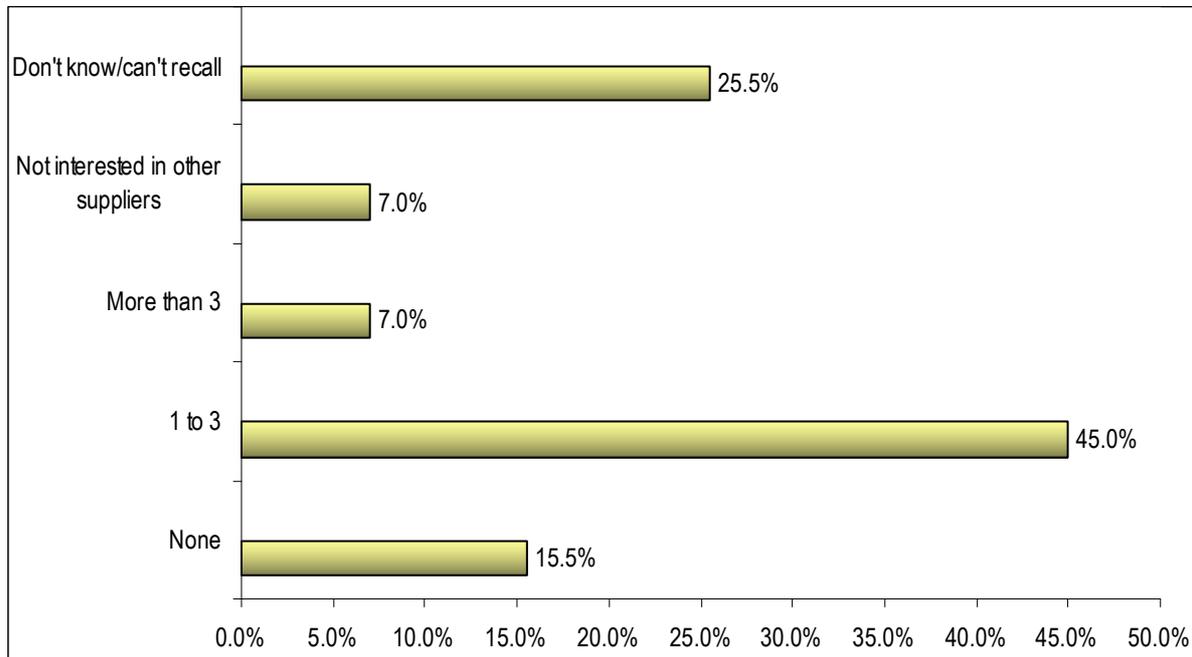
Figure 28 - Ability to choose electricity provider (Survey Question B1)



Source: Survey Data 2010, N=200; Single response question.

There was a mixed response to the question “How many other companies do you think you can buy electricity from in your local area?”. Just over half of all respondents stated there were between 1 to 3 other companies, or more than 3 (Figure 29). However, about 15.5% of those surveyed revealed that there were no other choices in the area, with a further 25.5% of individuals who did not know or could not recall alternative electricity suppliers. This could either suggest a lack of awareness about other electricity providers, or a lack of adequate competition in the electricity market in the area.

Figure 29 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3)

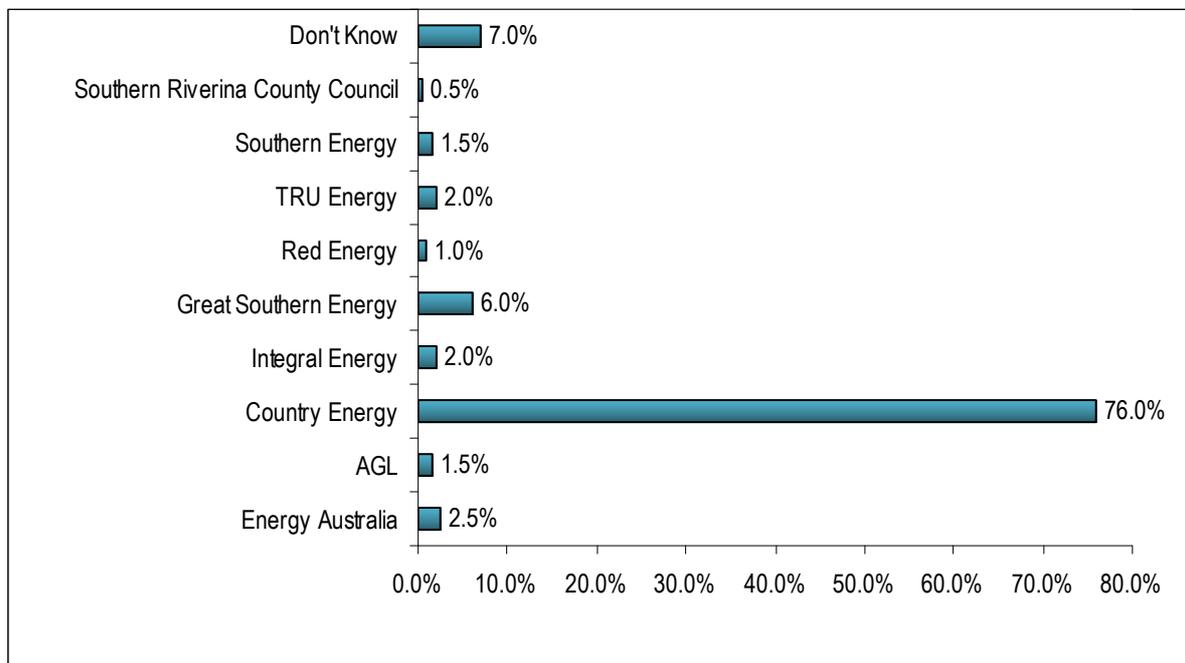


Source: Survey Data 2010, N=100; Single response question

Current electricity provider

Respondents were asked to identify their current electricity supplier. Their answers reveal that although most Wagga residents purchase electricity from a single provider, a range of options are available. Figure 30 below outlines which company respondents were buying electricity from at the time of the survey. Most respondents (76%) purchased electricity from Country Energy, followed by Great Southern Energy (6%), Energy Australia (2.5%), TRU Energy and Integral Energy (2%), respectively. Overall, nine different providers were identified by respondents.

Figure 30 - Current electricity provider (Survey Question B2)



Source: Survey Data 2010, N=200; Single response question

4.4.2 Being in contact with another electricity company

Summary and Key Findings:

The survey sought to determine whether respondents had ever been contacted by an electricity company or directly approached an electricity company, and what happened as a result. The key findings of this section are:

- Over two thirds of respondents have never been contacted by any electricity company.
- Just under half of respondents who had been contacted were visited by a representative, while one third received a phone call.
- Most of the respondents who were contacted by an electricity supplier were currently with a different company.
- Despite the contact, most of the respondents decided to stay with their existing electricity supplier with the existing arrangements.
- Almost all of the respondents have never personally approached an electricity company.
- Of the proportion who have (n=3), the main reasons were to check prices and compare or due to moving property.
- Two of the respondents approached their current electricity supplier while one contacted both.
- As a result of the contact, all 3 respondents decided to change their electricity supplier.
- Of those who had contacted an electricity company, none had been refused service by the company.

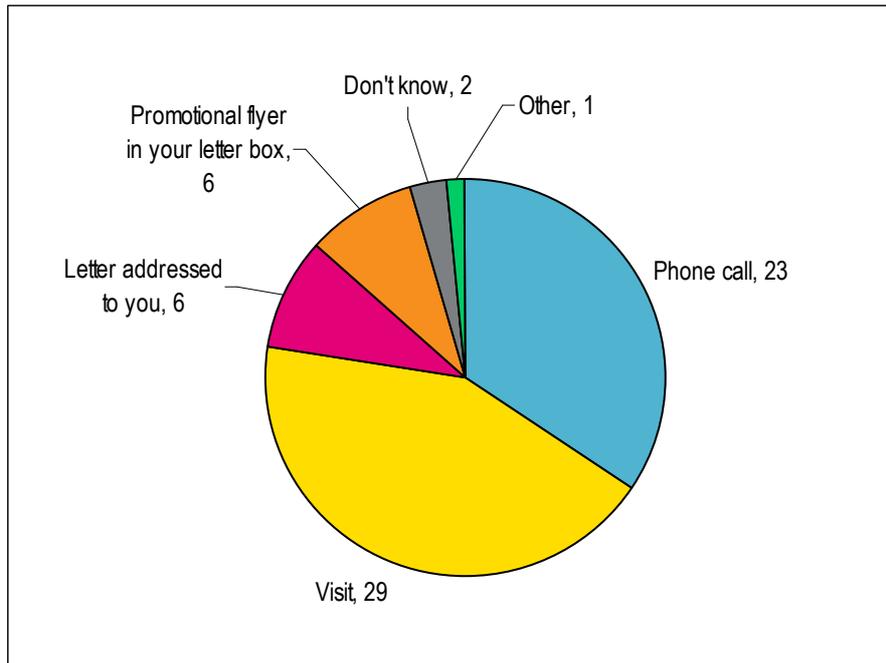
Being contacted by another electricity company

It appears that over two thirds of respondents (65%) have never been contacted by an electricity company. For the purpose of the survey, the following instructions were given to the interviewer:

'Contact' must be a phone call, visit, a specific letter addressed to occupants, a flyer in the letter box, or an invitation to ask for an offer when moving house. A general notice attached to a bill is not defined as an 'approach'.

For those respondents who were approached by an electricity company (n=61), Figure 31 below indicates the form of contact. It is important to note that participants could be contacted by more than one means. A visit to the household was the most common means (n=29), followed by a phone call (n=23), a personally addressed letter (n=6), and a promotional flyer in the letter box (n=6).

Figure 31 - Form of contact electricity supplier had with respondent (Survey Question B4a)



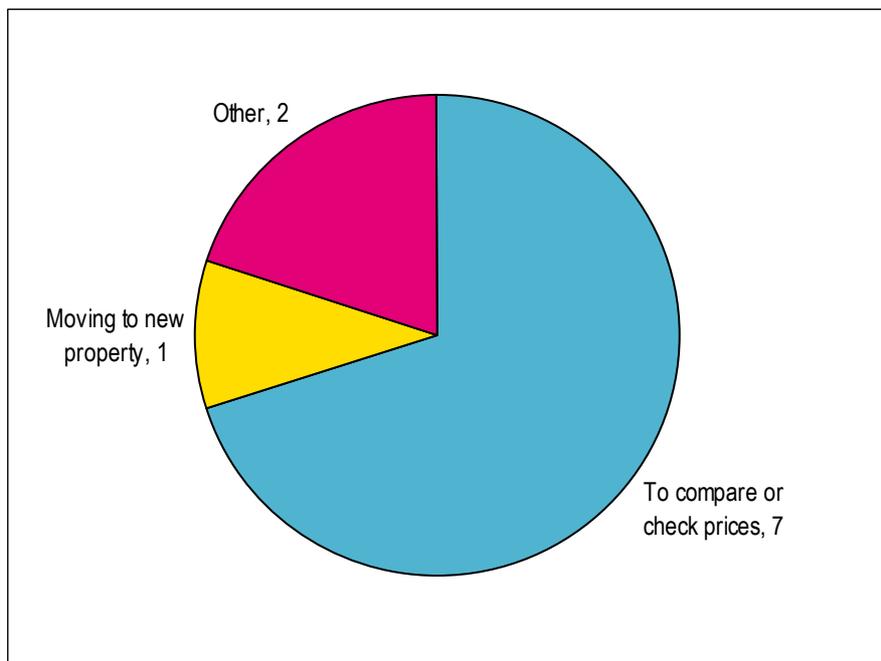
Source: Survey Data 2010; N=61; Multiple response question.

In most cases, it was a different electricity company that was approaching clients (n=53), with 2 respondents being contacted by both an existing and new supplier. As a result, 44 respondents decided to stay with their existing electricity provider, of which 2 respondents entered into new arrangements. The remainder of individuals (n=17) changed to a different company.

Making contact with an electricity company

Almost all of the respondents have never personally approached an electricity company (94%). Of those who have (n=10), 7 respondents attributed this to price comparison, one individual was moving to a new property, and two respondents did not specify their reason (Figure 32).

Figure 32 - Reasons why respondents contacted electricity supplier (Survey Question B6b)



Source: Survey Data 2010; N=10; Single response question.

Of the 10 respondents who approached an electricity company, 9 approached a different retailer, while 1 contacted their current provider.

As a result of the communication exchange, 8 respondents remained with their existing company, 2 of which negotiated a new arrangement, while 2 individuals changed electricity suppliers.

Dealing with other companies

To gain a better understanding of service provision in the electricity market, respondents were also asked about their experience in dealing with other companies. This question applied to 10 respondents, all of whom stated they had never been refused electricity by a supplier.

4.4.3 Changing Electricity Providers

Summary and Key Findings:

An important aspect of the survey was to ascertain whether respondents have previously changed electricity providers, their main motive for the decision, and how the change affected their electricity bills. For those who have stayed with their existing company, it was equally important to understand the respondents' reasoning behind this. Respondents were read out fixed choice answers, but could comment on additional reasons which were not prompted by the survey. The key findings of this section are:

- Most respondents (n=165) have never changed electricity providers.
- The main reason given is that they are happy with their current supplier, followed by being unaware of the option to choose, and finding it too much trouble to switch.
- Of the 31 respondents who have changed providers, almost two thirds (n=18) have changed once since January 2002, while 35% (n=11) have changed twice.

- For these individuals, cheaper price was the most common reason given, followed by the option of green energy.
- As a result of the switch, the electricity bills either decreased or stayed the same for almost one third of respondents, respectively. Around one in five people reported an increase in payments since the transition.

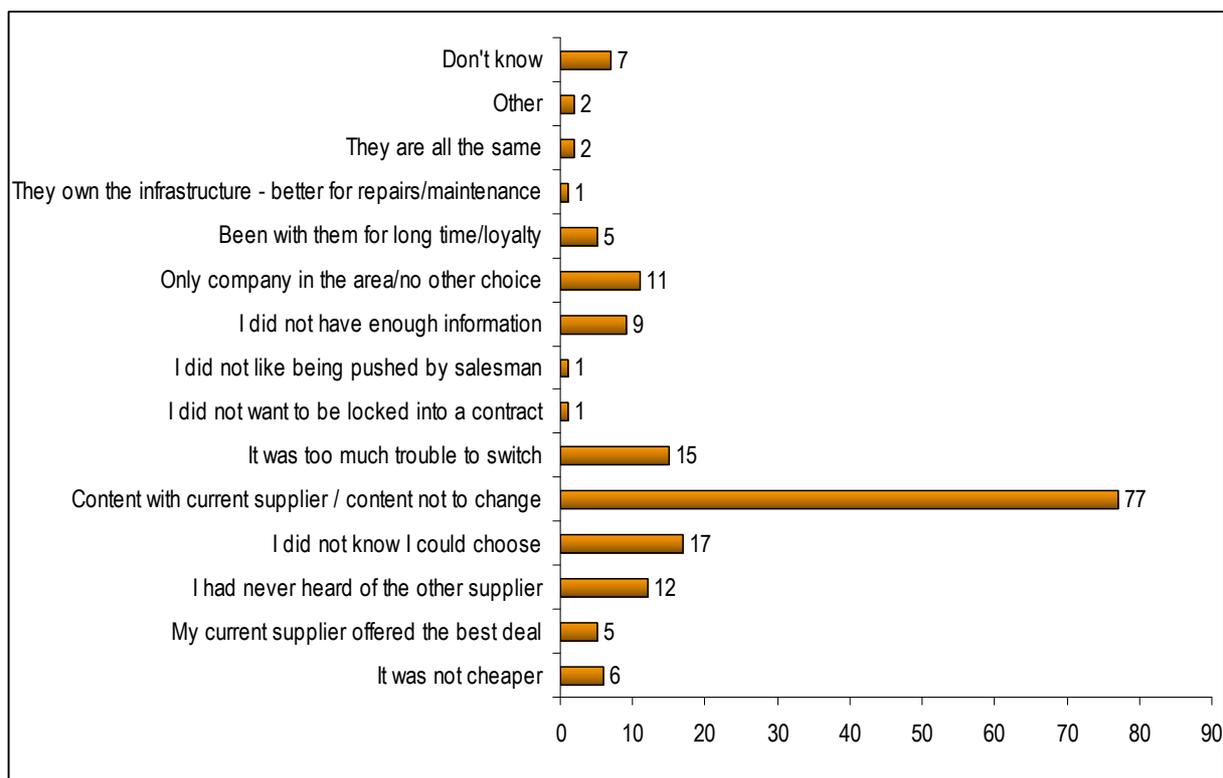
Changing electricity providers

Respondents were asked whether they had ever changed their electricity provider. Around one in five respondents stated they had previously switched suppliers.

Respondents who have not changed

A total of 171 respondents have always remained with their existing service, and stated contentment with their current company as the main reason (n=77) (Figure 33). This was followed by lack of knowledge about the option to choose (n=17), finding it too much trouble to switch (n=15), and being unfamiliar with the other supplier (n=12). Figure 33 outlines the range of reasons proposed by the respondents.

Figure 33 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13)

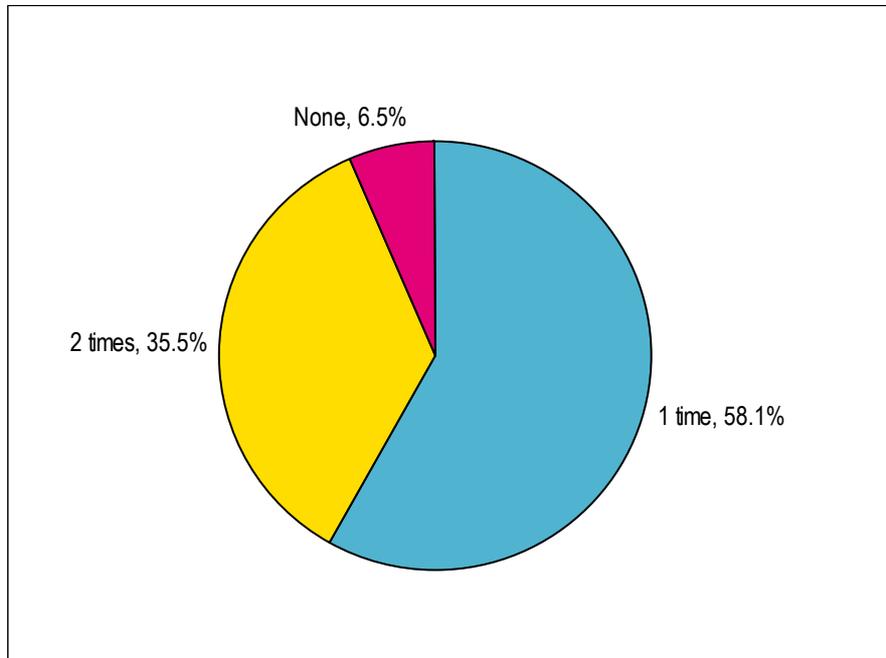


Source: Survey Data 2010; N=171; Single response question.

Respondents who have changed

The remaining 31 respondents who indicated they had switched energy suppliers were asked how many times this has occurred since January 2002. Over half (n=18) of respondents had only changed once, while 11 had changed twice since that time (Figure 34)

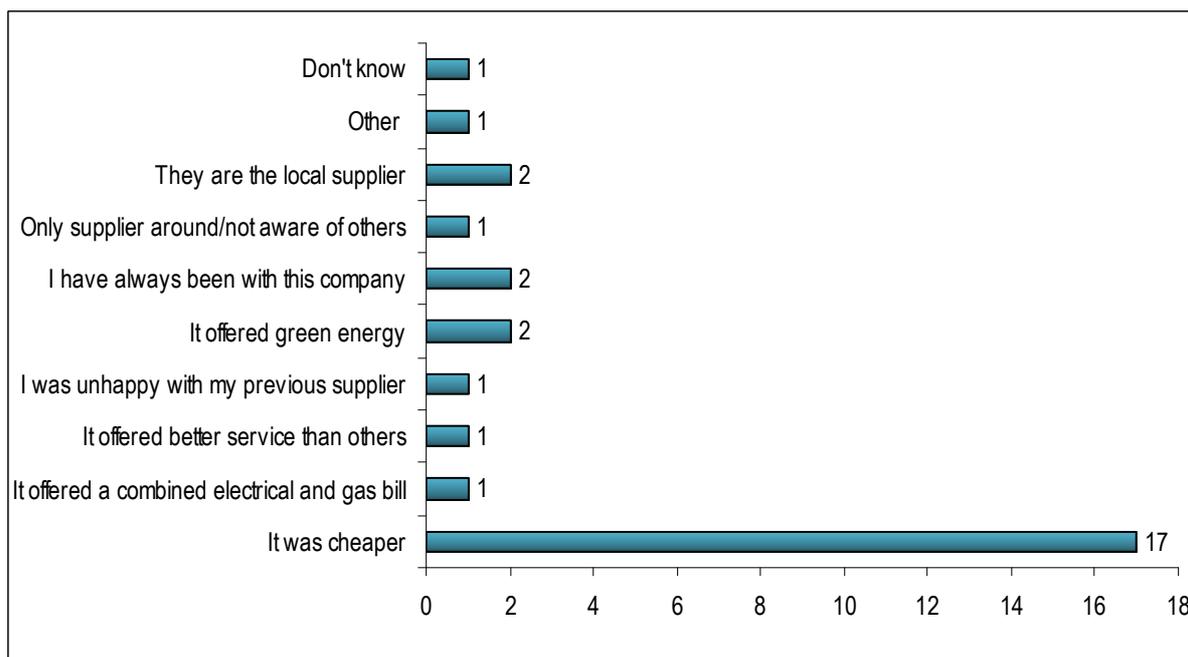
Figure 34 - Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10)



Source: Survey Data 2010: N=31, Single response question

A total of 29 respondents listed reasons for changing electricity suppliers. As Figure 35 indicates, over half of these individuals were able to get a lower price at a different company (n=17), followed by the option of green energy at the new company (n=2). Respondents also mentioned that this company was the local supplier, or that they have always been with this company (n=2), respectively.

Figure 35 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11)

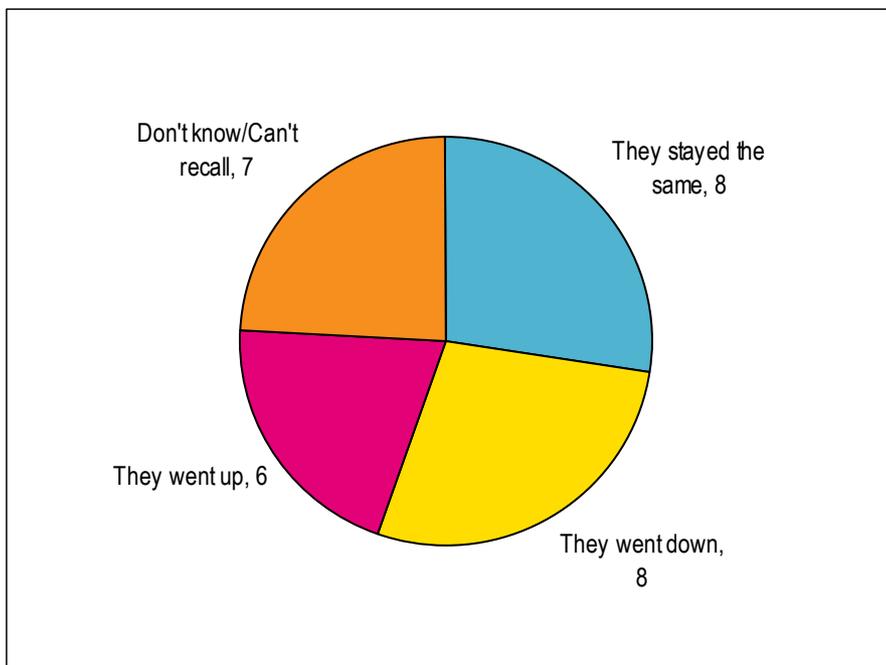


Source: Survey Data 2010, N=29, Single response question

It was anticipated that price would be one of the key factors persuading individuals to change electricity companies. For this reason, a follow-up question was asked about the effect that the switch had on the electricity bill amount. Almost one third of individuals (n=8) stated that the bill amount had decreased, while 8 respondents indicated that the amount stayed the same. For 6 respondents who had switched, the electricity bill was higher than with the previous company (Figure 36).

Some respondents found it difficult to comment on whether the switch in supplier had resulted in lower electricity bills given a market characterised by steadily increasing electricity costs.

Figure 36 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a)



Source: Survey Data 2010, N=29; Single response question.

4.5 Orange

4.5.1 Choice of Electricity Provider

Summary and Key Findings:

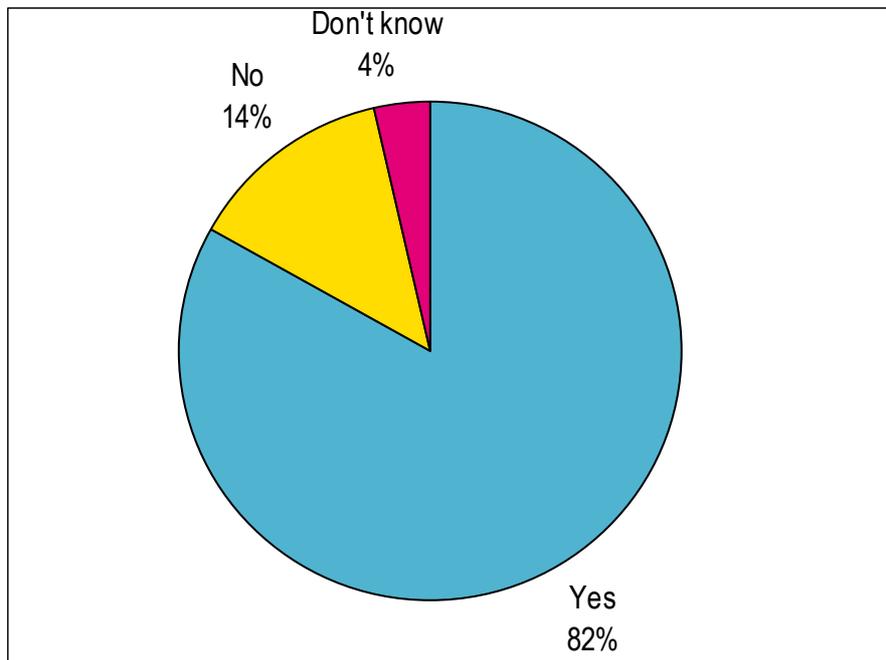
A key focus of the survey was to investigate individuals’ perceptions of whether they had a choice of companies that could supply them with electric power, and which provider they were currently purchasing electricity from. The key findings of this section are:

- Four in five respondents stated they had a choice in which company they purchased electricity from.
- Almost two thirds of respondents were aware of between 1 to 3 or more alternative companies they could buy electricity from in their area.
- Just under two thirds of respondents in Orange purchased electricity from one provider, although eight different providers were identified in total.

Choice of Electricity Provider

Most respondents to the survey (82%) believed they had the ability to choose which company they purchased electricity from (Figure 37).

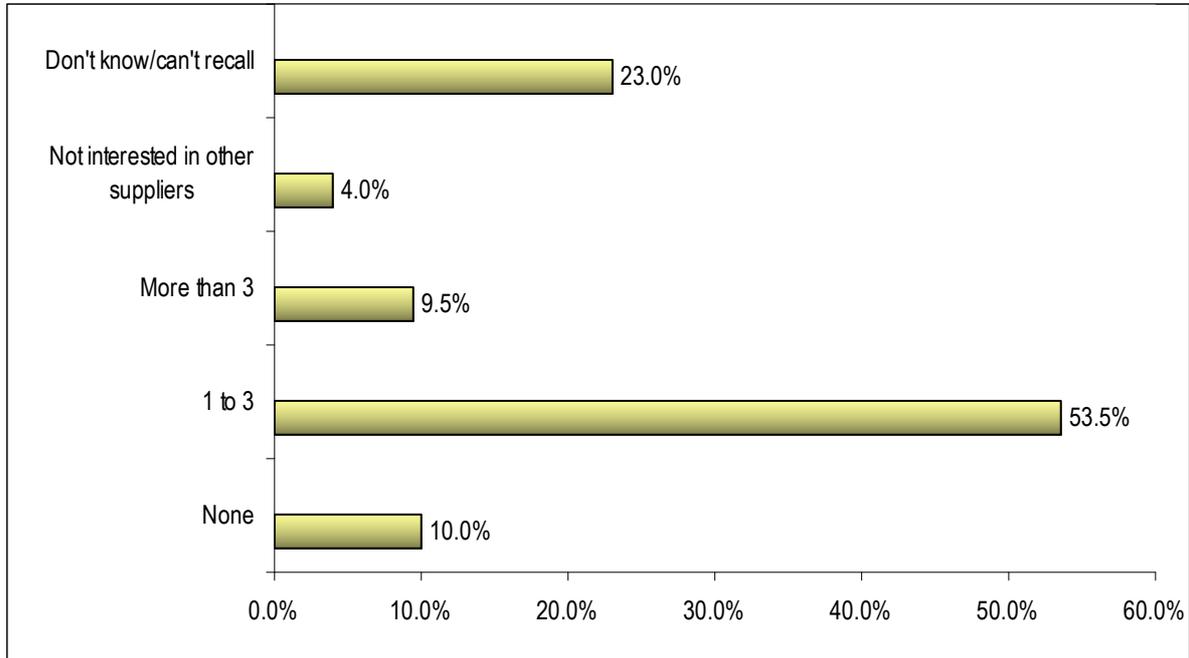
Figure 37 - Ability to choose electricity provider (Survey Question B1)



Source: Survey Data 2010, N=200; Single response question.

There was a mixed response to the question “How many other companies do you think you can buy electricity from in your local area?”. Almost two thirds of respondents stated there were between 1 to 3 other companies, or more than 3 (Figure 38). However, about 10% of those surveyed revealed that there were no other choices in the area, with a further 23% of individuals who did not know or could not recall alternative electricity suppliers. This could either suggest a lack of awareness about other electricity providers, or a lack of adequate competition in the electricity market in the area.

Figure 38 - Number of other companies in the area that residents can purchase electricity from (Survey Question B3)

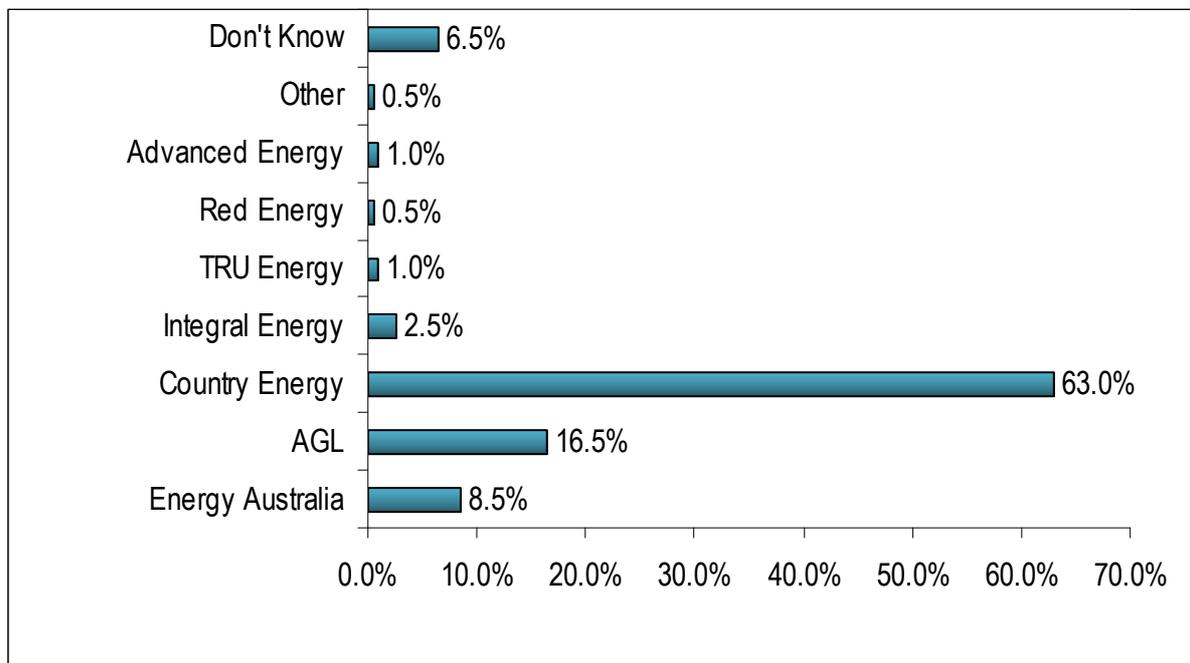


Source: Survey Data 2010: N=200; Single response question.

Current electricity provider

Respondents were asked to identify their current electricity supplier. Their answers reveal that although most Orange residents purchase electricity from a single provider, a range of options are available. Figure 39 below outlines which company respondents were buying electricity from at the time of the survey. Most respondents (63%) purchased electricity from Country Energy, followed by AGL (16.5%), Energy Australia (8.5%), and Integral Energy (2.5%). Overall, seven different providers were recognized by respondents.

Figure 39 - Current electricity provider (Survey Question B2)



Source: Survey Data 2010, N=200, Single response question.

4.5.2 Being in contact with another electricity company

Summary and Key Findings:

The survey sought to determine whether respondents had ever been contacted by an electricity company or directly approached an electricity company, and what happened as a result. The key findings of this section are:

- Half of all respondents have never been contacted by an electricity company.
- Two thirds who had been contacted were visited by a representative, while one third received a phone call.
- Most of the respondents who were contacted by an electricity supplier were currently with a different company.
- Despite the contact, two thirds of the respondents decided to stay with their existing electricity supplier, while almost one third changed retailers.
- Almost all of the respondents have never personally approached an electricity company.
- Of the proportion who have (n=12), the main reasons were to check prices and compare, unhappiness with other supplier, offer of a discount by other company, or the advantage of bundling accounts (gas and electricity).
- Nine of the respondents approached another retailer while three individuals contacted their current supplier.
- As a result of the contact, 7 respondents remained with their existing company and 5 changed electricity suppliers.
- Of those who had contacted an electricity company (n=12), almost all have never been refused an offer by the supplier.
- The main reasons for refusal to sell electricity was that the company did not supply in the area, or that the company was not interested or did not want to help the consumer.

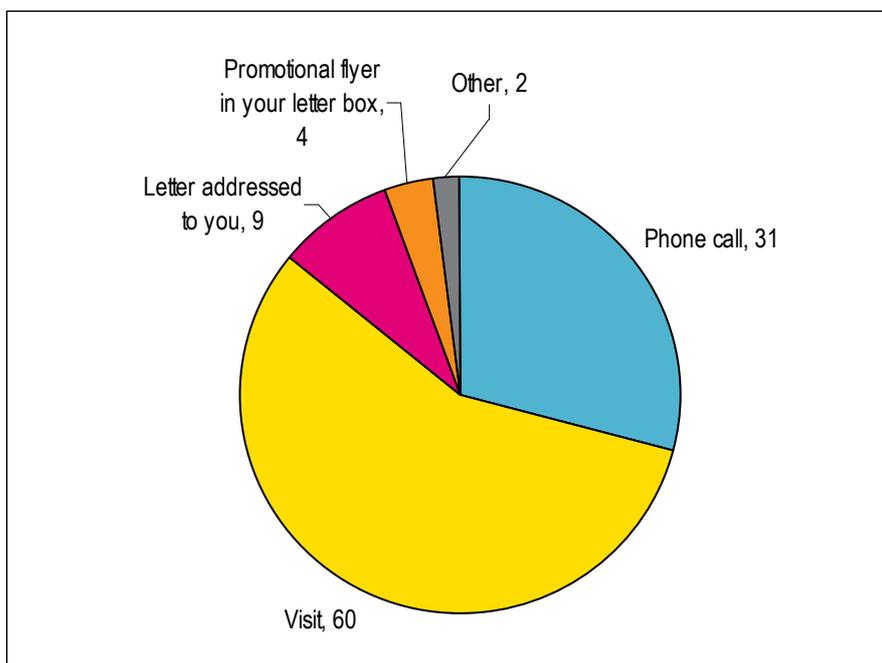
Being contacted by another electricity company

It appears that about half of all respondents (51%) have never been contacted by an electricity company. For the purpose of the survey, the following instructions were given to the interviewer:

‘Contact’ must be a phone call, visit, a specific letter addressed to occupants, a flyer in the letter box, or an invitation to ask for an offer when moving house. A general notice attached to a bill is not defined as an ‘approach’.

For those respondents who were approached by an electricity company (n=94), Figure 40 below indicates the form of contact. It is important to note that participants could be contacted by more than one means. A visit to the household was the most common means (n=60), followed by a phone call (n=31), a personally addressed letter (n=9), and a promotional flyer in the letter box (n=4).

Figure 40 - Form of contact electricity supplier had with respondent (Survey Question B4a)



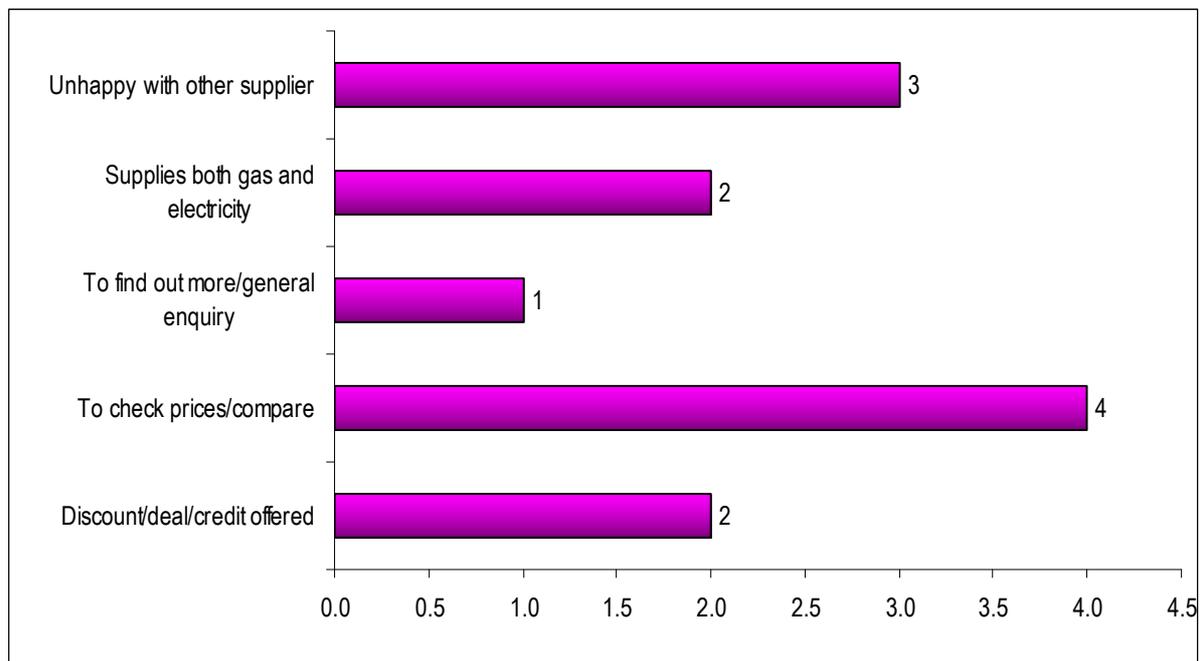
Source: Survey Data 2010, N=94: Multiple response question

In most cases, it was a different electricity company that was approaching clients (n=81), with 4 respondents being contacted by both an existing and new supplier. As a result, 67 respondents decided to stay with their existing electricity provider, of which 3 respondents entered into new arrangements. The remainder of individuals (n=25) changed to a different company.

Making contact with an electricity company

Almost all of the respondents have never personally approached an electricity company (93%). Of those who have (n=12), 4 respondents attributed this to price comparison, 3 individuals were unhappy with their current supplier, while others (n=2) were persuaded by the offer of a discount by the other company or the advantage of bundling gas and electricity accounts (Figure 41).

Figure 41 - Reasons why respondents contacted electricity supplier (Survey Question B6b)



Source: Survey Data 2010, N=12: Single response question.

As a result of the communication exchange, 7 respondents remained with their existing company, while 5 individuals changed electricity suppliers.

Dealing with other companies

To gain a better understanding of service provision in the electricity market, respondents were also asked about their experience dealing with other companies. This question applied to 12 respondents, most of whom (n=9) stated they had never been refused electricity by a supplier. Of the three individuals who had been declined an offer by a company, two stated that the company did not supply electricity/it was not available in the area, while the other reason was that the company was not interested and did not want to help the individual.

4.5.3 Changing Electricity Providers

Summary and Key Findings:

An important aspect of the survey was to ascertain whether respondents have previously changed electricity providers, their main motive for the decision, and how the change affected their electricity bills. For those who have stayed with their existing company, it was equally important to understand the respondents' reasoning behind this. Respondents were read out fixed choice answers, but could comment on additional reasons which were not prompted by the survey. The key findings of this section are:

- Two thirds of respondents have never changed electricity providers.
- The main reason given is that they are happy with their current supplier, followed by lack of enough information, and finding it too difficult to switch.
- Of the 60 respondents who have changed providers, over three quarters (n=47) have changed once since January 2002, while 20% (n=12) have changed between 2-3 times.
- For these individuals, cheaper price was the most common reason given, followed by the option of bundling accounts (gas and electricity), and the option of green energy.

- As a result of the switch, the electricity bills decreased for one third of respondents, and stayed the same for almost one quarter of respondents. Some individuals reported an increase in payments since the transition.

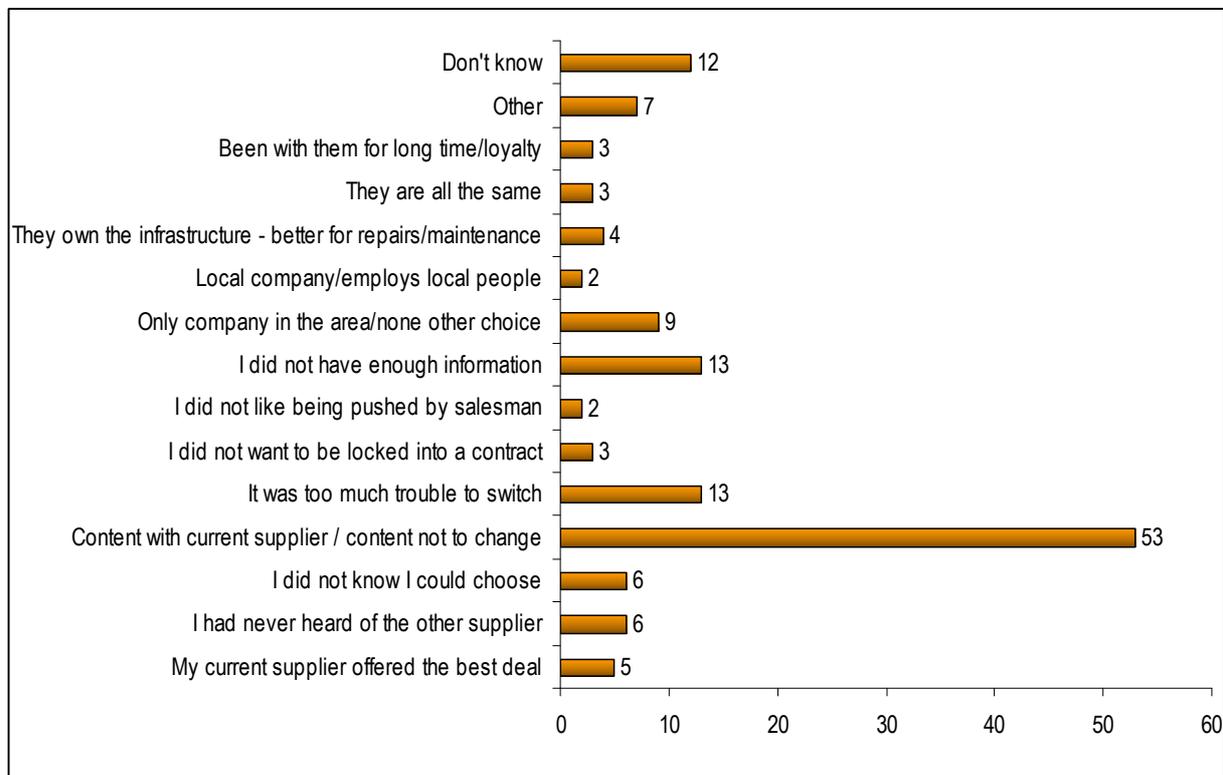
Changing electricity providers

Respondents were asked whether they had ever changed their electricity provider. Just under one third of respondents stated they had previously switched suppliers.

Respondents who have not changed

A total of 139 respondents have always remained with their existing service, and stated contentment with their current company as the main reason (n=53) (Figure 42). This was followed by inadequate information to make an informed decision (n=13), finding it too much trouble to switch (n=13), and lack of other alternatives (n=9). Figure 42 outlines the range of reasons proposed by the respondents.

Figure 42 - Main reason respondents decided not to change the company which they currently purchase electricity from (Survey Question B13)

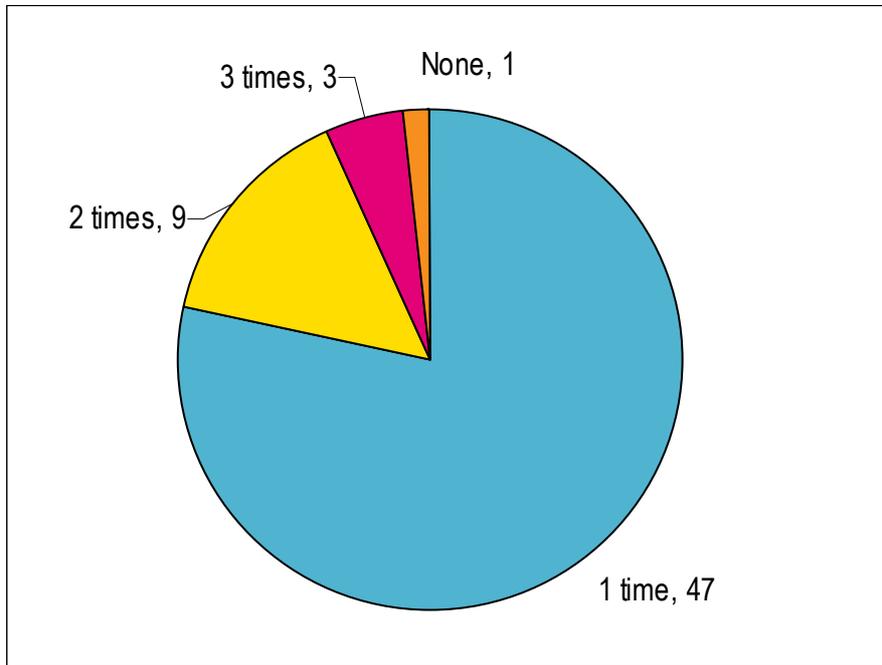


Source: Survey Data 2010, N=141; Single response question.

Respondents who have changed

The remaining 60 respondents who indicated they had switched energy suppliers were asked how many times this has occurred since January 2002. Over three quarters (n=47) of respondents had only changed once, while 12 had changed twice or three times (Figure 43).

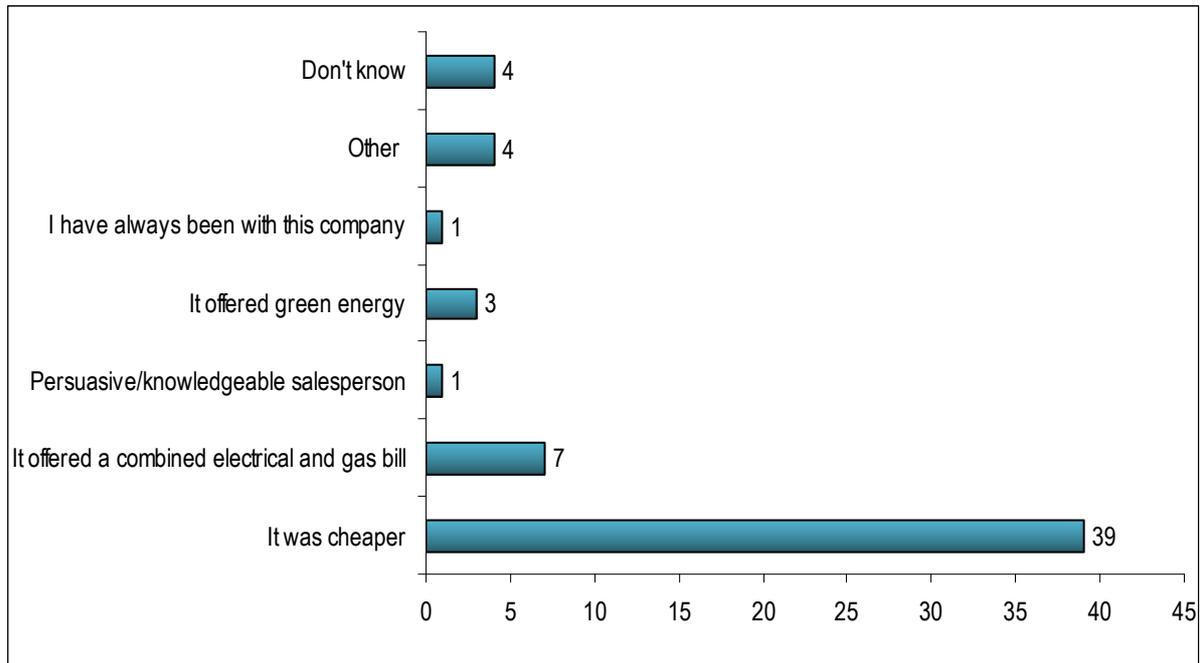
Figure 43 - Number of times since January 2002 that respondents have changed electricity supplier (Survey Question B10)



Source: Survey Data 2010, N=60; Single response question.

A total of 29 respondents listed reasons for changing electricity suppliers. As Figure 44 indicates, around two thirds of these individuals were able to get a lower price at a different company (n=39), followed by the option of a combined gas and electricity bill (n=7), and the option of green energy at the new company (n=3).

Figure 44 - Main reason respondents decided to buy electricity from the company that currently supplies their home (Survey Question B11)

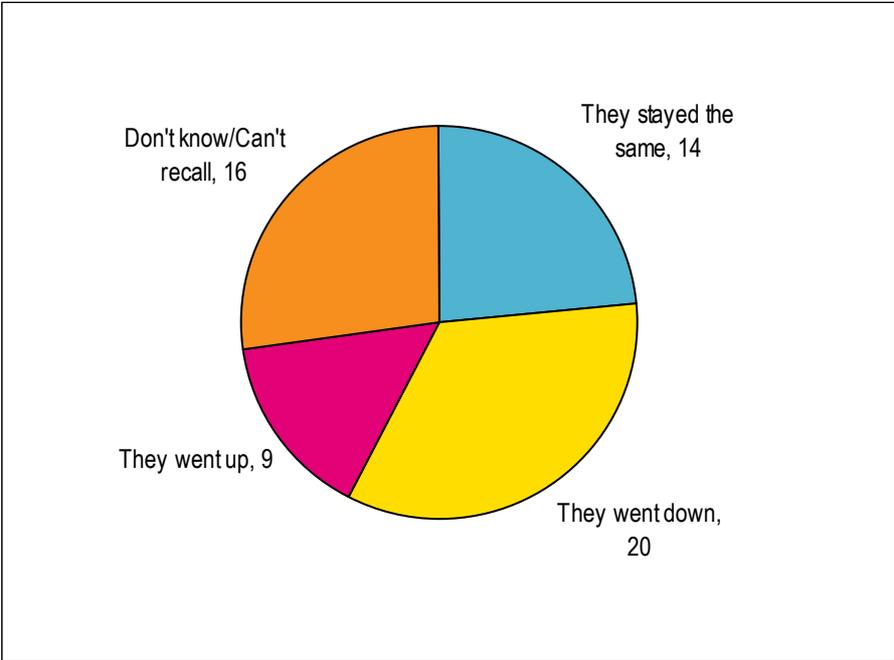


Source: Survey Data 2010, N=59; Single response question.

It was anticipated that price would be one of the key factors persuading individuals to change electricity companies. For this reason, a follow-up question was asked about the effect that the switch had on the electricity bill amount. Around one third of individuals (n=20) stated that the bill amount had decreased, while 14 respondents indicated that the amount stayed the same. For 9 respondents who had switched, the electricity bill was higher than with the previous company (Figure 45).

Some respondents found it difficult to comment on whether the switch in supplier had resulted in lower electricity bills given a market characterised by steadily increasing electricity costs.

Figure 45 - Outcome of electricity bills after changing electricity suppliers (Survey Question B11a)



Source: Survey Data 2010, N=59: Single response question.

5 Cross-tabulation analysis

A cross tabulation analysis of the results was conducted according to a number of demographic factors, including: concession card ownership; gender; age; number of people in household; resident status; ATSI status; health status; level of completed education; and weekly household income after tax.

Data used in the cross-tabulation analysis can be found in Tables 1-24 in Appendix B.

Language was not used in the analysis as 99% of individuals spoke English at home. Since only 32 respondents across the five towns/regional centres identified as Aboriginal or Torres Strait Islander, this demographic could not be used in the cross-tabs analysis. Instead, any relevant findings amongst ATSI respondents are reported separately.

5.1 Choice of electrical company

The cross-tabs analysis revealed that those between the ages of 35-54 are less likely to think they have a choice between electricity providers than any other age group (Table 1). As previously mentioned, lack of awareness or competition in the area could be a potential reason for this. This finding appears consistent with Section 5.3, which highlights those in the 45-54 age range are also least likely to know of other companies in the area.

It appears that respondents living in a 2 person household are more likely to state they have a choice in electricity suppliers than those living in a single person or 3 or more person household (Table 2). Similarly, those who own/have fully paid off their house are more likely than any other group to believe they can choose their electrical company (Table 3). This trend is also apparent for those with a health condition (Table 4), and those with an income of between \$500-\$999, who were far more likely to indicate they had a choice in suppliers (Table 5).

There were 32 answers received from ATSI respondents, of which 21 individuals (65.6%) were aware that they could choose their electrical company.

5.2 Current electricity company

In order to work with a meaningful data set, only the top four energy companies were included as individual categories. These were: Country Energy, AGL, Energy Australia, and Integral. The other electricity companies were grouped in the 'other' category. The 6% of all respondents who did not know or could not recall the company they were with were not considered in the analysis.

A cross-tab analysis of responses to this question shows that concession card holders were more likely to be exhibiting choice of electricity company than non-concession card holders (Table 6). Country Energy was the dominant choice for both groups, but less with the concession card holders than mainstream. Similarly, this trend was also reflected by age. Country Energy was the leading electricity supplier across all age groups, although those over 65 were more likely to be spread across other electricity providers than any other age group (Table 7). This result is not surprising, as two thirds of all respondents with a concession card were over the age of 65.

Overall, Country Energy was the principal energy supplier for households irrespective of the remaining demographics.

A total of 28 respondents to this question identified as ATSI. Of these, 25 (89%) were with Country Energy.

5.3 Number of other electricity companies in the area

Respondents were asked to state the number of other local companies they could purchase electricity from.

According to the cross-tab analysis, individuals without a concession card were more likely to state that there were no other local companies to purchase electricity from (Table 8). It should also be noted that around one quarter of respondents overall selected 'don't know' as an answer. This relates directly to consumer awareness – many individuals from both groups are not informed about the presence of alternate companies. However, just under half of all respondents with and without a concession card identified that there were between one and three other local companies to choose from, with very few in both groups stating there were more than 3.

It appears that gender played a role in household electricity provider knowledge. Females were more likely to state there were no other electricity providers in the area, or that they didn't know of any additional providers. Alternatively, males were more likely to identify between 1 and 3, or more than 3 other local companies (Table 9).

Electricity provider awareness also differed according to age group. Respondents in the age range of 25-34 and 35-44 were more aware that there are between 1-3 other local companies to purchase electricity from than those who were 45 and over. This finding is reinforced when examining the trend of those who did not know of another company. For example, more individuals in the 45 and over age range could not identify another local electricity provider (Table 10).

Similarly, respondents with four or more individuals living in a household were more likely to identify between one and three other electricity companies, and less likely to state they did not know of any other companies than those who had three or less individuals living in a household (Table 11). The comparable trend between age group and number of individuals may possibly be attributed to the fact that many respondents who are living in a family of 4 or more are within the 25-44 age range.

Consumer knowledge of electricity suppliers did not appear to be related to resident status or health status.

Of the 32 individuals of ATSI status who responded to this question, 15 (46.9%) identified between 1-3 other electricity companies, and 10 respondents (31.3%) stated there were no others, 6 (18.8%) did not know, and 1 (3.1%) stated there were more than three.

It appears that there was a positive linear relationship between education and knowledge of electricity providers (Table 12). Those who finished year 12/higher school certificate or above were more likely to identify between 1-3 other local companies, less likely to say there were no other companies, and less likely to say that they didn't know/could not recall another electricity provider. This trend was also apparent amongst the income categories. Those with a combined household income of \$500 and up were more aware of between 1-3 other local companies than those with an income of \$499 and below, and less likely to report they did not know of other providers (Table 13).

5.4 Electricity providers contacting respondents

A total of 400 respondents spread across the five towns/regional centres answered yes to the question '*Have you ever been contacted by any company asking you to buy electricity from them?*'. The cross-tabs analysis by demographics is listed below.

It appears that the significant findings in this section are related to the likelihood of individuals being at home, thus increasing the chances of being contacted by an electricity supplier. For example, concession card holders were significantly more likely to be contacted than those without a concession card (49.7% vs 37.1%). As previously mentioned, two thirds of concession card holders were over the age of 65, therefore this finding could be related to pensioners spending more time at home than the working population (Table 14). This trend was replicated for those households in which an individual had a health condition, as they were significantly more likely to be approached by a company than those without a health condition (53.6% vs 37.8%) (Table 15). Likewise, it can be assumed that those who have an ailment are likely to be home more often.

Similarly, there is a curvilinear (u-shaped) relationship between ever being contacted by an electricity supplier and age. Based on the survey, respondents least frequently contacted by a supplier are those

between the ages of 35-44 and 45-54, while those on the opposite sides of the spectrum (25-34, and 55 and over) are most likely to communicate with electricity companies (Table 16).

The findings also revealed that home owners were more likely to be approached by an electricity company than those who were buying/paying off their home or those who were renting (Table 17). It was also revealed that those with an income of between \$200 to \$999 were far more likely to be contacted by an electricity company than those with an income over \$1000 (Table 18).

There were 32 respondents who identified as being ATSI, half of which have and have not been contacted, respectively.

There did not appear to be differences across gender, number of people living in a household, and education level.

5.4.1 Being contacted by current or other electricity company

As a follow up question, the 400 respondents who had previously been in contact with an electricity supplier were asked whether it was their current or another provider.

Most individuals were contacted by another electricity supplier irrespective of age, although those who are 55 years of age and over were more likely to be contacted by another electricity supplier than the younger age groups (Table 19).

The remaining demographics did not show any association.

5.5 Respondents approaching electricity companies

All surveyed individuals were asked whether they had approached any companies to ask about buying electricity from them. As the vast majority (94%) of respondents have not previously contacted an electricity provider, meaningful statistics could not be derived.

5.6 Changing electricity suppliers

Just over one fifth of all individuals (n=231) responded positively to the question “*Have you ever changed electricity providers*”. The cross-tabulation of responses is provided below.

Concession card holders were more likely to have changed electricity providers at one point in time (27%) compared to mainstream (22%) (Table 20). Similarly, households in which an individual had a health condition were also more likely to have switched suppliers (29%) as opposed to those without (22%) (Table 21).

A cross-tabs analysis of the remaining demographics did not reveal any associations.

5.7 Number of times changes occurred

Respondents who have previously changed electricity providers were asked the number of times this had occurred since January 2002.

Overall, most individuals (n= 155, 67.1%) had switched once, regardless of concession card ownership. However, those who had a concession card were more likely to change providers at least once (Table 22). A similar trend is observed amongst gender, with males more likely to have changed suppliers at one point since 2002 (Table 23).

There does not appear to be any association amongst the remaining demographics.

5.8 Main reason for purchasing electricity from current company

As a follow up to the previous two questions, respondents were asked *'What was the main reason that you decided to buy electricity from the company that currently supplies your home?'* A total of 212 individuals answered this question. A range of reasons was given, although just over half of all respondents (118) mentioned it was 'cheaper'. The remaining responses were scattered over 11 other categories. For the purpose of the analysis, the categories were collapsed into 'cheaper', 'other', and 'don't know'.

There does not appear to be an association between demographics and reasons for buying electricity from a particular company.

5.9 Outcome of electricity bills as a result

There were 212 responses to this question. For just over one third of all respondents, the bills went down (33%), for one quarter of respondents the bills stayed the same (24%), one fifth of individuals stated their electricity bills went up (19%), and about one quarter do not know, or can't recall (25).

A cross-tabs analysis of electricity bill outcome versus demographics did not reveal any associations.

5.10 Main reason for not changing electrical company

A total of 788 individuals provided a range of reasons for staying with their current electricity provider. The following categories were used in the analysis: never heard of other supplier; didn't know I could choose; content not to change; too much trouble to switch; only company in area/no choice; other; don't know.

It was revealed that respondents in both groups were content with their current provider and did not see a need to investigate other options, although this reason was given more often by those with a concession card (Table 24).

There does not appear to be any association between the remaining demographics and reasons for staying with a particular electricity company.

Appendix A Questionnaire for household survey.

Introduction

Hello, my name is and I work for a company called We have been commissioned to conduct a short survey on household electricity. We would like to speak to the person who is responsible for paying household bills for example electricity, water, telephone bills.

Part A Screening questions

A1 Are you this person...

- 1 Yes (*proceed*)
- 2 No (*ask to speak to the person responsible for paying household bills*)

A2 Are you happy to proceed?

- 1 Yes (*proceed*)
- 2 No (*thank and close*)

A3 Is this your permanent residence or a holiday home?

- 1 Permanent (*proceed*)
- 2 Holiday (*thank and close*)

If the respondent does not have good English language skills, ask if another family member can assist them in answering the questions.

A4 What language/s do you speak most often at home?

- 1 Arabic
- 2 Cantonese (Chinese)
- 3 English
- 4 Greek
- 5 Italian
- 6 Mandarin (Chinese)
- 7 Spanish
- 8 Turkish
- 9 Vietnamese
- 10 Other (please specify _____)

A5 Record area where respondent lives

- 1 Cooma
- 2 Lismore
- 3 Bourke
- 4 Wagga Wagga
- 5 Orange

Part B Electricity Markets

B1 Do you think that you can choose the company you buy electricity from?

- 1 Yes
- 2 No
- 3 Don't know
- 99 No response

B2 What company do you buy electricity from at the moment?

DO NOT PROMPT

- 1 Energy Australia
- 2 AGL
- 3 TRU Energy
- 4 Country Energy
- 5 Integral Energy
- 6 Power Direct
- 7 Origin Energy
- 8 Other (please specify _____)
- 9 Don't know/can't recall
- 99 No response

B3 How many other companies do you think you can buy electricity from in your local area?

DO NOT PROMPT

- 1 None
- 2 1-3
- 3 More than 3
- 4 Not interested in other suppliers
- 9 Don't know/can't recall
- 99 No response

B4 Have you ever been contacted by any company asking you to buy electricity from them?

- 1 Yes
- 2 No
- 9 Don't know/can't recall
- 99 No response

IF YES, ASK

B4 : a) What form did that contact take?

- 1 General notice attached to or enclosed with a bill
- 2 Phone call
- 3 Letter addressed to you
- 4 Visit
- 5 Promotional flyer in your letter box
- 6 Email / Spam

- 7 Other (please specify _____)

Interviewer note: 'Contact' must be a phone call, visit, a specific letter addressed to occupants, a flyer in the letter box, or an invitation to ask for an offer when moving house. A general notice attached to a bill is not defined as an 'approach'.

B5**B5 : a) Was it: (read out)**

- 1 Your current electricity supplier
2 Another electricity supplier
3 Both

B5 : b) As a result, did you...

- 1 Change electricity supplier
2 Enter into new arrangements with your existing electricity supplier
3 Stay with your existing electricity supplier with the existing arrangements
9 Don't know/Can't recall

B6**B6 : a) Have you ever approached any companies to ask about buying electricity from them?**

Interviewer note: MUST BE ENQUIRIES ABOUT CONTRACTS not because they were moving house.

- 1 Yes (continue)
2 No (skip to B9)
9 Don't know/Can't recall (skip to B9)
99 No response (skip to B9)

B6 : b) What prompted you to make that approach?

B6 : c) Was it: (read out)

- 1 Your current retailer
2 Another retailer
3 Both

B6 : d) As a result, did you...

- 1 Change electricity supplier
2 Enter into new arrangements with your existing electricity supplier
3 Stay with your existing electricity supplier with the existing arrangements
9 Don't know/Can't recall

Continue for respondents who made contact in B6a. Otherwise skip to B9.

B7 Has any electricity supplier ever refused to offer to sell you electricity?

- 1 Yes (continue)
2 No (skip to B9)
9 Don't know/Can't recall (skip to B9)
99 No response (skip to B9)

B8 What reasons were you given for not offering to sell you electricity?*(Record verbatim. Probe fully)***B9 Have you ever changed your electricity supplier?**

- 1 Yes *(continue)*
 2 No *(skip to B13)*
 9 Don't know/Can't recall *(skip to B13)*
 99 No response *(skip to B13)*

B10 In total, how many times since January 2002 have you changed your electricity supplier?*(Record number)*

- 1 Number of times: *(If 0, skip to B13. If 1 or more, continue)*
 9 Don't know/Can't recall *(skip to C1)*
 99 No response *(skip to C1)*

*If respondent answered yes to B4 or B6a, proceed. Otherwise, skip to C1.***B11 What was the main reason that you decided to buy electricity from the company that currently supplies to your home?***Do not prompt, single response*

- 1 It was cheaper
 2 It offered a combined electricity and gas bill
 3 The salesperson was persuasive/knowledgeable
 4 It offered better service than the others
 5 I was unhappy with my previous supplier
 6 It offered other perks (magazines, DVD, etc)
 7 It offered green energy
 8 I have always been with this company
 9 Other (specify)
 10 Don't know
 99 No response

B11 : a) And what happened to your electricity bills after you started buying electricity from that company?

- 1 They stayed the same
 2 They went down
 3 They went up
 99 Don't know/can't remember/no response

*If the respondent answered "They went up", ask:***B12 Would you be prepared to be further interviewed at a later time to discuss your experiences with dealing with the company that you buy electricity from?**

- 1 No
 2 Yes
 (if yes) Name: Number:

If respondent answered no/don't know/no response to B9 proceed. Otherwise skip to C1

B13 What was the main reason that you decided not to change the company which you buy electricity from?

Do not prompt, single answer

- 1 It was no cheaper
- 2 My current supplier offered the best deal
- 3 I had never heard of the other supplier
- 4 I did not know I could choose
- 5 I was just content not to change
- 6 It was too much trouble to switch
- 7 I did not want to be locked into a contract
- 8 I did not like being pushed by salesman
- 9 I did not have enough information
- 10 Other (specify)
- 11 Don't know
- 99 No response

Part C Concession Card Information

C1 Do you hold any of the following concession cards?

Read out (Clarify that this does not include the Seniors Card)

- 1 Pensioner Concession Card
- 2 Veterans' Affairs Gold Health Card
- 3 Have a concession card but not sure what it is called
- 4 No

Part D Classification Data

D1 Sex

- 1 Male
- 2 Female

D2 How old are you?

- 1 18-24
- 2 25-34
- 3 35-44
- 4 45-54
- 5 55-64
- 6 Over 65
- 88 Refused
- 99 Don't know

D3 What is the total number of people living in this household including you?

- 1 No. of people
- 88 Refused
- 99 Don't know

D4 Is your permanent residence fully owned or being paid off by you or any of the usual residents of this household, or are you renting or paying board?

IF RENTING ASK: Is that a public or community rental or a private rental?

- 1 Owned fully/fully paid off
- 2 Buying/paying off home
- 3 Renting – private
- 4 Renting – public/Housing Commission
- 5 Boarding
- 6 Other (specify)
- 99 No answer/Don't know

D5 Are you Aboriginal or Torres Strait Islander?

- 1 Yes
- 2 No
- 88 No response
- 99 Don't know

D6 Does any person in your household have any long term or chronic health conditions, mental illness or physical or intellectual disability?

- 1 Yes
- 2 No
- 88 No response
- 99 Don't know

D7 What is the highest level of education you have completed?

- 1 Did not finish school/still at school
- 2 Year 10/Schol Certificate/Intermediate Certificate or equivalent
- 3 Year 12/Higher School Certificate/Leaving Certificate or equivalent
- 4 Certificate or diploma
- 5 University degree or higher
- 99 No answer provided/Don't know

D8 It would help our research if you could please indicate your weekly household income after tax, from all sources, including wages/salary, government benefits, rent, dividends and investment income. Does it fall between...??

Please make your best estimate.

- 1 \$0-\$199
- 2 \$200-\$499
- 3 \$500-\$999
- 4 Over \$1000
- 8 Not sure/prefer not to say

Appendix B Cross-tabulation analysis

B.1 Choice of electricity company

Table 1 – Do you think you can choose your electricity company by age range

B1. CHOOSE ELECTRICAL COMPANY		D2. AGE RANGE						Total
		18-24	25-34	35-44	45-54	55-64	Over 65	
Yes	Count	18	68	129	164	161	187	727
	% within D2. AGE RANGE	64.3%	79.1%	71.7%	68.6%	77.4%	74.5%	73.3%
No	Count	8	15	43	60	37	40	203
	% within D2. AGE RANGE	28.6%	17.4%	23.9%	25.1%	17.8%	15.9%	20.5%
Don't know	Count	2	3	8	15	10	24	62
	% within D2. AGE RANGE	7.1%	3.5%	4.4%	6.3%	4.8%	9.6%	6.3%
Total	Count	28	86	180	239	208	251	992
	% within D2. AGE RANGE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 2 – Do you think you can choose your electricity company by number of people in household

B1. CHOOSE ELECTRICAL COMPANY		D3#Rec - NUMBER PPL HOUSEHOLD					Total
		1 person	2 people	3 people	4 people	5 or more people	
Yes	Count	141	301	100	105	79	726
	% within D3#Rec - NUMBER PPL HOUSEHOLD	71.9%	77.4%	69.9%	72.9%	65.8%	73.2%
No	Count	40	65	32	31	36	204
	% within D3#Rec - NUMBER PPL HOUSEHOLD	20.4%	16.7%	22.4%	21.5%	30.0%	20.6%
Don't know	Count	15	23	11	8	5	62
	% within D3#Rec - NUMBER PPL HOUSEHOLD	7.7%	5.9%	7.7%	5.6%	4.2%	6.3%
Total	Count	196	389	143	144	120	992
	% within D3#Rec - NUMBER PPL HOUSEHOLD	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 3 – Do you think you can choose your electricity company by resident status

B1. CHOOSE ELECTRICAL COMPANY		D4. RESIDENT STATUS				Total
		Owned fully/fully paid off	Buying/paying off home	Renting - private	Renting - public/Housing Commission/Community housing	
Yes	Count	379	214	95	22	710
	% within D4. RESIDENT STATUS	74.6%	73.3%	70.9%	68.8%	73.5%
No	Count	97	64	29	6	196
	% within D4. RESIDENT STATUS	19.1%	21.9%	21.6%	18.8%	20.3%
Don't know	Count	32	14	10	4	60
	% within D4. RESIDENT STATUS	6.3%	4.8%	7.5%	12.5%	6.2%
Total	Count	508	292	134	32	966
	% within D4. RESIDENT STATUS	100.0%	100.0%	100.0%	100.0%	100.0%

Table 4 – Do you think you can choose your electricity company by health condition

B1. CHOOSE ELECTRICAL COMPANY		D6. HEALTH CONDITION		Total
		Yes	No	
Yes	Count	150	568	718
	% within D6. HEALTH CONDITION	77.7%	72.5%	73.6%
No	Count	31	167	198
	% within D6. HEALTH CONDITION	16.1%	21.3%	20.3%
Don't know	Count	12	48	60
	% within D6. HEALTH CONDITION	6.2%	6.1%	6.1%
Total	Count	193	783	976
	% within D6. HEALTH CONDITION	100.0%	100.0%	100.0%

Table 5 – Do you think you can choose your electricity company by household income

B1. CHOOSE ELECTRICAL COMPANY		D8Rec HOUSEHOLD INCOME					Total
		Nil to \$199	\$200 to \$499	\$500 - \$999	Over \$1000	Refused or Don't Know	
Yes	Count	20	102	180	236	194	732
	% within D8Rec HOUSEHOLD INCOME	69.0%	68.9%	78.6%	73.5%	71.1%	73.2%
No	Count	7	32	41	71	54	205
	% within D8Rec HOUSEHOLD INCOME	24.1%	21.6%	17.9%	22.1%	19.8%	20.5%
Don't know	Count	2	14	8	14	25	63
	% within D8Rec HOUSEHOLD INCOME	6.9%	9.5%	3.5%	4.4%	9.2%	6.3%
Total	Count	29	148	229	321	273	1000
	% within D8Rec HOUSEHOLD INCOME	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

B.2 Current electricity company

Table 6 – Which company are you currently purchasing electricity from by concession card ownership

B2recode		C1. Concession Y/N		Total
		Concession	No concession	
Energy Aust	Count	14	17	31
	% within C1. Concession Y/N	4.9%	2.6%	3.3%
AGL	Count	22	36	58
	% within C1. Concession Y/N	7.7%	5.5%	6.2%
Country Energy	Count	206	532	738
	% within C1. Concession Y/N	71.8%	81.6%	78.6%
Integral	Count	16	23	39
	% within C1. Concession Y/N	5.6%	3.5%	4.2%
Other	Count	29	44	73
	% within C1. Concession Y/N	10.1%	6.7%	7.8%
Total	Count	287	652	939
	% within C1. Concession Y/N	100.0%	100.0%	100.0%

Table 7 – Which company are you currently purchasing electricity from by age range

		D2. AGE RANGE						Total
		18-24	25-34	35-44	45-54	55-64	Over 65	
Energy Aust	Count	0	3	1	11	4	12	31
	% within D2. AGE RANGE	.0%	3.6%	.6%	4.9%	2.0%	5.3%	3.3%
AGL	Count	3	5	12	14	4	20	58
	% within D2. AGE RANGE	12.0%	6.0%	7.1%	6.2%	2.0%	8.8%	6.2%
Country Energy	Count	22	65	138	180	167	161	733
	% within D2. AGE RANGE	88.0%	77.4%	81.2%	79.6%	83.1%	70.9%	78.6%
Integral	Count	0	3	8	9	7	11	38
	% within D2. AGE RANGE	.0%	3.6%	4.7%	4.0%	3.5%	4.8%	4.1%
Other	Count	0	8	11	12	19	23	73
	% within D2. AGE RANGE	.0%	9.5%	6.5%	5.3%	9.5%	10.1%	7.8%
Total	Count	25	84	170	226	201	227	933
	% within D2. AGE RANGE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

B.3 Number of electricity companies in the area

Table 8 – How many other companies can you purchase electricity from by concession card ownership

B3. NUMBER OF OTHER LOCAL COMPANIES YOU CAN BUY ELECTRICITY FROM		C1. Concession Y/N		Total
		Concession	No concession	
NONE	Count	44	122	166
	% within C1. Concession Y/N	15.1%	18.0%	17.2%
1 - 3	Count	137	318	455
	% within C1. Concession Y/N	47.1%	47.0%	47.1%
More than 3	Count	22	56	78
	% within C1. Concession Y/N	7.6%	8.3%	8.1%
Don't know/Cant recall	Count	88	180	268
	% within C1. Concession Y/N	30.2%	26.6%	27.7%
Total	Count	291	676	967
	% within C1. Concession Y/N	100.0%	100.0%	100.0%

Table 9 – How many other companies can you purchase electricity from by gender

B3. NUMBER OF OTHER LOCAL COMPANIES YOU CAN BUY ELECTRICITY FROM		D1. GENDER		Total
		Male	Female	
NONE	Count	55	111	166
	% within D1. GENDER	14.7%	17.7%	16.6%
1 - 3	Count	181	274	455
	% within D1. GENDER	48.5%	43.7%	45.5%
More than 3	Count	40	38	78
	% within D1. GENDER	10.7%	6.1%	7.8%
Not interested in other suppliers	Count	9	24	33
	% within D1. GENDER	2.4%	3.8%	3.3%
Don't know/Cant recall	Count	88	180	268
	% within D1. GENDER	23.6%	28.7%	26.8%
Total	Count	373	627	1000
	% within D1. GENDER	100.0%	100.0%	100.0%

Table 10 – How many other companies can you purchase electricity from by age range

B3. NUMBER OF OTHER LOCAL COMPANIES YOU CAN BUY ELECTRICITY FROM		D2. AGE RANGE						Total
		18-24	25-34	35-44	45-54	55-64	Over 65	
NONE	Count	5	18	33	48	30	31	165
	% within D2. AGE RANGE	17.9%	20.9%	18.3%	20.1%	14.4%	12.4%	16.6%
1 - 3	Count	12	46	99	102	93	98	450
	% within D2. AGE RANGE	42.9%	53.5%	55.0%	42.7%	44.7%	39.0%	45.4%
More than 3	Count	3	8	12	19	17	19	78
	% within D2. AGE RANGE	10.7%	9.3%	6.7%	7.9%	8.2%	7.6%	7.9%
Not interested in other suppliers	Count	0	1	2	5	8	16	32
	% within D2. AGE RANGE	.0%	1.2%	1.1%	2.1%	3.8%	6.4%	3.2%
Don't know/Cant recall	Count	8	13	34	65	60	87	267
	% within D2. AGE RANGE	28.6%	15.1%	18.9%	27.2%	28.8%	34.7%	26.9%
Total	Count	28	86	180	239	208	251	992
	% within D2. AGE RANGE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 11 – How many other companies can you purchase electricity from by number of people in the household

B3. NUMBER OF OTHER LOCAL COMPANIES YOU CAN BUY ELECTRICITY FROM		D3#Rec - NUMBER PPL HOUSEHOLD					Total
		1 person	2 people	3 people	4 people	5 or more people	
NONE	Count	25	58	29	23	30	165
	% within D3#Rec - NUMBER PPL HOUSEHOLD	12.8%	14.9%	20.3%	16.0%	25.0%	16.6%
1 - 3	Count	83	165	67	74	62	451
	% within D3#Rec - NUMBER PPL HOUSEHOLD	42.3%	42.4%	46.9%	51.4%	51.7%	45.5%
More than 3	Count	8	42	7	12	9	78
	% within D3#Rec - NUMBER PPL HOUSEHOLD	4.1%	10.8%	4.9%	8.3%	7.5%	7.9%
Not interested in other suppliers	Count	7	18	3	3	0	31
	% within D3#Rec - NUMBER PPL HOUSEHOLD	3.6%	4.6%	2.1%	2.1%	.0%	3.1%
Don't know/Cant recall	Count	73	106	37	32	19	267
	% within D3#Rec - NUMBER PPL HOUSEHOLD	37.2%	27.2%	25.9%	22.2%	15.8%	26.9%
Total	Count	196	389	143	144	120	992
	% within D3#Rec - NUMBER PPL HOUSEHOLD	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 12 – How many other companies can you purchase electricity from by education

B3. NUMBER OF OTHER LOCAL COMPANIES YOU CAN BUY ELECTRICITY FROM		D7. EDUCATION					Total
		Did not finish school/still at school	Year 10/School Certificate/Intermediate Certificate or equiv	Year 12/Higher School Certificate/Leaving Certificate or equ	Certificate or diploma	University degree or higher	
NONE	Count	10	36	37	29	49	161
	% within D7. EDUCATION	17.9%	13.8%	19.7%	17.6%	17.1%	16.8%
1 - 3	Count	20	114	87	86	135	442
	% within D7. EDUCATION	35.7%	43.8%	46.3%	52.1%	47.0%	46.2%
More than 3	Count	1	19	18	17	20	75
	% within D7. EDUCATION	1.8%	7.3%	9.6%	10.3%	7.0%	7.8%
Not interested in other suppliers	Count	2	8	6	3	9	28
	% within D7. EDUCATION	3.6%	3.1%	3.2%	1.8%	3.1%	2.9%
Don't know/Cant recall	Count	23	83	40	30	74	250
	% within D7. EDUCATION	41.1%	31.9%	21.3%	18.2%	25.8%	26.2%
Total	Count	56	260	188	165	287	956
	% within D7. EDUCATION	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 13 – How many other companies can you purchase electricity from by household income

B3. NUMBER OF OTHER LOCAL COMPANIES YOU CAN BUY ELECTRICITY FROM		D8Rec HOUSEHOLD INCOME				Total
		Nil to \$199	\$200 to \$499	\$500 - \$999	Over \$1000	
NONE	Count	5	23	27	62	117
	% within D8Rec HOUSEHOLD INCOME	17.2%	15.5%	11.8%	19.3%	16.1%
1 - 3	Count	8	66	119	152	345
	% within D8Rec HOUSEHOLD INCOME	27.6%	44.6%	52.0%	47.4%	47.5%
More than 3	Count	4	8	18	27	57
	% within D8Rec HOUSEHOLD INCOME	13.8%	5.4%	7.9%	8.4%	7.8%
Not interested in other suppliers	Count	1	8	6	5	20
	% within D8Rec HOUSEHOLD INCOME	3.4%	5.4%	2.6%	1.6%	2.8%
Don't know/Cant recall	Count	11	43	59	75	188
	% within D8Rec HOUSEHOLD INCOME	37.9%	29.1%	25.8%	23.4%	25.9%
Total	Count	29	148	229	321	727
	% within D8Rec HOUSEHOLD INCOME	100.0%	100.0%	100.0%	100.0%	100.0%

B.4 Electricity providers contacting respondents

Table 14 – Have you ever been contacted by a company to buy electricity from them by concession card ownership

B4. CONTACTED BY COMPANY TO BUY ELECTRICITY FROM THEM		C1. Concession Y/N		Total
		Concession	No concession	
Yes	Count	151	249	400
	% within C1. Concession Y/N	49.7%	37.1%	41.0%
No	Count	153	422	575
	% within C1. Concession Y/N	50.3%	62.9%	59.0%
Total	Count	304	671	975
	% within C1. Concession Y/N	100.0%	100.0%	100.0%

Table 15 – Have you ever been contacted by a company to buy electricity from them by health condition

B4. CONTACTED BY COMPANY TO BUY ELECTRICITY FROM THEM		D6. HEALTH CONDITION		Total
		Yes	No	
Yes	Count	103	287	390
	% within D6. HEALTH CONDITION	53.6%	37.8%	41.0%
No	Count	89	473	562
	% within D6. HEALTH CONDITION	46.4%	62.2%	59.0%
Total	Count	192	760	952
	% within D6. HEALTH CONDITION	100.0%	100.0%	100.0%

Table 16 – Have you ever been contacted by a company to buy electricity from them by age range

B4. CONTACTED BY COMPANY TO BUY ELECTRICITY FROM THEM		D2. AGE RANGE						Total
		18-24	25-34	35-44	45-54	55-64	Over 65	
Yes	Count	5	43	67	81	92	109	397
	% within D2. AGE RANGE	19.2%	50.6%	38.1%	35.2%	45.1%	44.3%	41.1%
No	Count	21	42	109	149	112	137	570
	% within D2. AGE RANGE	80.8%	49.4%	61.9%	64.8%	54.9%	55.7%	58.9%
Total	Count	26	85	176	230	204	246	967
	% within D2. AGE RANGE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 17 – Have you ever been contacted by a company to buy electricity from them by resident status

B4. CONTACTED BY COMPANY TO BUY ELECTRICITY FROM THEM		D4. RESIDENT STATUS				Total
		Owned fully/fully paid off	Buying/paying off home	Renting - private	Renting - public/Housing Commission/Community housing	
Yes	Count	211	109	52	15	387
	% within D4. RESIDENT STATUS	42.8%	38.5%	39.1%	46.9%	41.1%
No	Count	282	174	81	17	554
	% within D4. RESIDENT STATUS	57.2%	61.5%	60.9%	53.1%	58.9%
Total	Count	493	283	133	32	941
	% within D4. RESIDENT STATUS	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDICES

Table 18 – Have you ever been contacted by a company to buy electricity from them by household income

B4. CONTACTED BY COMPANY TO BUY ELECTRICITY FROM THEM		D8Rec HOUSEHOLD INCOME				Total
		Nil to \$199	\$200 to \$499	\$500 - \$999	Over \$1000	
Yes	Count	10	70	108	119	307
	% within D8Rec HOUSEHOLD INCOME	34.5%	47.9%	48.0%	38.0%	43.1%
No	Count	19	76	117	194	406
	% within D8Rec HOUSEHOLD INCOME	65.5%	52.1%	52.0%	62.0%	56.9%
Total	Count	29	146	225	313	713
	% within D8Rec HOUSEHOLD INCOME	100.0%	100.0%	100.0%	100.0%	100.0%

Table 19 – Which supplier were you approached by, by age range

B5a. APPROACHED BY		D2. AGE RANGE						Total
		18-24	25-34	35-44	45-54	55-64	Over 65	
Your current electricity supplier	Count	1	2	11	10	5	10	39
	% within D2. AGE RANGE	20.0%	4.7%	16.4%	12.3%	5.4%	9.2%	9.8%
Another electricity supplier	Count	4	39	50	66	84	96	339
	% within D2. AGE RANGE	80.0%	90.7%	74.6%	81.5%	91.3%	88.1%	85.4%
Both	Count	0	2	6	5	3	3	19
	% within D2. AGE RANGE	.0%	4.7%	9.0%	6.2%	3.3%	2.8%	4.8%
Total	Count	5	43	67	81	92	109	397
	% within D2. AGE RANGE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

B.5 Changing electricity suppliers

Table 20 – Have you ever changed electricity provider by concession card ownership

B9. CHANGED ELECTRICITY PROVIDER		C1. Concession Y/N		Total
		Concession	No concession	
Yes	Count	82	149	231
	% within C1. Concession Y/N	26.8%	21.7%	23.3%
No	Count	224	538	762
	% within C1. Concession Y/N	73.2%	78.3%	76.7%
Total	Count	306	687	993
	% within C1. Concession Y/N	100.0%	100.0%	100.0%

Table 21 – Have you ever changed electricity provider by health condition

B9. CHANGED ELECTRICITY PROVIDER		D6. HEALTH CONDITION		Total
		Yes	No	
Yes	Count	56	169	225
	% within D6. HEALTH CONDITION	29.0%	21.8%	23.2%
No	Count	137	608	745
	% within D6. HEALTH CONDITION	71.0%	78.2%	76.8%
Total	Count	193	777	970
	% within D6. HEALTH CONDITION	100.0%	100.0%	100.0%

B.6 Number of times changes occurred

Table 22 – Total times have changed electrical companies since January 2002 by concession card ownership

B10. TOTAL TIMES HAVE CHANGED ELECTRICAL COMPANIES SINCE JAN02		C1. Concession Y/N		Total
		Concession	No concession	
.00	Count	8	11	19
	% within C1. Concession Y/N	9.8%	7.4%	8.2%
1 time	Count	60	95	155
	% within C1. Concession Y/N	73.2%	63.8%	67.1%
2 times	Count	12	30	42
	% within C1. Concession Y/N	14.6%	20.1%	18.2%
3 times	Count	2	10	12
	% within C1. Concession Y/N	2.4%	6.7%	5.2%
5 times	Count	0	1	1
	% within C1. Concession Y/N	.0%	.7%	.4%
Don't know/Cant recall	Count	0	2	2
	% within C1. Concession Y/N	.0%	1.3%	.9%
Total	Count	82	149	231
	% within C1. Concession Y/N	100.0%	100.0%	100.0%

Table 23 – Total times have changed electrical companies since January 2002 by gender

B10. TOTAL TIMES HAVE CHANGED ELECTRICAL COMPANIES SINCE JAN02		D1. GENDER		Total
		Male	Female	
.00	Count	9	10	19
	% within D1. GENDER	10.0%	7.1%	8.2%
1 time	Count	63	92	155
	% within D1. GENDER	70.0%	65.2%	67.1%
2 times	Count	14	28	42
	% within D1. GENDER	15.6%	19.9%	18.2%
3 times	Count	3	9	12
	% within D1. GENDER	3.3%	6.4%	5.2%
5 times	Count	0	1	1
	% within D1. GENDER	.0%	.7%	.4%
Don't know/Cant recall	Count	1	1	2
	% within D1. GENDER	1.1%	.7%	.9%
Total	Count	90	141	231
	% within D1. GENDER	100.0%	100.0%	100.0%

B.7 Main reason for not changing electricity company

Table 24 – Main reason for not changing electricity company by concession card ownership

B13 Rec - MAIN REASON NOT CHANGE		C1. Concession Y/N		Total
		Concession	No concession	
Never heard of other supplier	Count	10	38	48
	% within C1. Concession Y/N	4.2%	6.9%	6.1%
Didn't know I could choose	Count	21	81	102
	% within C1. Concession Y/N	8.9%	14.7%	12.9%
Content not to change	Count	99	188	287
	% within C1. Concession Y/N	41.9%	34.1%	36.4%
Too much trouble to switch	Count	20	47	67
	% within C1. Concession Y/N	8.5%	8.5%	8.5%
Only company in area/no choice	Count	14	44	58
	% within C1. Concession Y/N	5.9%	8.0%	7.4%
Other	Count	60	131	191
	% within C1. Concession Y/N	25.4%	23.7%	24.2%
Don't Know	Count	12	23	35
	% within C1. Concession Y/N	5.1%	4.2%	4.4%
Total	Count	236	552	788
	% within C1. Concession Y/N	100.0%	100.0%	100.0%

Sydney
Level 21, 321 Kent Street
Sydney, NSW 2000
Tel: +612 8233 9900
Fax: +612 8233 9966

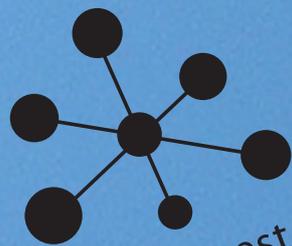
Brisbane
Level 12, 120 Edward Street
Brisbane, QLD 4000
Tel: +617 3007 3800
Fax: +617 3007 3811

Dubai
Level 4, Attareen Building,
Saaha Offices, Old Town Island
Downtown Burj Dubai, UAE
Tel: +971 4 4200212
Fax: +971 4 4200209

Melbourne
Level 12, 120 Collins Street
Melbourne, VIC 3000
Tel: +613 8663 4888
Fax: +613 8663 4999

Perth
Ground Floor, 53 Ord Street
West Perth, WA 6005
Tel: +618 9346 0500
Fax: +618 9321 7790

Australia • Asia • Middle East
www.urbis.com.au
info@urbis.com.au



public interest
ADVOCACY CENTRE LTD