New Zealand woman dies after power company cuts off electricity supply

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New Zealand mother-of-four Folole Muliaga, 44, died on May 29, three hours after a contractor working for the Mercury Energy power company cut off the electricity supply to her South Auckland home because the family was late paying a $168.40 power bill. The action rendered Muliaga's electrically-operated oxygen machine useless.

Muliaga, a Samoan pre-school teacher, was being treated for cardiomyopathy, or a weak heart, and obesity. She had been in hospital for a month, and was discharged three weeks prior to her death. One of the children had fruitlessly pleaded with the contractor not to cut the power because it was needed for the oxygen machine. The power company admitted that Muliaga had appeared at the door with the oxygen tube still in her nose, but her requests to delay the disconnection were ignored. The contractor simply responded, "I'm just here to do my job", and left.

The exact cause of Muliaga's death is the subject of a forthcoming coroner's inquiry. A number of medical specialists have cautioned that the very ill woman may have died of causes not directly related to the failure of the machine. An Auckland District Health Board spokesman said that although the power cut had stopped the oxygen machine, Muliaga should not have been reliant on it and would not have been sent home had she needed the machine to keep her alive.

At the very least, however, it is likely that the distress caused by the sudden cut-off of her oxygen supply, coupled with anxiety about whether she could afford emergency health care, may well have brought on a fatal heart seizure. While her children called an ambulance after she collapsed—from a neighbour's house as the Muliaga's telephone had also been disconnected—all attempts at resuscitation failed.

The tragic case has brought to light the growing desperation of many ordinary people whose basic needs are being ignored by profit-driven utility companies. With social inequality continuing to escalate, tens of thousands of low-paid workers and welfare beneficiaries are facing severe hardships as they struggle to sustain their daily lives.

According to a report in the *Dominion Post* newspaper, the Social Development Ministry deals with 32,000 cases a year of people either facing disconnection or who have had their power cut off. That figure—which does not include the many who have not registered with social agencies—represents about two percent of New Zealand's 1.5 million households.

Meanwhile, household electricity prices rose 7 percent on average last year, and have increased 40 percent in real terms since the current Labour government came to office in 2000. State-owned power companies, which hold half of all household electricity accounts, returned $300 million in profits in the six months to December 2006, up $37.6 million on the previous six months. Meridian Energy alone made more than $100 million profit last year.

Domestic customers, who account for 34 percent of all electricity consumption, carry a major burden when it comes to supplying the electricity companies' profits. Residential users have the highest electricity charges, well above those imposed on businesses. In 2005, households paid 19.6 cents per kilowatt hour, including tax, for electricity while commercial users paid 12.81 cents and industrial users 7.74 cents. Moreover, while residential rates rose last year, commercial rates fell 6.5 percent.

The Muliaga household was similar to many others. The family of six migrated to New Zealand in 2000 and was dependent on two incomes to keep solvent. When Mrs Muliaga became ill and had to give up her job, they struggled. Husband Lopaavea Muliaga worked as a chef's assistant at the Centra Airport Hotel, earning marginally above the legal minimum wage of $11.50 an hour. Early during the day his wife died, Mr Muliaga had been on a picket line with his fellow workers. They were on strike for the third time in as many weeks seeking a five percent pay increase. The hotel is owned by the Intercontinental Hotel Group, which made operating profits of $NZ606 million last year.

The Muliagas had made considerable efforts to clear their power bill, making two fortnightly payments totalling $106.90 the previous month. However, they still owed $168.40, on top of current charges of $136. The bill, which arrived less than a week before Mrs Muliaga died, gave the outstanding amount as being due by June 13. But Mercury Energy general manager James Moulder contemptuously dismissed their attempts to make part payments. He said the bill was overdue and attempts to pay it off were not keeping up. "Making small payments on larger bills does not mean you get out of that disconnection process unless you come and talk to us about it," Moulder declared.

Doug Heffernan, the chief executive of Mercury's parent company Mighty River Power, persistently claimed that Mercury did not know of Mrs Muliaga's medical condition. He claimed that the company had not "put a foot wrong", and blamed the Samoan-speaking immigrant family for failing to go through the company's procedures to notify a medical dependency. However, a TVNZ investigation revealed last week that their search of company telephone logs proved that Mr Muliaga had called the power company on May 1, when his wife was still in hospital, requesting an arrangement to pay the bill in instalments. He was abruptly told that because the account was in his wife's name, she would have to ring herself.

News of the events leading to Mrs Muliaga's death provoked an immediate and widespread response among many people appalled by the actions of Mercury Energy. The episode uncovered deep popular resentment over the arrogance and high-handedness of the power companies. With peremptory threats of electricity disconnection a common occurrence, the incident struck a chord.

Tapu Misa, a columnist with the *New Zealand Herald*, wrote that she had received a disconnection notice from Mercury Energy when she had forgotten to pay her bill after the death of her mother. The bill, which totalled more than $900, was required to be paid within 48 hours. She sought permission to pay the overdue amount, about $400, immediately and the rest when it became due. Mercury refused. “I wondered then what happened to people who really couldn’t afford to pay,” the journalist wrote. Echoing the sentiments of many, she concluded: “Now we all know”.

Faced with a rising tide of public anger, all sections of the political establishment, including the so-called “left”, manoeuvred to make what advantage they could, while deflecting any attention from the source of the problem—the various governments of all stripes that have ruthlessly implemented the demands of New Zealand’s ruling elite during two decades of restructuring, privatisation and public sector cutbacks.

Two days after Muliaga died, a group of 50 protestors organised by the unions and radical groups mounted a protest outside Mercury’s Auckland headquarters, carrying placards saying “Contract killers” and “People before profit”. However, while registering disgust and outrage over the death, they were careful to calibrate their political response to ensure that mounting opposition was directed back into safe channels.

Protest organiser Joe Carolan, an official with the Unite union, called for the company’s CEO to be sacked, while another demanded a law change to make it illegal to cut the power off. The secretary of the Service and Food Workers’ Union, Jill Ovens, said that five of the Muliaga family were members of the union, and that the low wages they earned showed the struggle faced by many union members. Ovens’s comments evaded the unions’ own responsibility for the levels of social inequality that now exist—and their role in propping up the Clark Labour government which has pursued the “user pays” agenda over the past seven years.

For her part, Prime Minister Helen Clark rapidly moved to distance her government from any responsibility for the death. She began by pointing to the contractor, saying that the tube in Muliaga’s nose should have been enough to “set off alarm bells” and halt the disconnection.

Clark, who is behind in the polls and embroiled in a scandal within the local electorate over Labour’s expulsion on fraud charges of the sitting MP, Pacific Islander Taito Phillip Field, struck a populist pose and shamelessly milked the tragedy. She said the case, which was been reported around the world, conveyed a bad image of New Zealand. “We all feel not just embarrassed but devastated that this incident of heartlessness by a company and a contractor has gone around the world conveying an image of New Zealand that we don’t like of ourselves,” she said adding; “We are not a heartless people.”

Clark then rounded on Mercury Energy, saying the electricity cut-off was a “disgrace” and that the public was entitled to “full accountability”. Clark made a well-publicised visit to the Muliaga family home and spoke at the funeral, criticising the “hard nosed commercialism” of the power company, and demanding it “fess up” to its mistake and repair the damage. Clark referred to Electricity Commission guidelines for retailers on how to assist low-income consumers in regard to payments and to a protocol between power companies and social service agencies on the subject, saying that the disconnection was not “within the spirit or letter of these agreements.”

Clark’s admonishments to the company to “stop digging” over the affair finally pulled the Mercury Power board and management into line. With the Muliaga family threatening legal action, the company made a formal apology and company representatives visited the home with gifts of Samoan mats and a $10,000 payment as a contribution to the funeral. Mighty River Power then announced it would implement “new initiatives” to improve the company’s ability to identify and assist customers who were medically dependent or suffering financial hardship. The CEO declared that the company was committed to learn from the Muliaga tragedy by taking quick action “to improve our credit management system”.

The government has now announced that it intends to “toughen” the guidelines for disconnecting electricity in order to give more protection to “vulnerable” users. However, the new requirements—which are unlikely to even have the force of regulation—will merely require power companies to direct consumers to services that assist with payment options if they cannot pay their bills, to make sure there are no vulnerable people in homes that face a power cut-off, and to allow no disconnects on Fridays or during a weekend.

In other words, the burden of rising user charges for electricity remains in place, with allowances simply made for the expansion of credit facilities and time payments. Clark emphatically ruled out any responsibility on the government’s part to intervene in the financial affairs of publicly owned utility companies. According to Clark, it was not a matter of reducing profits, but of ensuring that power companies did not make profits “at the expense of vulnerable people put in the sort of position that the Muliaga family was in”.

This is, however, precisely what has been established by NZ Labor. In 1986, the Lange-Douglas Labour government passed the State Owned Enterprises (SOEs) Act as a halfway house for privatisation. Clark was a cabinet minister in that government. While the legislation made a vague reference to the newly established SOEs delivering essential services with regard to their “social responsibilities”, the modus operandi was to act according to business imperatives and to return profits to shareholders.

In 1992, the National government took Labour’s initiatives a step further by splitting power generation and transmission and setting up a power market. State-owned companies were thus obliged to compete with the privatised distribution sector. The result has been a system of electricity supply that has as its goal not the meeting of a basic social need, but the pursuit of money and the payment of ever-increasing dividends. A tragedy such as that experienced by the Muliaga family is the sad, but inevitable, outcome.