

Energy is an essential service – consumer perspective

AER Rate of Return Stakeholder Forum

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Energy is an essential service

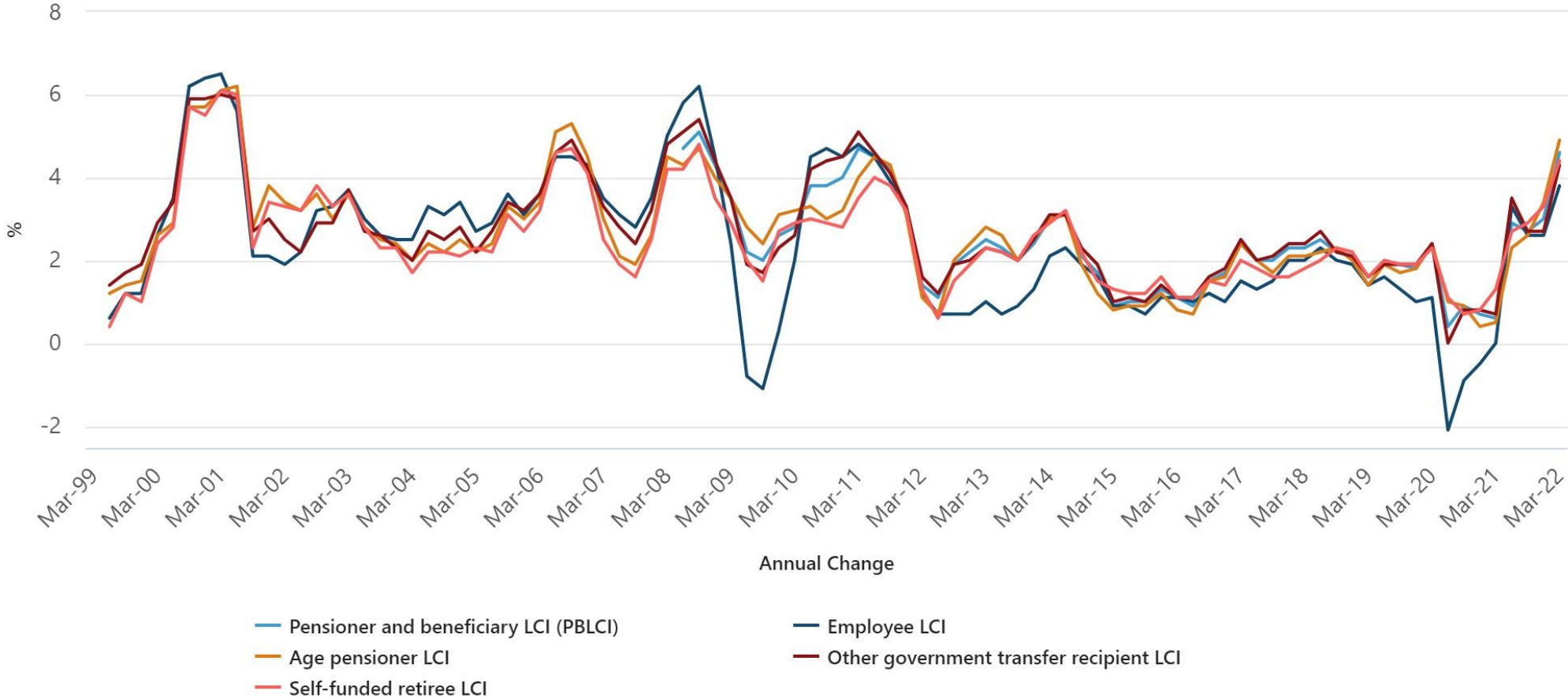
- Energy is an **essential service**, as it is critical to health, social, and economic well being
- Keep and cook food, shower, heat or cool homes, store medicines, work, study, look for a job, stay connected
- It is a service that people must continue to use regardless of their ability to afford it
- There are millions of people who experience energy vulnerability (potential to experience harm and suffering) and energy hardship (negative outcomes)
- Energy debt, deprivation and disconnection remains persistent
- COVID shone a light on the failures of the energy system to protect people, highlighting anyone can experience energy vulnerability and hardship
- The outcomes of energy hardship can be devastating

Energy bills unaffordable

- Energy prices are increasing (between 2.5% to 18%) in most jurisdictions and will remain high over next few years
- People on low-incomes already spend four times more of their income on energy bills
- In the last few years the number of people with and the amount of energy debt has increased, and they are staying in debt for longer (Hardship program: average energy debt is \$1,734 with 26 per cent with debts of more than \$2,500)
- People living in inefficient homes, without solar and batteries will be disproportionately paying more

Energy affordability and cost of living increases

Selected Living Cost Indexes (LCIs) by household type: annual movement, Australia (%)



Source: Australian Bureau of Statistics, Selected Living Cost Indexes, Australia March 2022

Energy affordability and cost of living increases

	Dec Qtr 2021 to Mar Qtr 2022	Mar Qtr 2021 to Mar Qtr 2022
Weighted average of eight capital cities, All groups	% change	% change
Selected Living Cost Indexes (LCIs) - Household type:		
Pensioner and beneficiary LCI (PBLCI)	2.2	4.6
Employee LCI	1.7	3.8
Age pensioner LCI	2.3	4.9
Other government transfer recipient LCI	2.1	4.3
Self-funded retiree LCI	1.8	4.4
Consumer Price Index (CPI)	2.1	5.1

Energy affordability and cost of living increases

Increase cost in housing, in particular rent

- 49% of respondents who rent privately have had their rent increased in the past six months.
- 46% of respondents renting privately are spending over 50% of their income on rent.
- 70% of respondents renting privately are spending over 40% of their income on rent.

Source: ACOSS survey undertaken June 2022, 825 respondents (not yet published)

Energy affordability and cost of living increases

Increase costs of food

- 98% of respondents have seen an increase in their grocery bills in the past 6 months.
- 54% of respondents were eating less or skipping meals.
- 13% of respondents were cutting back on meat, fresh fruit and vegetables, and other expensive items.
- 46% of respondents were redirecting money from other areas of their budget in order to pay for groceries

Source: ACOSS survey undertaken June 2022, 825 respondents (not yet published)

Energy affordability and cost of living increases

Increase transport costs

- 87% of respondents who regularly use a car have been using their car less or not at all
- 53% of respondents who regularly use a car have had difficulty attending work, medical appointments or other appointments as a result of increased fuel costs

Source: ACOSS survey undertaken June 2022, 825 respondents (not yet published)

Energy affordability and cost of living increases

Increase costs of and impact on health:

- 54% of respondents have had difficulty accessing medication or medical care due to the increased cost of living
- 67% of respondents say that the increased cost of living has 'always' or 'very often' impacted their mental health.
- 53% of respondents say that the increased cost of living has 'always' or 'very often' impacted their physical health.

Source: ACOSS survey undertaken June 2022, 825 respondents (not yet published)

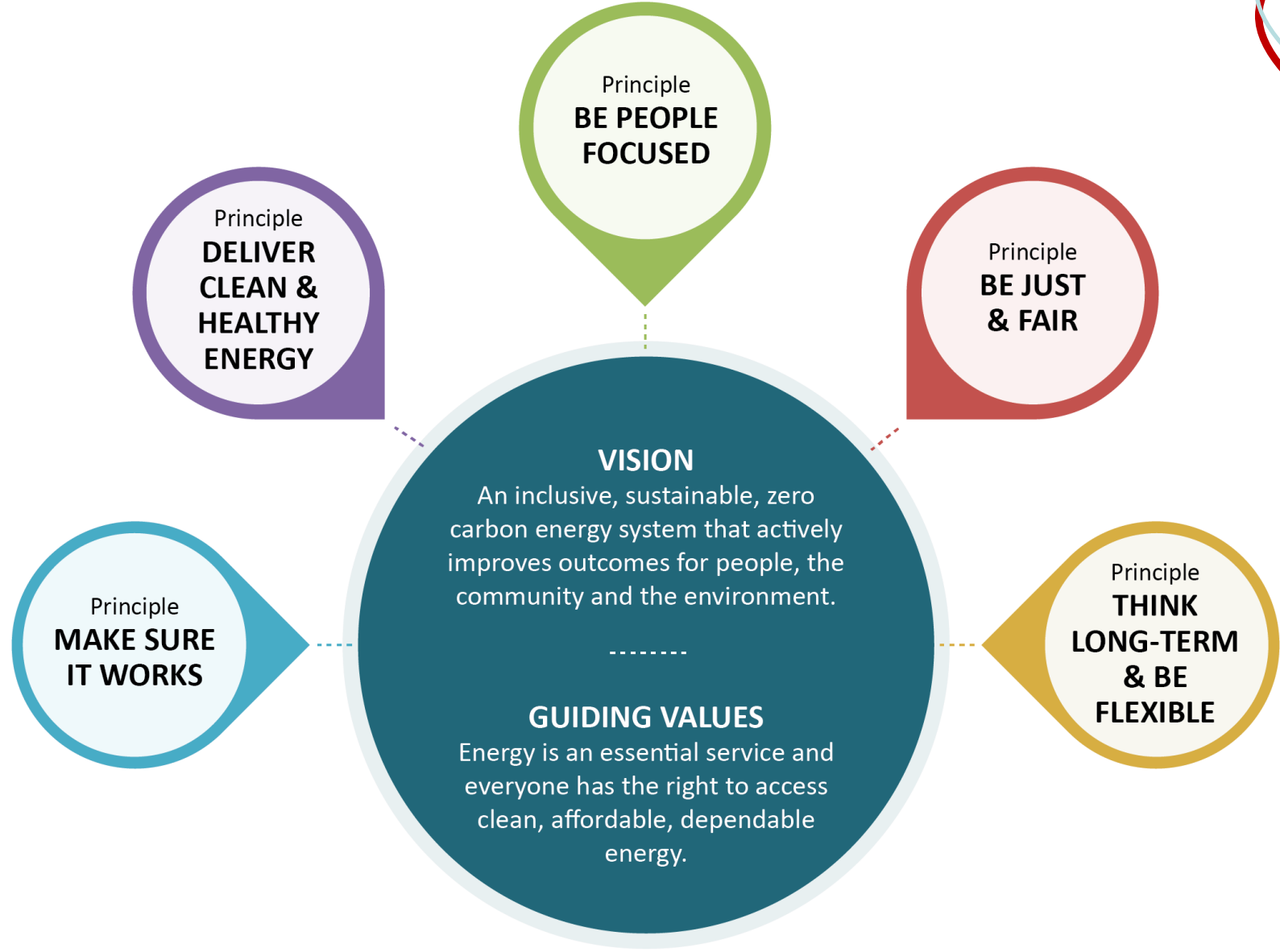
Energy affordability and cost of living increases

In order to afford energy Bills:

- 69% of all respondents are cutting back further on their heating
- 57% of all respondents are taking shorter or fewer showers
- 61% of respondents are cutting back further on the use of lights
- 47% of respondents are going to bed early to keep warm
- 39% of respondents go without other things like food and medicine to afford their energy bill.

- 31% of respondents currently have energy bill debt.
- A further 18% of respondents will go into energy debt because they won't be able to afford their next energy bill.

Interest of people should be at the center



For further information contact:
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Thank You

