

SUBMISSION IN RELATION TO ENERGY PRICES AND LOW INCOME HOUSEHOLDS

Prepared for:

Australian Energy Regulator

Prepared by:

ANGLICARE Sydney

January 2009

PREFACE

ANGLICARE Diocese of Sydney is the urban mission and welfare arm of the Sydney Anglican Church. ANGLICARE Sydney reaches out to thousands of people, bringing Christian care and support to those struggling with poverty, disability, illness and despair.

ANGLICARE Sydney services include emergency relief for families in crisis; foster care and adoption for children and those with special needs; counselling and support for children and youth with disabilities; migrant services; aged care through both nursing homes and community services; opportunity shops providing low-cost clothing; emergency services in times of disaster and chaplains in hospitals, prisons, mental health facilities and juvenile justice institutions.

One of our largest services is in relation to Emergency Relief (ER) which supports more than 30,000 clients a year. Our ER centres provides food, vouchers, case coordination and case management to a range of people including those who need support with the payment of electricity and gas bills through the Energy Accounts Payment Assistance (EAPA) scheme - funded by the NSW Department of Water and Energy (DWE) The scheme distributes vouchers to a range community and church agencies, which provide them to clients after an assessment interview.

In 2006 ANGLICARE Sydney undertook a study across six of its ER centres, encompassing 456 EAPA clients to determine the reasons for presentation and to enhance understanding of the difficulties faced by low income households in relation to the cost of energy provision. Attached is the full report with the key findings.

1. CAVEATS

The following brief discussion articulates ANGLICARE Sydney's position on energy pricing in relation to low income households. Anglicare Sydney is not commenting on the current pricing structure or system in relation to electricity, efficiencies in relation to generation or distribution or the level of profits secured by the sector. Our sole concern is the impact that such a pricing system, and any changes to such a system, may have on low income households. There is a need to ensure that hardship and poverty impacts are considered along with financial and environmental impacts in all pricing arrangements.

2. KEY CONCERNS

2.1 Energy is essential for maintaining a basic standard of living in Australia and therefore equitable access to energy must be a priority for Governments when considering any changes as to how it is supplied. Low income consumers have most at stake when it comes to equity of access

2.2 Low income households have a greater marginal propensity to consume income – with little or no income available for discretionary spending or saving. Their key items of household expenditure are housing (usually rental), food, clothing and power. An increase to any of these key items of expenditure can lead to greater hardship and can result in cutting back in key areas – usually food and clothing – as these are seen as the most discretionary. ANGLICARE Sydney's research into food insecurity (2008) supports this view. Shelter and power are key to a basic standard of living.

- 2.3 Low income households, faced with energy costs which they cannot pay, may ration their energy consumption – but often to detrimental levels. The Indicators of Disadvantage research Study conducted jointly by the University of NSW Social Policy Research Centre, ANGLICARE Sydney, ACOSS, Mission Australia and the Brotherhood of St Laurence found some disturbing results among more than 850 low income households surveyed in 2007 more than 40% of respondents indicated that they were having issues in the provision of basic utilities as they had unpaid water, electricity, gas or phone bills and more than one quarter did not have heating in even one room in their home.¹
- 2.4 However some low income households cannot be discretionary in reducing their consumption of power because of individual circumstances such as family size, physical and mental health, and disability issues.
- 2.5 Low income households are often so close to the margin of survival that a change, no matter how small, in any area of expenditure, can cause crisis. In the EAPA survey, when asked why they needed assistance to pay electricity bills the overwhelming response from survey participants was a higher energy bill than usual, many bills at once or unexpected medical or car expenses.
- 2.6 The need for support in the payment of electricity bills is an ongoing theme, with more than half those clients presenting, having done so on a previous occasion.
- 2.7 Management of electricity payments is key to coping for clients. Only one third had such payment arrangements in place with their energy provider. These clients were more likely to regularly access EAPA support.
- 2.8 Low income households do not execute a significant energy footprint – they are low users of energy because they cannot afford it. This is evident in the amount of financial support requested by clients where the median amount on the vouchers provided in the three month period of the survey was \$120. While the actual sum is relatively small, it can be significant in terms of what it represents of total income. Low income households generally spend a higher proportion of their incomes on energy than other Australian households.
- 2.9 A small energy footprint does not necessarily indicate efficiency. Low income households do not have discretionary income to spend on energy efficient systems such as insulation, efficient electrical appliances and cooling and heating systems such as reverse cycle air conditioning and may therefore be less efficient in their use of energy. Their housing stock is often run down, ageing and energy inefficient.
- 2.10 It is also indicative that clients who seek welfare support to pay their electricity bills may be experiencing a severe degree of hardship. More than one third of clients in the EAPA study were presenting to ANGLICARE with payments in arrears and almost half of those presenting also received food hampers and vouchers.
- 2.11 The latest Independent Pricing and Regulatory Tribunal decision on electricity prices allows a 26% staggered rise from now until 2010. This has occurred in order to encourage more for-profit energy providers into the market and thus

¹ UNSW SPRC and ANGLICARE Sydney (2007) *Left Out and Missing Out: Voices from the Margins*, Snapshot 1, p3

allow greater competition. The cost of electricity is set to rise further with pressures from the proposed privatisation of public electricity retail bodies and from the introduction of carbon pricing as a way of minimising Australia's carbon footprint.

- 2.12 Any projected rise in electricity prices, if not met with either rising incomes or reduced costs of living, will adversely impact low income households – causing hardship and will further deepen already existing levels of deprivation.

3. RECOMMENDATIONS

- 3.1 Policy directions which lead to rising energy prices need to take into account the needs of low income households and their capacity to pay.
- 3.2 All policy decisions, which lead to a rise in the price of energy as an essential commodity, should consider a low income household impact study, in order to mitigate the worst effects of such price rises.
- 3.3 Ongoing price regulation of electricity is essential if low income households are to be guaranteed equity of access to electricity consumption. ANGLICARE Sydney believes that price regulation is an important safeguard for households with limited ability to participate in a competitive energy market.
- 3.4 Energy price rises will disadvantage already struggling low income households. Compensatory measures could include special one off assistance to such households to implement more energy efficient systems, provision of low interest green loans, expansion of the Energy Efficiency of Electrical Appliances measure and the Solar Hot Water rebate program. Such assistance could also be provided through payment offsets via the tax and social security systems.
- 3.5 There should be the development of a 'no disconnections' policy in NSW to encourage energy providers to proactively inform clients about the forms of assistance they can access in order to pay their bill.
- 3.6 Consideration should be given to increasing the funding to EAPA – to ensure that low income households have greater access to support in a rising energy price environment.

CONCLUSION

ANGLICARE Sydney appreciates the opportunity provided by the AER to comment on the energy issues which are relevant for low income households. We look forward to hearing of your further deliberations in this matter.

Peter Kell

Chief Executive Officer

Helping
with the COST of
ENERGY



Report of ANGLICARE Sydney's 2006 EAPA Data Collection
Sally Babbington & Sue King **September 2008**

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with the COST of
ENERGY

ANGLICARE DIOCESE OF SYDNEY
Policy Unit Research Paper



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ANGLICARE Diocese of Sydney is the urban mission and welfare arm of the Sydney Anglican Church. ANGLICARE has been making Christ's love real to people in need for over 150 years. Each year, ANGLICARE reaches out to thousands of people, bringing Christian care and support to those struggling with poverty, disability, illness and despair.

ANGLICARE services include emergency relief for families in crisis; foster care and adoption for children and those with special needs; counselling and support for children and youth with disabilities; migrant services; aged care through both nursing homes and community services; opportunity shops providing low-cost clothing; emergency services in times of disaster and chaplains in hospitals, prisons, mental health facilities and juvenile justice institutions.

Our Vision: Lives changing and communities growing by care through Jesus Christ.

Our Mission is to care:

- By doing good works that grow communities and address emotional, social and physical needs, and which are the fruit of the gospel of the Lord Jesus Christ.
- By seeking to bring the gospel of the Lord Jesus Christ that alone meets spiritual needs.
- In partnership with churches where possible, and the wider community where appropriate.

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EXECUTIVE *Summary*



EXECUTIVE SUMMARY

Energy Accounts Payment Assistance (EAPA) is a Government scheme funded by the NSW Department of Water and Energy (DWE) to assist people having difficulty paying their gas and electricity bills. The scheme distributes vouchers to a range of community and church agencies, which provide them to clients after an assessment interview.

ANGLICARE Sydney's study of EAPA clients involved 456 clients currently being assisted under the scheme through six ANGLICARE Sydney Emergency Relief services across greater metropolitan Sydney, the Illawarra and the Southern Highlands, during October to December 2006. The study provides an insight into the needs and profile of clients, as well as the type and level of assistance they required. The findings in this report are summarised below:



Client Profile

Age and sex Just under half (46%) of EAPA clients were aged 15-39 years. This compares with 45% of the Sydney and Illawarra combined population aged 15-39 in 2006, or 43% of Australia as a whole. The requests for EAPA assistance were predominantly from female clients (71%), higher than both the Sydney-Illawarra and national average female populations (both 51%).

Household type The largest household type among clients was single parents with children (44%), followed by persons living alone (28%). This differs somewhat to Sydney-Illawarra as a whole, with only 11% being single parent households and 23% lone person households. For Australia as a whole, there were 11% single parent and 24% single person households. Children resided in 60% of all households included in the ANGLICARE Sydney study.

Employment status The main activity of 92% of clients did not include paid work. This included 25% of clients not working due to illness, injury or disability. A further 21% cared for children as their main activity and 20% were unemployed and looking for work. In contrast 36% of Sydney-Illawarra's working age population were not in paid work¹, or 36% for Australia as a whole.



Government benefit dependency Of EAPA clients included in the study, 83% came from Government benefit-dependent households. Overall, 92% of respondents to the 2005 ANGLICARE Sydney study received Government benefits. Figures are not readily available for regional and national comparisons.

Housing Among clients, the most common tenure type was public/community housing (56%), followed by private rental (34%). In Sydney-Illawarra generally, 6% of homes were rented either publicly or through community housing whilst 24% were rented privately. For Australia as a whole the figures were 5% and 21% respectively.

Clients' Energy Bills

Most EAPA clients surveyed were seeking assistance with electricity payments (88%). When combining the amounts owing for either gas, electricity, or both bills, just under half owed up to \$250. There were 14% of clients whose bills were over \$500. The median amount owing for gas and electricity bills combined was \$260. For gas bills, the median amount owing was \$194 whilst for electricity bills the median was higher at \$324.

Clients' difficulty in paying their energy bills is reflected in the high proportion of overdue bills (74%). A further 15% had been served with a disconnection notice. There were 25 clients (6%) who were seeking assistance with gas or electricity connection fees, 17 of whom were also seeking assistance with the energy usage component of their bills. Half of clients (50%) also owed amounts in arrears.

Reasons for Seeking Assistance

Clients were asked, 'What has happened to make it hard for you to pay your bill?' Reasons were categorised as:

- High and unavoidable expenses, such as a higher energy bill than usual, many bills at once, medical or car maintenance expenses, etc. (87% gave one or more reasons in this category)
- Reduction or loss of income (17% gave one or more reasons)
- Life circumstances and other reasons, such as illness, mental health issues, relationship breakdown, etc (30% gave one or more reasons).

History of Seeking EAPA Assistance

The majority of clients (56%) had received EAPA assistance on a prior occasion, including 30% in the previous 12 months. The median amount of EAPA assistance received over the last two years was \$150, ranging from \$30 to \$960.

Clients' Payment Arrangements

There were 67% of clients who did not have payment arrangements in place to help them pay off their bill. Payment arrangements included:

- Centre-pay, where a small amount is deducted from the client's Centrelink benefit before being deposited into the client's account. This amount is paid to the energy provider on the client's behalf (12% of clients used this payment method).
- Regular direct debit through the client's financial institution, where the client pays a small

- amount each month towards the quarterly bill (Only 6 clients or 1% used this method).
- Agreement with the energy provider's customer assistance scheme (10%).
- Other payment arrangements with the energy provider (e.g. revised due date, etc) (8%).

Of those clients without payment arrangements in place, 30% had sought EAPA assistance either once or twice in the past 6 months. This suggests that a number of clients could benefit by one of the various forms of payment arrangements.

Assistance Provided

There were 453 clients whose survey forms recorded information about their energy bill. Of these, ANGLICARE Sydney assisted 81% to pay these bills. The energy assistance clients received was generally worth half their bills (this was the median amount).

Forms of assistance included EAPA vouchers as well as cheques for energy usage and for connection fees. The median amount on the 352 EAPA vouchers provided was \$120. Together, \$46,620 was provided in EAPA vouchers. Combining EAPA vouchers and cheques for connection and usage components, the total amount provided by ANGLICARE Sydney's Emergency Relief services during the study period was \$50,336. The median amount provided for all types of energy assistance was also \$120.

Of the clients who received assistance paying their gas or electricity bills, 55% also received another form of material aid. The main assistance provided was food or food vouchers (49%) – indicating the level of hardship that clients faced.

It is apparent that for the clients who were interviewed for EAPA assistance, a significant degree of hardship is being experienced. This is suggested by: the 36% of clients for whom over half of their bill comprised payments in arrears; the 56% of clients who had sought EAPA assistance before (including 30% who had sought assistance in the previous 12 months); and the 49% of EAPA clients who also received a food voucher or hamper. This, together with the range of reasons clients came to the centre, shows the complexity of clients' needs.

This report finishes with a discussion about the proposed privatisation of NSW's electricity retailers, coupled with a discussion about Australia's response to climate change, and how these issues affect low income households such as the people ANGLICARE Sydney assists. A number of recommendations put forward by various agencies are identified throughout the discussion on electricity privatisation; at the centre is the need for ongoing price regulation. Important safeguards to support low income households respond to climate change, particularly under a carbon trading system, are also outlined. Both ongoing compensatory measures and assistance for low income households to reduce their energy consumption are key.

These measures are discussed in the context of valuing energy as a basic need to which all require equitable access.



1. INTRODUCTION

Introduction

INTRODUCTION

In 2006 ANGLICARE Sydney conducted research as part of assessment interviews of clients seeking assistance with their energy bills. This research was implemented in six Emergency Relief centres across greater metropolitan Sydney, the Illawarra and the Southern Highlands, involving 456 clients. The aim of this study was twofold: to analyse the presenting problems and demographic information of clients currently being assisted under the Energy Accounts Payable Assistance (EAPA) scheme along with the type and level of assistance required; and to evaluate the process by which EAPA interviews were conducted. This report focuses on the first of these aims.

1.1. Energy Accounts Payment Assistance (EAPA)

Energy Accounts Payment Assistance (EAPA) is a Government scheme funded by the NSW Department of Water and Energy (DWE) to assist people having difficulty paying their energy bills. The scheme distributes vouchers to a range of community and church agencies, which provide them to clients having difficulty paying their energy bills.

During 2005-06 EAPA vouchers totalling \$8.1 million were distributed across 250 organisations throughout NSW.² Vouchers which are accepted by energy companies are currently available from over 1000 local outlets belonging to a range of community organisations and churches across NSW to assist with bill payment (not the total bill).³ EAPA vouchers cannot be used to pay for non-energy expenses such as late fees, connection, and security deposits.

EAPA was designed to target people experiencing financial hardship, a crisis or an emergency. Vouchers are provided in \$30 denominations and the guidelines state that clients can receive vouchers twice a year up to the value of \$180. However agencies can increase the level and frequency of support in exceptional circumstances. Payment of bills using EAPA vouchers can be made at the energy supplier's payment centre, a post office or by mail.

1.2. ANGLICARE Sydney's Emergency Relief Services

There are a number of organisations that provide emergency relief across Australia, including ANGLICARE Sydney. Based on a survey of the Community Services sector, the Australian Council of Social Services (ACOSS) estimates that 220,316 people received assistance from financial and material support services in 2006-07.⁴

ANGLICARE Sydney's Emergency Relief (ER) services are located in Campbelltown, Liverpool, Rooty Hill, Marrickville, Bondi, Wollongong, and Moss Vale. Preliminary results from ANGLICARE Sydney's new ER database shows that, in the seven month period from July 2007 to January 2008, ANGLICARE Sydney ER services saw almost 6,000 clients across more than 9,000 visits.

Many clients have multiple presenting problems. Their most common presenting problems included: over 50% of clients needing help with household organisation (such as difficulties getting out to the shops, cleaning, gardening, having enough room for the family, acquiring furniture and household goods, as well as budgeting issues); over 20% being unemployed; nearly 20% facing significant financial debt; and nearly 20% with physical health problems.

Clients came from a range of household types; over 40% of clients were from sole person households, over 30% were single parents with dependent children and a further 10% were couples with dependent children.

The most common type of material assistance provided was EAPA vouchers, followed by food in kind, cheques to creditors and food vouchers. With regards to EAPA, centres provided 2,046 clients with \$328,900 worth of EAPA vouchers over the seven month period.

The purpose of ER is to provide emergency, financial or other assistance to individuals and families in immediate and temporary financial crisis.⁵ However there are also increasing numbers seeking material aid because their income is inadequate to fund ordinary living costs, like needing to replace the fridge or having increased energy costs in winter.

The material assistance provided by ANGLICARE Sydney's ER services most commonly includes food or food vouchers, and/or help with paying energy bills. Other material assistance given can include assistance with paying telephone bills, cash or cheques for bill payment or purchases, clothing and help with pharmaceutical costs. Food hampers or food vouchers and presents are also provided at Christmas time.

In addition to material assistance, ANGLICARE Sydney's ER services offer information to clients about their rights and other services that can assist them. Clients are referred to services and their needs are advocated to government departments or businesses. ANGLICARE Sydney's ER services are located within a Community Care centre. These provide a variety of services (which may differ across centres) that are available to ER clients, such as:

- A debt management agreement that includes financial assistance
- Financial counselling
- No interest loan
- Drop-in coffee shop
- Counselling services
- Disability support
- Family services
- Support for young people
- Practical volunteer support



2. STUDY

Methodology

STUDY METHODOLOGY

During October and November 2006 ANGLICARE Sydney added a number of questions to the assessment interview for clients seeking assistance with their energy bills.

The range of questions included:

- Reasons for seeking assistance
- Nature of the bill: whether electricity/gas, overdue status, amount owing, connection fee component, amount in arrears
- Record of ER worker's contact with the energy provider, if relevant, during the interview
- History of client's EAPA assistance
- Existing payment arrangements
- Assistance provided – in EAPA vouchers, cheques and other material assistance
- Client demographics: sex, age, household type, housing tenure, employment status and income sources.



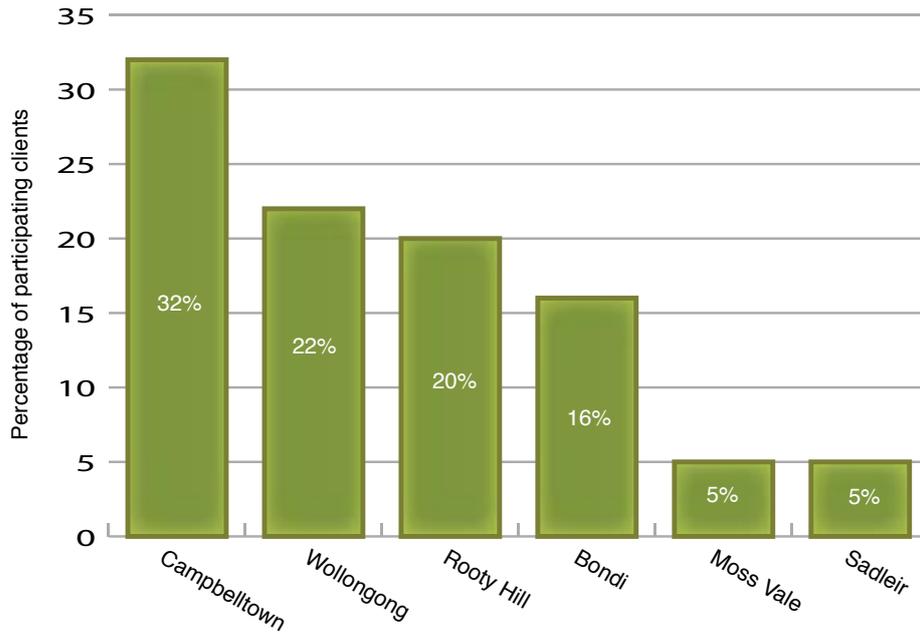
A copy of the survey is appended to this report.

This research was implemented in six ER services across greater metropolitan Sydney and the Illawarra, involving 456 clients. Sites included Rooty Hill, Sadleir, Bondi, Campbelltown, Wollongong and Moss Vale. Paid and volunteer ER workers were briefed on the survey beforehand and conducted it during the assessment interview.

Clients who were considered for assistance through the EAPA scheme were invited to participate. Clients were informed of the study, which was anonymous, and received a letter from the principal researcher about the study for their personal records. Clients were free to participate and those who did signed a consent form.

The returns from each ER service were not uniform – reflecting the varying size and nature of each of these services. The frequency distribution is illustrated in Figure 1 below:

Figure 1: Participating clients across ANGLICARE Sydney ER services (n=456)



Nearly one third of the entire sample derived from Campbelltown (32% or 147 clients), and approximately one fifth from both Wollongong (22% or 99 clients) and Rooty Hill (20% or 93 clients). These three services together make up just under three quarters of the total sample. Behind these were Bondi (16% or 73 clients), Moss Vale (5% or 22 clients) and Sadleir (5% or 22 clients). The sample proportions from each site roughly reflect the varying sizes of the ER services.

Although a total of 456 questionnaires were completed and returned, responses to certain questions were left unanswered. Mostly these were minimal, but for some questions there was a large number of missing responses. In the case where the latter is true, missing values are presented in the results, otherwise they are excluded.





3. SOCIO

Demographic Analysis

SOCIO DEMOGRAPHIC ANALYSIS

3.1. Age, Sex and Household Profile

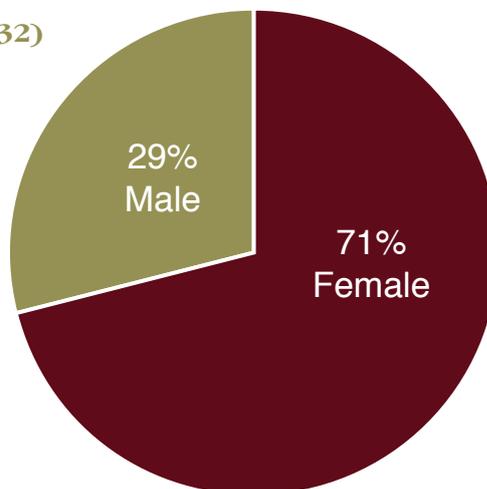
Just under half of EAPA clients were aged 15-39 years, with around one quarter aged between 30-39 years. Only 6% were of retirement age (that is, aged 65 years and over). This compares with 45% of the Sydney and Illawarra combined population aged 15-39 in 2006, or 43% of Australia as a whole.⁶

Figure 2: Age of clients (n=422)

Age groupings	Count	%
15-19 years	85	20%
30-39 years	108	26%
40-49 years	110	26%
50-59 years	66	16%
60-69 years	42	10%
70-79 years	10	2%
80 years+	1	>1%
Total	422	100.0

The requests for EAPA assistance were predominantly from female clients (71%), with 29% male clients. This compares with both the Sydney-Illawarra and national average figures of 49% male and 51% female.

Figure 3: Clients' Sex (n=432)

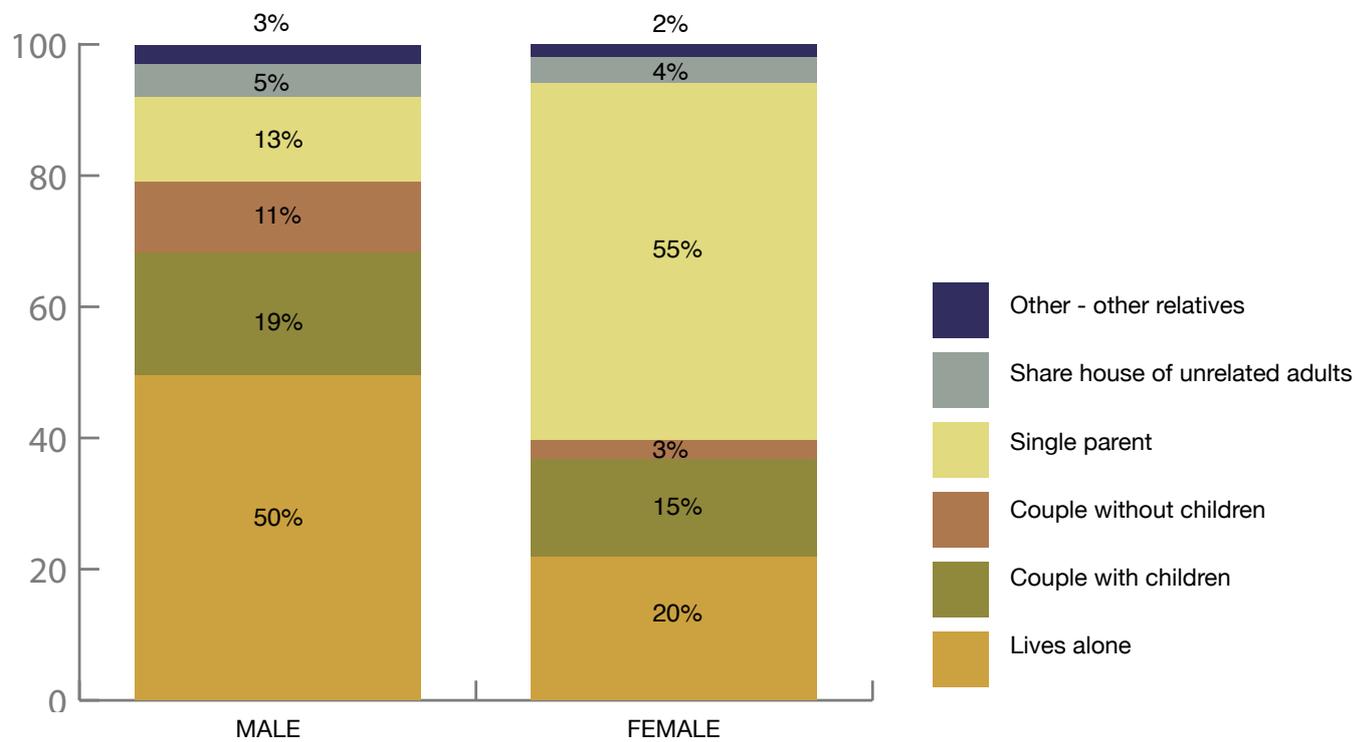


In terms of household type, information was provided by 443 out of 456 clients. The largest nominated type was that of single parent with children (44%), followed by clients who were living alone (28%). This differs somewhat to Sydney-Illawarra as a whole, with only 11% being single parent households and 23% lone person households. For Australia as a whole, there were 11% single parent and 24% lone person households.

There were more couples with children (17%) than couples without children (5%) in the ANGLICARE Sydney study. Indeed, children resided in the majority of all households (60%). Of the 266 households with children, 79% included children aged 0-14 years.

If household type and sex are examined together it is found that the majority of males lived alone and the majority of women were single parents. The distribution of clients across the household types by sex is shown in the following graph.

Figure 4: Household type by sex of client (n=427)



3.2. Employment and Income Status

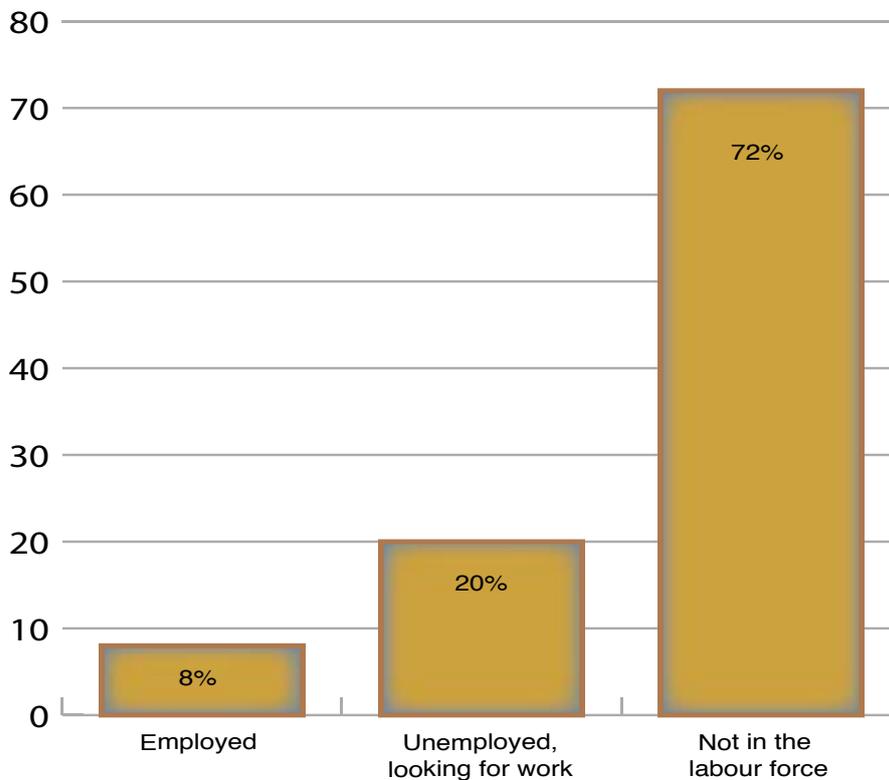
Less than 10% of the survey sample were employed as their main activity (8%); there were 92% of respondents not in paid work. In contrast 36% of Sydney-Illawarra’s working age population was not in paid work,⁷ or 36% for Australia as a whole. In the ANGLICARE Sydney study, 25% of clients were not working due to illness, injury or disability. A further 21% cared for children as their main activity and 20% were unemployed and looking for work. This is illustrated in Figure 5.

Figure 5: Respondents' labour force status (n=409)

Main activity	Count	%
Employed	33	8%
Working fulltime	5	1%
Work part-time	27	7%
Self-employed	1	0%
Unemployed, looking for work	83	20%
Not in the labour force	293	72%
Studying	7	2%
Looking after children	87	21%
Looking after ill, disabled or aged person	21	5%
Home duties	49	12%
Not working due to illness, injury or disability	102	25%
Retired	26	6%
Other	1	0%
TOTAL	409	100%

The graph below summarises the labour force status of clients.

Figure 6: Respondents' labour force status - summary (n=409)



Clients' income sources were predominantly government benefits. Figure 7 details the income sources of clients.

Figure 7: Income sources of respondents (n=448)

Income source	Count	% of respondents
FTB Part A and/or B	156	35%
Parenting Payment Single	150	34%
Disability Support Pension	129	29%
Newstart Allowance	79	18%
Carer Allowance	41	9%
Wages/ salary from employer	34	8%
Age Pension	33	7%
Parenting Payment Partnered	28	6%
Youth Allowance	15	3%
Other regular income	11	3%
Child Support	10	2%
No income	10	2%
Compensation/ Insurance	5	1%
Salary or profit from own business	5	1%
Austudy	4	1%
Abstudy	2	<1%
Special Benefit	2	<1%
N.B. Respondents could answer more than one income source.		



It was found that 83% of all clients included in the study came from households which were totally dependent on Government benefits for their income.

The most common Government benefits received by clients included: Parenting Payment Single (34%), Disability Support Pension (29%) and Newstart Allowance (18%). Only 9% derived income from employment or their own business.

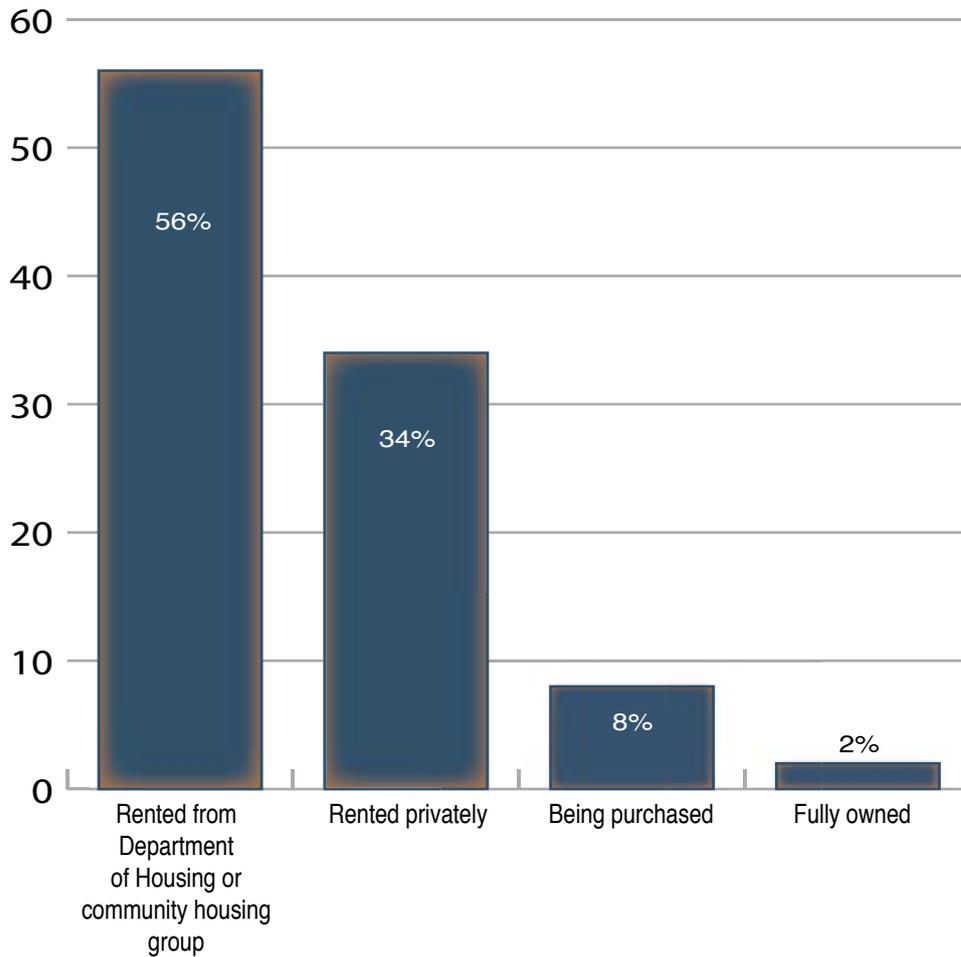
Out of the almost 200 single parents in the sample, only 9 reported receiving any Child Support payment from an ex-partner.

3.3. Accommodation

To gain a better understanding of EAPA clients’ living arrangements, information on housing type was also collected. The most common tenure type was public/community housing (56%), followed by private rental (34%). There were 36 clients who were purchasing their own homes and 11 who fully owned their home.

Accommodation status is presented in Figure 8.

Figure 8: Clients' accommodation (n=445)



The above graph compares with the following figures for Sydney-Illawarra and Australia as a whole: in Sydney-Illawarra, 6% of homes were rented through public or community housing and 24% rented privately (from a real estate agent or from someone else living outside the home). There were 33% each of homes that were being purchased or fully owned. In Australia, 5% of dwellings were rented publicly or through community housing, 21% rented privately and 34% each were being purchased or fully owned.

When comparing the housing of different households in the ANGLICARE Sydney study, the largest group included single parents in public or community housing (25% of all clients).

Of the two largest household types, a greater proportion of single parents rented privately (37%) compared with the proportion of people living alone who rented privately (21%).

Of the clients who were purchasing their homes, the largest proportion was couple households with children (15 clients).

EAPA vouchers are not accessible to caravan park residents and are not applicable for homeless people. ANGLICARE Sydney's ER clients however do fall into these accommodation categories. The ineligibility of caravan park residents to access EAPA vouchers should be reviewed, to enable this group of largely low income households to access assistance.

4. ASSISTANCE

Required



ANALYSIS OF ASSISTANCE REQUIRED

4.1. Assistance Required and Overdue Status

Figure 9 shows that most EAPA clients surveyed were seeking assistance with electricity payments only (80%). There were 12% of clients seeking assistance with gas payments only and 8% needed assistance with both accounts.

Figure 9: Current assistance required (n=453)

	Count	%
Electricity	362	80%
Gas	53	12%
Both	38	8%
Total	453	100%

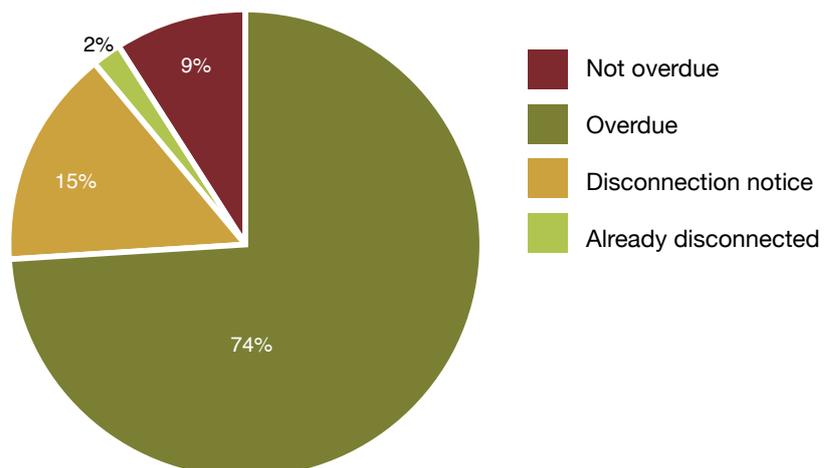


The difficulty in paying these energy bills is reflected in the high proportion of clients whose bills were overdue (74%). A further 15% were served with a disconnection notice and some 2% of clients' energy supply was already disconnected. This represented six households, five of which were households with children.

One of the regulations governing energy providers is that they must defer disconnection of a customer if that person has an appointment with a community agency for EAPA. This fact may not be so well known among clients. The practice of some energy providers to set up alerts when residential clients' unpaid bills increase the arrears component each quarter needs to be more widespread. Such an alert should trigger the provision of information about various payment arrangements, the company's customer assistance program, the EAPA scheme and the customer's closest EAPA distributor – not lead to a disconnection notice.

Energy account status among clients is presented in Figure 10. The worst account status is shown if the client had more than one bill.

Figure 10: Energy account status (n=452)





Generally speaking, the status of energy bills across clients from different household types was similar. Some 17% of clients were either facing disconnection of their energy supply or disconnection had already taken place. Of the two largest household types, a higher proportion of single parents were in this position (20% of single parents) than people living alone (14%).

When comparing the two predominant types of accommodation tenure, clients in private rental and public/community housing had similar energy bill status.

4.2. Amounts Currently Owing

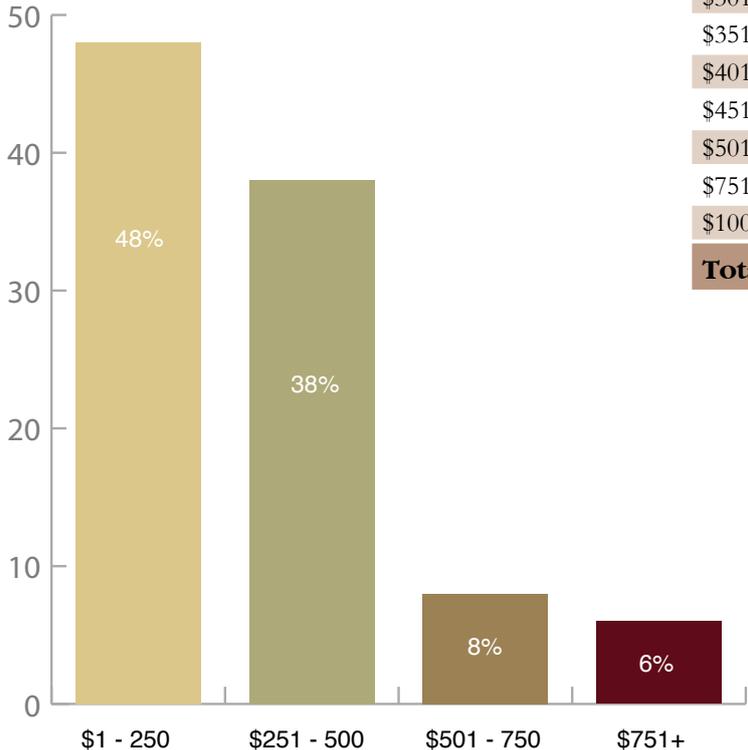
When combining the amounts owing for gas, electricity, or both bills, over one third of clients owed between \$101-250, which was the largest category. There were 14% of clients who owed bills worth over \$500, with 11 clients owing over \$1,000. Ten clients owed \$60 or less. The median amount owing for gas and electricity bills combined was \$260. For gas bills, the median amount owing was \$194 whilst for electricity bills the median was higher at \$324.

The amounts owing for gas, electricity or both types of energy bills are presented below in both table and graph form. The graph combines the amount categories in broader \$250 groupings to give a general overview of how much clients owed.

Figure 11: Amount owing on energy bill (gas and/or electricity) (n=453)

Amount Owing	Count	%
\$1-50	7	1.5%
\$51-100	41	9.1%
\$101-150	57	12.6%
\$151-200	67	14.8%
\$201-250	44	9.7%
\$251-300	41	9.1%
\$301-350	42	9.3%
\$351-400	32	7.1%
\$401-450	32	7.1%
\$451-500	23	5.1%
\$501-750	38	8.4%
\$751-1000	18	4.0%
\$1000+	11	2.4%
Total	453	100.0%

Figure 12: Amount owing on energy bill (gas and/or electricity) (n=453)



Clients renting privately generally owed more than clients renting public housing. There were 44% of privately renting clients owing \$251-500, compared with 33% of clients renting from the Department of Housing or a community housing group. Similarly, 20% of privately renting clients owed over \$500, compared with 12% of publicly renting clients. This can be seen in Figure 13.

Figure 13: Size of energy bills for renting clients (n=397)

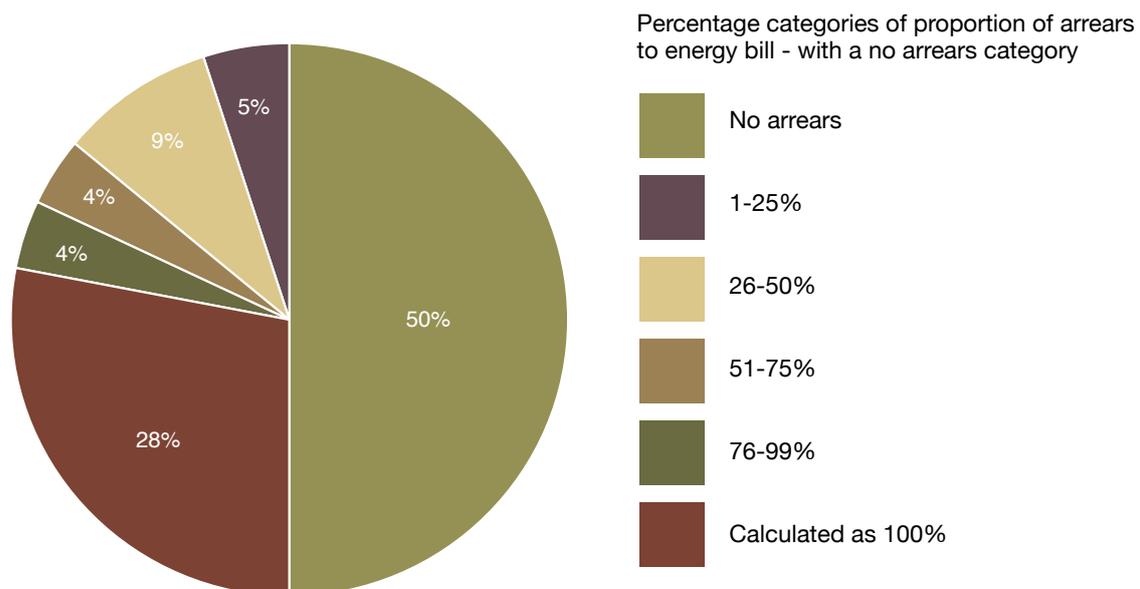
Amount owing on energy bills	Renting privately		Renting from Department of Housing or community housing group	
	Count	%	Count	%
\$1-250	55	36%	136	55%
\$251-500	66	44%	81	33%
\$501+	30	20%	29	12%
Total	151	100%	246	100%

Note: Differences are significant at the p=0.001 level

4.2.1. Arrears and Connection Fees

The proportion of the total bill that was in arrears (carried over from previous amounts) is shown in Figure 14. There were 50% of clients whose energy bills had an arrears component. A large proportion (28%) of clients' bills were calculated to be 100% in arrears. This is considered an anomaly in the results. Some ER workers may have assumed if the bill being presented at the interview was overdue, it was considered entirely in arrears, and so included the amount from the current bill in the arrears amount.

Figure 14: Proportion of total energy bill in arrears (n=448)



There were 25 clients (6%) who were seeking assistance with gas or electricity connection fees, 17 of whom were also seeking assistance with the energy usage component of their bills. The size of bills with connection fees ranged from around \$90-\$700.

The EAPA scheme could support these clients better by allowing EAPA vouchers to assist with the payment of connection fees.

4.3. Assistance History

Of interest to ANGLICARE Sydney is the history of clients' receipt of EAPA and whether clients' struggle to pay their energy bills is a recurring problem or a one-off occurrence. Of those surveyed, a large minority (34%) had not previously sought assistance before. However the majority (56%) were returned clients: 16% had sought EAPA assistance within the previous 3 to 6 months, 14% in the preceding 6 to 12 months and 26% over 12 months before the date of the energy bill.⁸ This suggests a heavy reliance upon emergency services to make ends meet. The figures are illustrated in Figures 15 and 16.⁹

Figure 15: When EAPA assistance was last received (n=456)

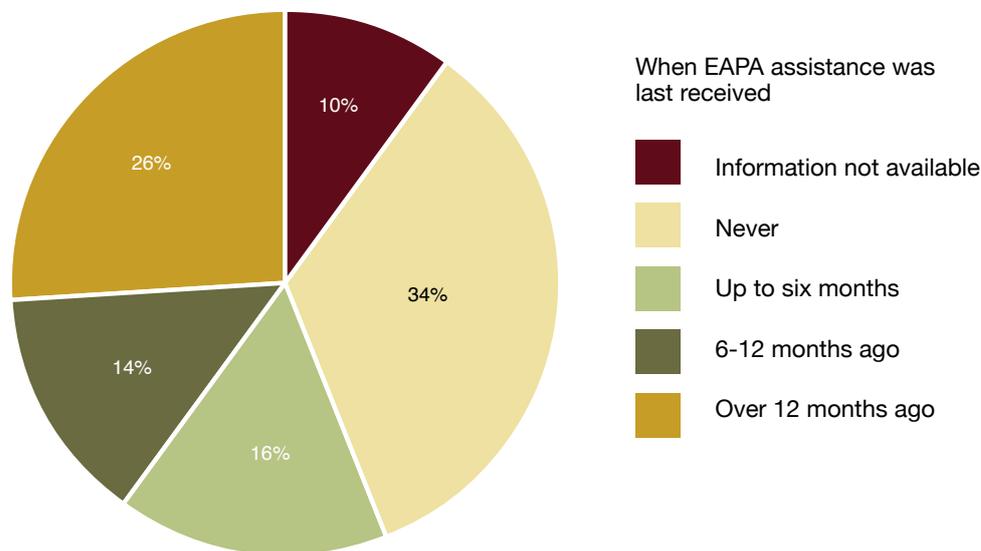


Figure 16: When EAPA assistance was last received (n=456)

Assistance last received	Count	%
Within the last 3 months	35	8%
3-6 months ago	36	8%
6-9 months ago	23	5%
9-12 months ago	39	9%
12-18 months ago	62	14%
Over 18 months ago	58	13%
Hasn't received EAPA assistance	156	34%
Information not available on bill/ from provider	8	2%
Didn't contact provider	29	6%
Non-response	10	2%
Total	456	100%

When comparing the largest household groupings - single parents, clients who lived alone and couples with children – 42% of single parents had never received EAPA assistance, 24% of people living alone received it most recently (up to six months prior to the survey) and 33% of couples with children last received EAPA assistance over 12 months prior to the survey. These results are shown in Figure 17.

Figure 17: EAPA history of the major household groups (n=392)

When EAPA assistance was last received	Lives alone		Couple with children		Single parent	
	Count	%	Count	%	Count	%
Never	38	30%	17	23%	81	42%
Up to six months ago	30	24%	10	14%	21	11%
6-12 months ago	17	14%	14	19%	27	14%
Over 12 months ago	30	24%	24	33%	46	24%
Information not available	11	9%	8	11%	18	9%
Total	126	100%	73	100%	193	100%

4.3.1. Amounts Received Over the Last 2 Years

The median¹⁰ amount of EAPA assistance received over the last two years was \$150, ranging from \$30 to \$960. The largest group of clients received between \$1-120 (48%), with 30% of clients receiving \$121-240. This is presented in Figure 18.¹¹

Figure 18: EAPA provided in past 2 years (n=221)

Amount received in the last 2 years	Count	%
\$1-120	106	48%
\$121-240	66	30%
\$241-360	28	13%
\$361-480	12	5%
\$481-600	3	1%
\$601-720	3	1%
\$721-840	2	1%
\$841-960	1	1%
Total	221	100%

4.4. Payment Arrangements

Payment arrangements can be put into place by customers of energy companies to ensure that payments are made on time and in full. Such arrangements include:

- Centre-pay, where a small amount is deducted from the client’s Centrelink benefit before being deposited into the client’s account. This amount is paid to the energy provider on the client’s behalf.
- Regular direct debit through the client’s financial institution, where the client pays a small amount each month towards the quarterly bill.
- Agreement with the energy provider’s customer assistance scheme.
- Other payment arrangements with the energy provider (e.g. revised due date, etc).

It is interesting to note that 67% of clients did not have payment arrangements in place to help them pay their bill, indicating that financial management may be part of a strategy to assist clients in meeting energy payments. Where such arrangements were already in place, the most common payment arrangement was Centre-pay (12%), indicated in Figure 19.

Figure 19: Payment arrangements in place (n=448)

Payment Arrangement	Count	Percent
Centre-pay	55	12%
Regular direct debit	6	1%
Agreement with energy provider	44	10%
Other payment arrangements	37	8%
No payment arrangements	300	67%
Multiple arrangements	6	1%
Total	448	100%

Similar proportions within the three largest household types (people living alone, single parents and couples with children) had payment arrangements in place.

Figure 20 compares the EAPA history of those with payment arrangements in place with those without such arrangements. Generally those who had a payment arrangement in place (29%) were less likely to have sought an EAPA payment in the past 9 months than those with no payment arrangements in place (41%). This suggests that clients could benefit by one of the various forms of payment arrangements, at least by delaying the need to access EAPA payments.

Figure 20: Payment arrangements of clients with a known EAPA history (n=251)

Clients with a known history of EAPA assistance	No payment arrangements in place		Payment arrangements are in place	
	Count	Percent	Count	Percent
Within the last 9 months	71	41%	22	29%
Over 9 months ago	103	59%	55	71%
Total	174	100%	77	100%

Note: Differences are significant at the p=0.064 level

4.5. Reasons for Seeking Assistance

Clients were asked, ‘What has happened to make it hard for you to pay your bill?’ Clients explained their reasons, which were marked on a pre-defined list or written in a space for ‘other.’ These reasons were categorised into:

- High and unavoidable expenses (87% gave one or more reasons in this category)
- Reduction or loss of income (17% gave one or more reasons)
- Life circumstances and other reasons (30% gave one or more reasons)

Figure 21 details the reasons provided by respondents.

Figure 21: Reasons for seeking assistance (n=456)

	Reason ¹	Count	% of all respondents
High and unavoidable expenses	Higher energy bill than usual	162	36%
	Many bills came at once	185	41%
	Medical expenses	78	17%
	Car maintenance expenses ²	42	9%
	Other travel costs ³	13	3%
	High rent/mortgage	38	8%
	Moving house costs	36	8%
	White goods	13	3%
	Funeral costs	10	2%
	School expenses	20	4%
	Other expenses - debt	10	2%
	Other expenses - various	32	7%
	Total expense-related reasons	639	
	Total clients with reasons in this category	395	
Reduction or loss of income	Non Payment Period ⁴	11	2%
	Change in type of Centrelink income support	16	4%
	Other income-related reasons	58	13%
	Total income-related reasons	85	
	Total clients with reasons in this category	78	
Life circumstances and other reasons	Illness	62	14%
	Mental health issues	23	5%
	Relationship breakdown	28	6%
	Theft	7	2%
	Gambling	1	0%
	Addiction (drugs, alcohol)	8	2%
	Other reasons (family-related)	11	2%
	Other reasons (various)	19	4%
	Total life/other reasons	159	
Total clients with reasons in this category	139		

Notes:

1. Clients could provide more than one reason
2. Includes insurance, rego, repair
3. Includes travelling distances that require significant petrol or public transport costs
4. NPP - when a client is breached for non-compliance with their unemployment benefit requirements

The three most common reasons that clients gave for seeking assistance with paying their energy bills were: many bills came at once (41% of all clients), higher energy bill than usual (36%), and medical expenses (17%). The fourth most common reason was due to illness (14%), possibly the extra costs or loss of income that this brought. Other 'life circumstance' reasons that a number of clients gave included relationship breakdown (6%) and mental health issues (5%).

Thirteen percent of clients gave a range of other reduction or loss of income reasons that made it hard for them to pay their energy bills. However, there are no further details as to what these reasons were.

4.6. Assistance Given for Clients' Energy Bills

Of the 453 clients whose survey forms recorded information about their energy bill, 81% were provided with some form of assistance. Assistance relating to energy bills was provided in the following ways:

- The majority (61%) were provided with an EAPA voucher only.
- 16% received both EAPA vouchers and a cheque for the energy usage component of their bills.
- Eight clients were given a cheque for energy usage only.
- Nine clients were given a cheque for the connection component of their bill only (out of 25 clients with a connection component to their bill – or 36% of such clients).
- One client received an EAPA voucher and a cheque for both the connection fee and energy usage component of their bills.

In some cases EAPA vouchers were either replaced or supplemented with cheques for energy usage. This may be because of a shortage of vouchers at the time of the assessment interview or used as a way of managing the flow of EAPA vouchers compared with the need of the client. Connection fees cannot be paid for through the EAPA scheme, and so cheques may be issued for this component of clients' bills.

The median amount on the 352 EAPA vouchers provided was \$120, ranging from \$30 to \$600. (EAPA vouchers come in \$30 denominations). Altogether, \$46,620 was provided in EAPA vouchers. The vast majority (97%) of clients received \$240 or under.

For the 18 cheques provided to assist clients pay the energy usage component of their bills, the median amount provided was \$176, ranging from \$5 to \$300 and totalling \$3,145.

For the 10 connection fee cheques given to clients, the median amount provided was also \$90, ranging from \$70 to \$165 and totalling \$931.

Combining EAPA vouchers and cheques for connection and usage components, the total amount provided by ANGLICARE Sydney's ER services during the study period was \$50,336. The median amount provided overall was \$120, ranging from \$30-\$600.

The amount of energy assistance provided in ANGLICARE ER service is summarised in Figure 22.

Figure 22: ANGLICARE Sydney's provision of energy assistance (n=369)

Type of energy assistance provided	Amount provided		
	Range	Median	Total
EAPA voucher	\$30-600	\$120	\$46,620
Cheque for energy usage	\$5-300	\$176	\$3,145
Cheque for connection fees	\$70-165	\$90	\$931
Combined energy assistance (EAPA voucher and cheques for both connection and energy usage)	\$30-600	\$120	\$50,336

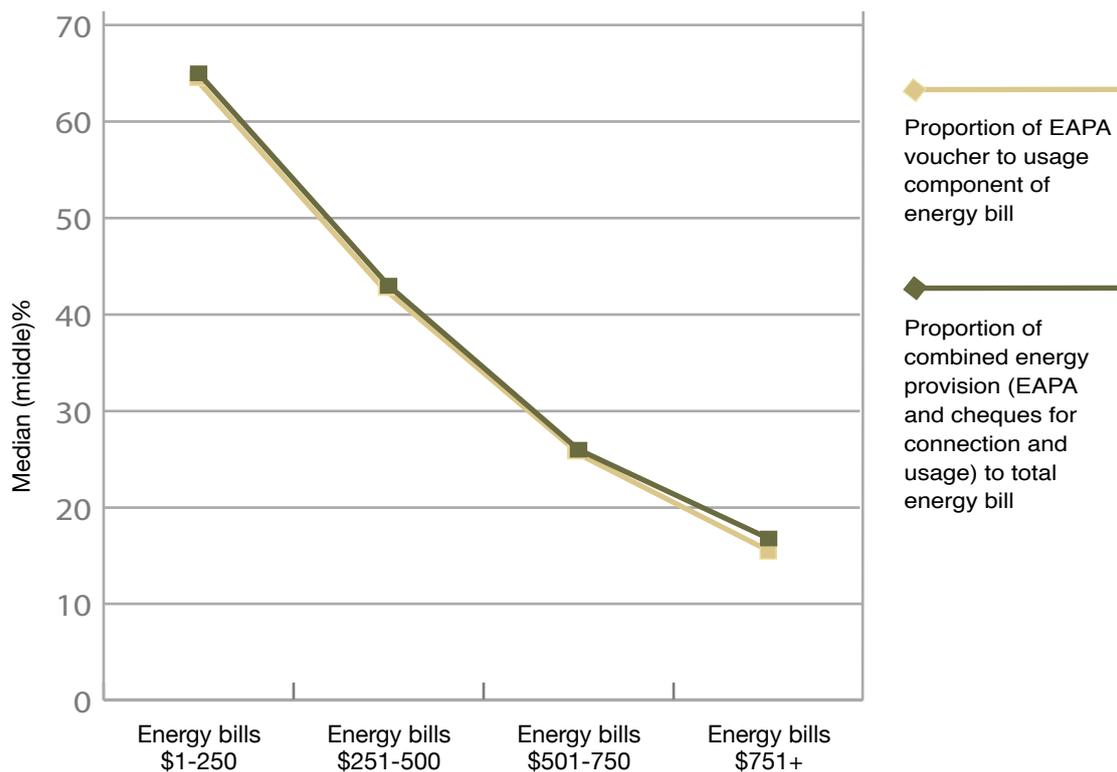
4.6.1. Payment Assistance Compared with Clients' Energy Bills

The amount of payment assistance which clients received was compared with the size of their energy bills. The median proportion which clients received in EAPA vouchers and both types of cheques combined was 50% of their total energy bill, with a range of proportions from 8% to 100%. In 19% of cases, clients received no assistance to pay their energy bills.

When comparing what clients received in EAPA vouchers to the energy usage component of their bills,¹² the median proportion received was 50% again, ranging from 8% to 100%. Similarly, clients received a median of 51% in cheques for energy usage compared with the usage component of their energy bill. Clients received a median of 50% in cheques for connection fees compared with that component of their energy bills.

The proportion of payment assistance which clients received was further analysed against different bill sizes. The general pattern observed is of clients with small bills receiving proportionally more than clients with large bills. For example, the median proportion received for bills up to \$250 was 65% whilst for energy bills over \$750 it was only 17%. This is shown in Figure 23.

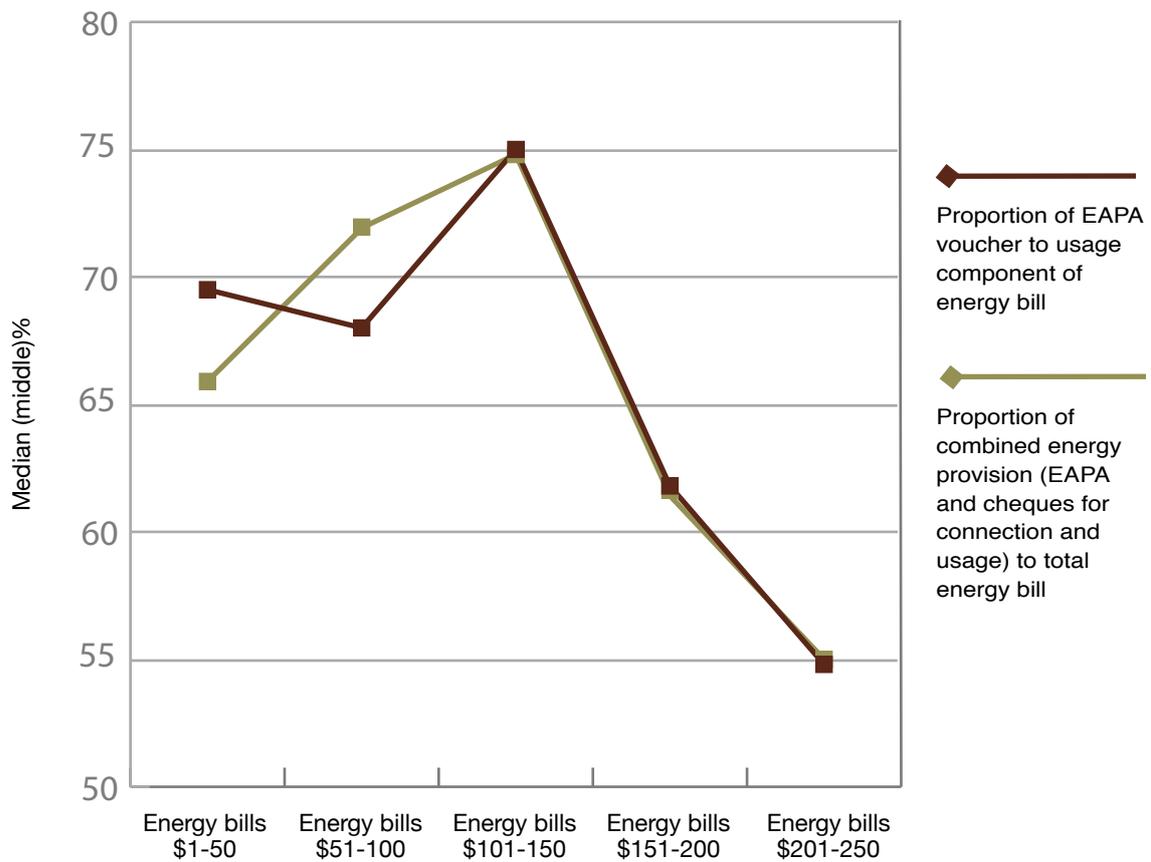
Figure 23: Median energy provision to energy bill (n=362)



Given that most energy clients' bills were \$250 or under, further analysis of this amount category is warranted. Bills from \$1-150 received an increasing proportion of assistance, after which the proportion declines. Bills ranging from \$100-150 received the highest proportion of assistance (75%) and bills from \$201-250 received 55%. These results are illustrated in Figure 24.



Figure 24: Median energy provision to energy bill – amounts \$250 and under (n=164)



These results show a range of levels of support, including EAPA voucher and cheques. Generally speaking, the larger the energy bill, the smaller the proportion was provided in payment assistance.

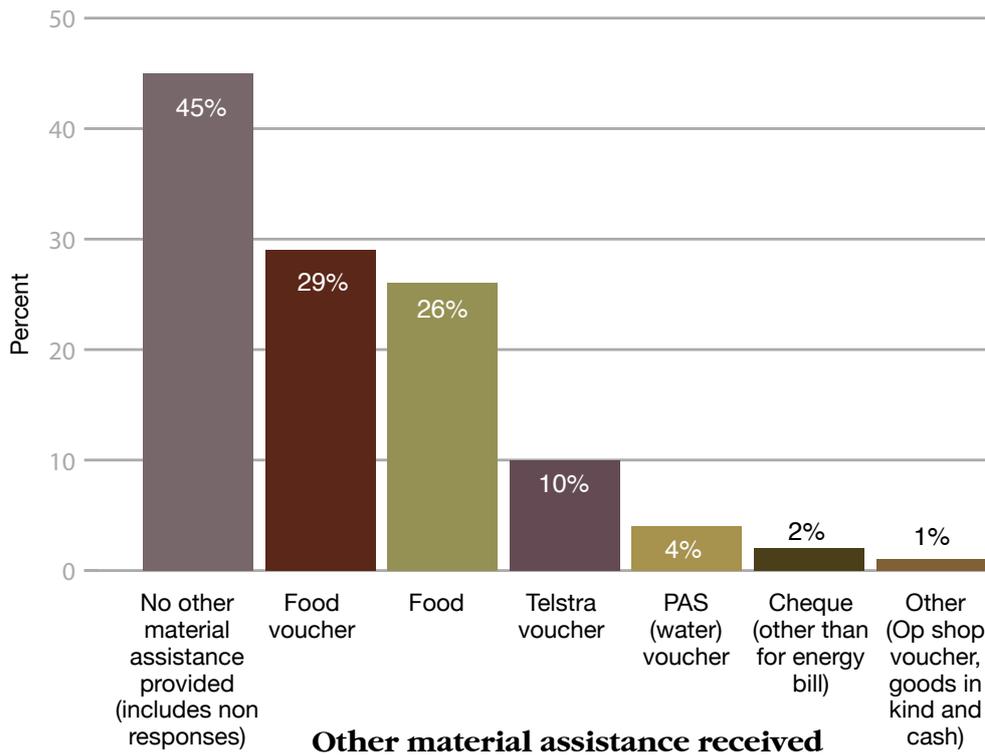
Whilst assisting clients to move out of debt is the preferable way to administer the EAPA scheme, agencies' ability to do this is limited by the need to spread out vouchers across the EAPA allocation time period.

The NSW Government has promised an additional \$55 million over five years for EAPA and related assistance. Much of this needs to go directly towards boosting agencies' capacity to assist clients with their energy bills.

4.7. Other Assistance Given

ANGLICARE Sydney's ER services provide a range of material assistance to clients, as well as other support. Of the clients who received assistance paying their gas or electricity bills, 55% also received another form of material aid. The various forms of material assistance received is detailed in Figure 25.¹³

Figure 25: Other material assistance received (n=456)



The main additional assistance provided was food or food vouchers – indicating the level of hardship that clients faced. There were 49% of clients who either received a food voucher or hamper; 20% of clients received food, 23% received a food voucher and 6% received both. In a previous ANGLICARE Sydney study it was found that in one ER service alone, 95% of the 120 clients surveyed were food insecure and 75% experienced hunger.¹⁴

There were 15% of clients who received multiple forms of assistance in addition to their EAPA voucher or energy cheque. This included 14% who received two forms of material assistance and 2% who received three other forms of material assistance.

4.8. Summary

ANGLICARE Sydney’s study of EAPA clients identifies a group of people who are struggling to pay their energy bills. These are predominantly electricity bills, and the results come at a time when the cost of energy, and in particular electricity, is facing upward pressure. The next section discusses these pressures, namely the sale of NSW’s electricity retailers and Australia’s response to climate change.

ANGLICARE Sydney’s results show that those clients most vulnerable to increases in electricity prices include single mothers and people living alone – these people comprised the majority (68%) of EAPA clients in the study. The vast majority of clients (83%) also lived in households that were dependent on Government benefits and over half (56%) lived in public or community housing.

Most bills were already overdue (74%) and half (50%) of clients had a component of their bill that was in arrears. Furthermore, 56% of clients had previously sought EAPA assistance and the majority (80%) received some other form of material aid along with their EAPA voucher.

It is in the context of the most disadvantaged energy users that discussion now turns to bigger picture issues of electricity privatisation and Australia’s response to climate change.



5. COST

Pressures

On an essential commodity

COST PRESSURES ON AN ESSENTIAL COMMODITY

Energy is essential for maintaining a basic standard of living in Australia and therefore equity of access to energy must be a priority for Governments when considering any changes to how it is supplied. The Charter of Principles for energy supply was developed by the national Consumers Roundtable on Energy. The Charter states that:

Electricity is an essential domestic service. Electricity supports fundamental human needs including safe food (storage, preparation) and safe shelter (hygiene, lighting, temperature control). Electricity supports equipment that is critical to wellbeing and independence (health, communication). Beyond these fundamentals, electricity supports community engagement and family life (social interactions, employment, education). Except in rare and exceptional circumstances, a regular connection to electricity supply is not discretionary or optional. In most cases there is no alternative to electricity. A reliable, safe, affordable supply of electricity is a right rather than a privilege and access must be guaranteed as far as reasonably possible.¹⁵

Despite the essential nature of energy, ANGLICARE Sydney's research complements the following observation made by NCOSS to the Energy Retail Policy Working Group regarding the struggle low income households experience with paying their energy bills:

They spend a higher proportion of their incomes on energy than other Australians and may not be able to reduce or shift their consumption. Some low income households are relatively high level consumers of energy as a result of characteristics such as family size, a disability or illness.¹⁶

The latest Independent Pricing and Regulatory Tribunal decision on electricity prices allows a 26% staggered rise from now until 2010. This has occurred in order to encourage more for-profit energy providers into the market and thus allow greater competition.¹⁷ The cost of electricity is set to rise further with pressures from the proposed privatisation of public electricity retail bodies and from the introduction of carbon pricing as a way of minimising Australia's carbon footprint.

ANGLICARE Sydney is concerned these upward price pressures may further tighten the budgets of low income households.

ANGLICARE Sydney's research identifies a group of vulnerable energy consumers struggling to pay their energy bills. A body of research further identifies vulnerable consumers. In 2006/07 18,339 NSW households were disconnected from their electricity supply because they could not pay their bill,¹⁸ and 22,707 households were disconnected from their gas supply for the same reason.¹⁹ Furthermore in one study, a quarter of 670 participating welfare clients in NSW and Victoria did not have heating in at least one room of the house.²⁰

Why is this the case? Research identifies a number of principal causes of consumer's inability to pay for their energy needs. These include 'inadequate income, prices (and tariff structures) and level of consumption, which is influenced by life cycle stages, poor quality housing stock and inefficient household appliances'.²¹

Other research identifies the existence of ‘fuel poverty’; characterised by ‘low-income, lifecycle changes impacting on household income, under-consumption, disconnection from supply, prioritisation of utility payments over other essential expenses, accumulation of debt and poor thermal efficiency.’ It is recognised that low income households spend proportionally more of their income on essentials such as electricity bills, or ration their energy consumption to detrimental levels.²²

Electricity privatisation and the cost of climate change are discussed further below from the viewpoint of the likely effect on low income and vulnerable consumers – such as ANGLICARE Sydney’s EAPA clients.

5.1. Privatisation of NSW Utilities and Low Income Households

The NSW Government has recently proposed discussing selling its power retailers Energy Australia, Integral Energy and Country Energy, as well as leasing state-owned power generators to the private sector.²³ The rationale for this proposed policy direction is that the NSW Government considered it was not in a position to invest in infrastructure to meet the future energy requirements of the state, including investment in sustainable resources. The sale would place this responsibility in the hands of private enterprise.²⁴

Energy is essential for maintaining a basic standard of living in Australia and therefore equitable access to energy must be a priority for Governments when considering any changes as to how it is supplied. Low income consumers have most at stake when it comes to equity of access. The struggle of some to pay for their energy needs is of critical importance when considering the price of energy in NSW, particularly in the context of privatisation.

The NSW Government in its proposal had pledged a number of ‘common good’ features of the sale, including:²⁵

- Providing the option for consumers in financial difficulties to pay in instalments.
- Continuing social programs including pensioner concessions, life support and the EAPA scheme.
- Compulsory membership of the Energy and Water Ombudsman scheme for all energy retailers.
- Compulsory compliance with the marketing code of conduct.
- A process where consumers are transferred to another supplier in the event that their original supplier withdraws from the market. This is known as the ‘retailer of last resort’ process.
- Preventing the disconnection of consumers during a dispute and procedures for preventing disconnection of those consumers considered ‘most vulnerable’. These will be overseen by the Energy Ombudsman.
- A service for households and small business to compare electricity and gas charges of different providers.

It seems that these protections were intended to be ongoing. The Government has also promised price regulation until at least 2013 or afterwards, until sufficient competition was in place. The problem was that after 2013 or soon thereafter, the Government would have no regulatory powers over the cost of electricity. According to the Institute for Sustainable Futures:

The cost of energy service provision is higher under private ownership due to the higher cost of capital investment. This additional cost will inevitably be passed on to consumers.²⁶

KPMG research among industry investors, commissioned by the private sector Energy Reform Implementation Group (ERIG), concluded that prices would be higher, at least in the short term, for ‘mass market consumers’ without retail price regulation artificially keeping prices low.²⁷ Price increases in other Australian states have occurred as a result of privatisation. In their submission to the Owen Inquiry, Unions NSW reported that ‘between 1994 and 2002 residential rates in SA increased by forty percent.’²⁸ Furthermore, the South Australian regulator of electricity, Lew Owens, attributed over 20% of a \$71-a-megawatt-hour rate hike in late 2003 to privatisation.²⁹ NSW regulated electricity prices are currently lower than those in states where the energy market is privatised. NSW prices are currently approximately one third lower than South Australia’s and almost 10% lower than Victoria’s.³⁰



Any possible price increases resulting from privatisation could have the effect of broadening the group of people who seek assistance with their electricity bills. This may include more wage earners, many of whom are already struggling. ABS data shows that in 2002, half a million households whose principal source of income was wages and salaries could not afford to pay their gas, electricity or telephone bills on time.³¹

ANGLICARE Sydney believes that price regulation is an important safeguard for households with limited ability to participate in a competitive energy market. Competition may not always deliver affordable prices and there is no guarantee that anticipated initial price increases (resulting from new companies investing in infrastructure) will only be short term.

The degree to which these concerns are played out will reflect on the view of the NSW Government concerning its role of ensuring that a basic human need such as energy supply is accessible to all households, especially those in less of a position to pay.

5.1.1. Ensuring Equity of Access Under Privatisation

The potential future increases in electricity prices due to and subsequent to privatisation will inevitably place more pressure on already stretched low income households. ANGLICARE Sydney believes that the continuation of the Independent Pricing and Regulatory Tribunal (IPART) in regulating retail electricity prices is therefore critical.

The Public Interest Advocacy Centre (PIAC) has recommended a number of measures to protect consumers should electricity privatisation occur. These include:³²

- Establishing objectives that require private companies to ‘provide electricity in a safe and socially responsible manner’.
- Preventing monopolistic mergers.
- Maintaining retail price regulation.
- Establishing a fund from the sale of the Government’s electricity retail arms and leasing of the electricity grid to go towards electricity rebates for health card holders, increased funding of the EAPA scheme and assisting low income households in improving their energy efficiency.
- Other competition safeguards such as removing the Retailer of Last Resort (RoLR) fee when consumers transfer from companies that leave the market; removal of early termination fees in order to facilitate customer choice and competition; and better regulation of marketing practices.

ANGLICARE Sydney supports such measures and, together with the Government assured safeguards mentioned earlier, believes they will be of great assistance to its clients. However Government retention of NSW's electricity retailers is the best safeguard and the strongest endorsement of the belief that energy is a basic need to which all require equitable access.

5.2. Climate Change and Low Income Households

In the face of global warming, Australian states and territories have a shared responsibility to cut carbon emissions. This needs to be achieved at the same time as ensuring that energy is accessible - especially for low income households. Of particular concern is the likely transfer of the cost of environmental requirements onto retail gas and electricity prices. This is discussed in the context of carbon pricing and consumer measures for achieving energy efficiency. It is argued that price protections are needed, as are early responses, in order to minimise the cost of responding to climate change for all concerned.

5.2.1. Carbon Pricing and Trading

Australia is considering how to meet its environmental targets and this includes carbon pricing. Carbon pricing or a carbon price signal refers to:

A monetary value imposed on carbon dioxide emissions for the purpose of creating an incentive to reduce emissions and/or a penalty on those who create CO₂ emissions. A carbon price signal is created through government policy and may take the form of a carbon tax, an emissions trading scheme or an indirect charge such as a fuel production/use tax.³³

The Australian Government is developing a national Carbon Pollution Reduction Scheme, to be introduced in 2010, which will incorporate a cap on carbon emissions and market-based carbon trading.³⁴ The basics of carbon trading involve carbon usage being priced; companies that use less than their targeted carbon can sell carbon credits to companies that go over their target.

5.2.2. Impacts of Carbon Trading on Low Income Households and Proposed Consumer Protections

Of critical importance to ANGLICARE Sydney is how the proposed Carbon Pollution Reduction Scheme may impact low income consumers. One implication of the scheme is that those goods and services requiring a significant amount of energy to produce or deliver – that is which are carbon emissions intensive - will generally become more expensive. It is anticipated that price increases will be especially concentrated on fuel, electricity and food,³⁵ and that the transfer of cost from industry to consumers will likely be at least half of the cost of the emissions price, and even more especially in the area of transport.³⁶

The importance of consumer protections, especially around price, is to prevent price hikes from making energy inaccessible to low income households. The Institute for Sustainable Futures at the University of Technology, Sydney (UTS) argues that:

Climate change response will inevitably put upward pressure on electricity prices over coming years. This is appropriate, as the price we pay for energy does not currently reflect its environmental cost. However, without appropriate customer protection measures, higher prices will increase the financial stress on low-income and disadvantaged households.³⁷

The development of the Carbon Pollution Reduction Scheme must take into account that any transfers of carbon prices onto consumers in the form of increases in the cost of basic good and services will disproportionately disadvantage low income households. Using economic modelling and a conservative costing of carbon at \$25/tonne, the Brotherhood of St Laurence



with the National Institute of Economic and Industry Research estimated the impact of carbon pricing on low income households (termed ‘poor’ households earning approximately half the average Victorian household income). The Institute found that although low income households use less carbon than high income households, they will be likely to have increased energy costs worth 2.5% of their annual income (\$670), compared with an increase of 0.4% for high income households (\$1530).³⁸ The Brotherhood of St Laurence concluded that those households worst affected by carbon pricing could include:

poor households, unemployed households, retired age pensioner households and households with children where government benefits exceed 30% of income.³⁹

There are some consumer welfare checks built into the proposed Scheme. The need for consumer protection was identified during the Climate Change Review, which was headed by Professor Ross Garnaut,⁴⁰ and is acknowledged in the Federal Government’s Carbon Pollution Reduction Scheme Green Paper.⁴¹ The recommended protections stemming from the Garnaut Inquiry draft report include:⁴²

- Allocate half of the revenue from the sale of carbon permits to households, especially low income households.
- Compensation should be in two forms: assistance for households to adapt to energy efficiency and payments through the tax and social security systems. During an initial transition period after 2010 the carbon price is likely to be low and compensation could focus on assistance for households to become more energy efficient. After the transition period when unconstrained carbon trading is in operation, the carbon price is likely to increase further and it will be more important for household income to be compensated - on a permanent basis. The majority of compensation would be delivered through this mechanism.

In addition, the Review recommended a broad range of sectors to be required to purchase carbon permits. This will spread the likely impacts on costs transferred to household consumers. Furthermore, a recommended early response to the effects of climate change will help to minimise the cost. The Garnaut Inquiry is expected to produce further analysis of impacts and protection measures at a later date.

The Federal Government has responded to this Review by announcing a number of provisions for householders. Proposed in the Carbon Pollution Reduction Scheme Green Paper, they are essentially in line with those recommended in the Garnaut report. They include:⁴³

- Cut fuel taxes on a cent for cent basis to offset the initial price impact on fuel associated with the introduction of the Carbon Pollution Reduction Scheme. The Government will periodically assess the adequacy of this for three years and adjust this offset accordingly. At the end of this three year period, the Government will review this adjustment mechanism.
- Increase payments, above automatic indexation, to people in receipt of pensioner, carer, senior and allowance benefits. Other assistance measures to meet the overall increase in the cost of living flowing from the Scheme will also be provided to this group.
- Increase assistance to other low income households through the tax and payment system to meet the overall increase in the cost of living flowing from the Scheme.
- Provide assistance to middle income households to help them meet any overall increase in the cost of living flowing from the Scheme.
- Review annually, in the Budget context, the adequacy of payments to beneficiaries and recipients of family assistance to assist households with the overall impacts of the Scheme.

- Provide additional support through the introduction of energy efficiency measures and consumer information to help households take practical action to reduce energy use and save on energy bills.

Furthermore, the agriculture industry will be initially exempt from having to purchase carbon permits, which will remove another potential upward price pressure on food.

The detail of tax and social security based compensation is likely to be directed by the Henry Review into Australia's Future Tax System, due for completion by the end of 2009.⁴⁴

Chapter Eight of the Green Paper outlines some proposed energy efficiency measures. These include:⁴⁵

- Low-interest Green Loans, to assist families install solar, water, and energy efficient products.
- The Low Emission Plan for Renters program, which subsidises the installation of insulation in rental properties.
- The expansion of the Energy Efficiency of Electrical Appliances measure, to help families identify the most energy efficient and cost effective appliances for their homes.
- The Solar Hot Water Rebate program, to encourage the domestic use of solar and heat pump hot water systems, and the Hot Water System Phase-Out to phase out inefficient hot water systems used in Australian homes.
- The One Stop Green Shop, which is a single, user friendly Government web portal designed to link schools, businesses and families to household efficiency programs provided by all levels of Government.

5.2.3. The Need to Secure Equity for Low Income Households

The Green Paper points to a concentration of assistance in the short term, assumedly the transition period of the scheme, citing improved energy efficiency in consumer behaviour over time as reducing the impact of increased costs. It is plausible and indeed desirable that energy efficient consumer behaviour will be a strong factor in reducing the costs of households' response to climate change. However, as has already been established, households earning the lowest income will be the least able to adapt although they already use proportionally less energy than higher income households. The price increases resulting from carbon trading will place further strain on these households' already tight budgets unless long term compensatory measures are not maintained.

Furthermore, the Green Paper states that the entire proceeds from the auction of carbon permits will be used to assist households and business both adjust to the scheme and move to utilising clean energy. However, it is not yet clear what proportion will directly assist households, and of that, low income households.

Any outcomes of the Garnaut Review, the review into Australia's Future Tax System, and any changes to the Green Paper need to include well developed measures





to ensure that the lowest income households are not disproportionately affected and are adequately supported to contribute towards Australia's reduction in carbon emissions.

Furthermore, apart from Government assistance measures, energy retailers should encourage energy efficiency amongst consumers as a way of reducing carbon emissions. PIAC argues that:

the electricity industry will therefore need to be restructured so that retailers can develop business models that encourage consumers to conserve rather than consume energy. This will be a long, costly and complex process but is critical to efforts to combat climate change and will be forced on NSW by Federal initiatives (especially the National Emissions Trading Scheme [NETS] and the Mandatory Renewable Energy Target [MRET]) as well as the State's own greenhouse emissions target.⁴⁶

This will not only help consumers with the cost of their energy needs, but is a responsible way for energy companies themselves to reduce their carbon imprint.

5.2.4. The Imperative of an Early Response

The final word on responding to climate change is that it needs to be done early. This will benefit all households as well as Governments and companies from the increasing costs of carbon reduction. The Institute for Sustainable Futures at UTS consider that 'the cost of responding to climate change increases over time'.⁴⁷ For example, early investment in sustainable technologies will mean a lesser impact on energy prices, compared to delayed action. The Australian Business Roundtable on Climate Change compared scenarios of immediate and delayed response to climate change by investment in renewable energy sources and concluded that:

Under the early action scenario, electricity costs are lower as business invests earlier in a wide range of low and zero emission technologies. Early market uptake of technology leads to cost reductions through greater economies of scale and market experience. This provides a wider portfolio of cost-effective technologies that can be used to meet the target. More expensive low and zero emission technologies are required on an accelerated basis in the delayed action scenario to meet the deep cuts. As a result, future electricity price rises are three times higher in the delayed action scenario.⁴⁸

Another example of the importance of early action is the Green Paper's proposed introduction of assistance for households to become energy efficient before carbon trading begins. This is in order for households to prepare early for the transition to a carbon trading economy, and therefore transition more smoothly.

6. CONCLUSION

Conclusion

CONCLUSION

Using the results from this study, the picture that emerges of the typical person whom ANGLICARE Sydney assists through the provision of EAPA vouchers is of a single mother, dependent on Government benefits, struggling with the payment of an overdue electricity bill of over \$300. This is just one of a number of other bills she has to pay. It has not been the first time she has fronted a charity asking for help with her energy bills, and in the past two years she has received around \$150 worth of assistance. No other payment arrangements are in place. The assistance she receives from ANGLICARE Sydney in this visit includes \$120 worth of EAPA vouchers as well as food or food vouchers.



Together, the people who provided ANGLICARE Sydney with information about their need for assistance in paying their energy bills, also demonstrate that they are facing a significant degree of hardship. This is not a one-off experience, as shown by the 56% of clients who had previously sought EAPA and the 50% of clients for whom their bill comprised payments in arrears. In contrast, Emergency Relief services are designed (and funded) to function as a short-term support in a time of crisis. Generally this is understood as supporting people when they experience a major or unforeseen change in circumstances, such as a house fire, death in the family, or unexpected job loss. But, as noted by ACOSS, 'for many groups of recipients social security payments are inadequate to meet basic living costs'.⁴⁹ This means that even slight changes in circumstances can produce serious difficulties for people, prompting them to seek material aid.

In this context, many individuals and families are only just scraping by and there is no slack for the unexpected. In these circumstances any event which results in additional financial stress is unlikely to be absorbed - for example, the washing machine breaking down; new school uniforms; health care costs or quarterly bills such as heating.⁵⁰

This certainly rings true from ANGLICARE Sydney's research; the three main reasons for clients requesting assistance with their energy bills was because of many bills coming at once; having a higher energy bill than usual; and thirdly medical expenses. Ill health, low income, and travel expenses also tipped the balance.



6.1. Early Assistance by Energy Providers to Prevent Disconnections

One of the key findings from the ANGLICARE Sydney research is that those clients who have a payment arrangement in place with an energy provider are much less likely to seek further EAPA assistance. One of the key strategies to prevent disconnection is to ensure that all energy providers set up an alert system when residential clients' unpaid bills increase the arrears component each quarter. This alert needs to trigger provision of information about various payment arrangements, the company's customer assistance program, the EAPA scheme and the customer's closest EAPA distributor. Whilst some providers engage in this practice, it needs to become more widespread. This would be of particular assistance to those clients in the study who presented with very large bills, with amounts in arrears and with disconnection notices, as well as those clients who were already disconnected.

Furthermore, the development of a 'no disconnections' policy in NSW will support the move towards energy providers proactively informing clients about the forms of assistance they can access in order to pay their bill.

6.2. Increased Funding for EAPA

It is understood that ER services ration their provision of EAPA vouchers in order to have enough for future clients. Clients received a median of half their bills in energy assistance, but the larger the energy bill, the smaller proportion was provided in payment assistance. While assisting clients to move out of debt is the preferable way to administer the EAPA scheme, agencies' ability to do this is limited by the need to spread out vouchers across the EAPA allocation time period.

Furthermore, 17% of the total amount provided to assist clients pay their in energy bills was in the form of cheques for energy usage. Cheques were used to replace or supplement EAPA vouchers and the money comes from the service's own budget, not the EAPA scheme.

The NSW Government has previously announced an additional \$55 million over five years for EAPA, should privatisation go ahead. Much of this needs to go directly towards boosting agencies' capacity to assist clients with their energy bills, as well as towards financial counselling and establishing a no disconnections policy.

The increase in EAPA funding should not be tied to the sale of electricity retailers.

6.2.1. Broadening the Ways in Which EAPA Vouchers Can Assist With the Cost of Energy

There were 25 clients (6%) who were seeking assistance with gas or electricity connection fees. Nine clients were provided with a cheque to assist with connection payments.

The EAPA scheme could support such clients more effectively by allowing EAPA vouchers to assist with the payment of connection fees. The Department of Water and Energy should address this in the proposed increased funding for EAPA.

The ineligibility of caravan park residents to access EAPA vouchers should also be reviewed, to enable this group of largely low income households to access assistance.

6.3. Keeping a Check on the Cost of Energy Under Privatisation and Carbon Trading

The potential increases in electricity prices from privatisation and carbon pricing will no doubt place more pressure on already stretched low income households such as the people ANGLICARE Sydney assists. The continuation of price regulation is therefore even more critical at this time. As PIAC maintains:

More generally, it is highly likely that wholesale electricity prices will rise substantially following the introduction of a carbon price. Privatisation is likely to lead to greater pressure for price deregulation, which would also add to price pressure (since the current regulated price is not a maximum). PIAC believes that continuing the role of the Independent Pricing and Regulatory Tribunal (IPART) in setting regulated tariffs is in consumers' best interests.⁵¹

Ongoing electricity price regulation, combined with initiatives to assist low income households respond to climate change and not suffer disproportionately from the introduction of carbon pricing, will be of great assistance. These measures will also reflect the general acceptance of energy as a basic need to which all require equitable access. Furthermore, they will not leave low income households behind in the wake of Australia's response to climate change.





APPENDIX

Survey

STOP! Please use this form for all clients whose request for help with a gas or electricity bill is considered in this interview.

Date: _____ ER Centre: _____ ER Worker Initials: _____

DETAILS ABOUT CLIENT'S ENERGY BILL AND REQUEST FOR ASSISTANCE

1. WHAT HAS HAPPENED TO MAKE IT HARD FOR THE CLIENT TO PAY THEIR BILL?

Or: WHAT ARE THE REASONS FOR THE CLIENT NOT BEING ABLE TO PAY THEIR BILL?

Please do not read out the list. Only record the reasons given by the client; do not assume any reasons. Do not write 'financial hardship'; please give the underlying reason/s. The client may give a number of reasons, please include them all here. Tick all that apply.

High and unavoidable expenses:

- Higher energy bill than usual
- Many bills came at once
- Medical expenses
- Car maintenance expenses (e.g. insurance, rego, repair)
- Other travel costs (i.e. travelling distances that require significant petrol or public transport costs)
- High rent/mortgage
- Moving house costs
- White goods
- Funeral costs
- School expenses
- Other expenses: _____

Reduction/loss of income:

- Non Payment Period for non-compliance (i.e. breached)
- Change in type of Centrelink income support
- Other reduction/ loss of income/ no income

Life circumstances and other reasons:

- Illness
- Mental health issues
- Relationship breakdown
- Theft
- Gambling
- Addiction (drugs, alcohol)
- Other reason/s: _____

2. IS THE ACCOUNT:

Tick one only.

Note: Mark extensions as Overdue

Gas

- Not overdue
- Overdue
- Disconnection notice
- Already disconnected

Electricity

- Not overdue
- Overdue
- Disconnection notice
- Already disconnected

3. TOTAL AMOUNT OWING AT TIME OF INTERVIEW:

Write actual amount in dollars and cents.

Total Gas bill:

\$ _____

Total Electricity bill:

\$ _____

4. WHAT PORTION OF THE TOTAL BILL IS A CONNECTION FEE?

Write actual amount or tick the box.

Gas connection fee:

\$ _____

- No connection fee

Electricity connection fee:

\$ _____

- No connection fee

Please continue over page.

INFORMATION FROM ENERGY PROVIDER

Answers to these questions can be checked on the client's energy bill, or from the energy provider when you call them. Note: Information may not be available from the energy providers, Tru Energy and Jack Green.

5. AMOUNT IN ARREARS:

Arrears is the amount carried over from previous accounts. It forms part of the total bill. If arrears is not on bill and account is overdue, please ring the energy provider to obtain the amount. Write actual amount in dollars and cents or tick one box only.

Gas arrears: \$ _____

Electricity arrears: \$ _____

- No arrears
 Did not contact energy provider

6. AFTER CONTACTING THE ENERGY PROVIDER, DO THEY REQUIRE A MINIMUM PAYMENT TO PREVENT DISCONNECTION OR TO RECONNECT? WHAT IS THIS AMOUNT?

Write actual amount in dollars and cents or tick one box only.

Minimum required for Gas:

\$ _____

Minimum required for Electricity:

\$ _____

- Energy provider does not require minimum payment to reconnect or prevent disconnection
 Did not contact energy provider

7. HAS THE CLIENT RECEIVED EAPA ASSISTANCE IN THE LAST TWO YEARS, FROM ANY AGENCY? HOW LONG AGO?

Look on energy bill or ring energy provider. Do not ask client. Tick one only.

- Within the last 3 months
 Over 3 months, up to 6 months ago
 Over 6 months, up to 9 months ago
 Over 9 months, up to 12 months ago
 Over 12 months, up to 18 months ago
 Over 18 months ago
 Client has not received EAPA assistance
 Information was not available on bill or after contacting energy provider
 Did not contact energy provider

8. WHAT IS THE TOTAL AMOUNT OF EAPA ASSISTANCE PROVIDED IN THE PAST TWO YEARS?

Look on energy bill or ring energy provider. Do not ask client. Write actual amount or tick box.

\$ _____

- No EAPA assistance provided in past two years
 Did not contact energy provider

9. DOES THE CLIENT HAVE ANY PAYMENT ARRANGEMENTS IN PLACE?

Record payment arrangements that are either already in place or put in place during this ER interview. Please ask both the energy provider and the client, for a full answer. Tick all that apply.

- Centre-pay
 Regular direct debit
 Agreement with energy provider's customer assistance scheme
 Other payment arrangements with energy provider
 No payment arrangements in place

Please continue over page.

DECISION TO ASSIST

10. AMOUNT GIVEN IN EAPA VOUCHERS:

Write actual amount for all that apply.

- For **gas** bill: \$ _____
- For **electricity** bill: \$ _____
- No EAPA vouchers given

11. AMOUNT GIVEN IN A CHEQUE FOR CLIENT'S ENERGY BILL:

Write actual amount in dollars and cents for all that apply.

- For **connection** fee (gas or electricity): \$ _____
- For **gas** usage: \$ _____
- For **electricity** usage: \$ _____
- No cheque given

12. OTHER MATERIAL ASSISTANCE GIVEN

Tick all that apply.

- Cash
- Cheque (other than for energy bill)
- Food Voucher
- Food in kind
- Goods in kind (eg. cutlery, blanket, clothing from office)
- PAS (water) voucher
- Telstra voucher
- Op Shop voucher
- Chemist voucher
- No other material assistance given

CLIENT INFORMATION

13. CLIENT'S SEX Male Female

14. CLIENT'S AGE: _____ years.

15. HOW WOULD THE CLIENT DESCRIBE THEIR HOUSEHOLD LIVING ARRANGEMENTS?

Or: WHO DOES THE CLIENT LIVE WITH?

Read out list. Choose one only.

- Lives alone
- Couple (married or de facto) with children
- Couple (married or de facto) without children
- One person with children
- Share house of unrelated adults (aged 15 years and over)
- Other: _____

If client has children living with them, ask:

16. REGARDING THE CHILDREN IN YOUR HOUSEHOLD, DO YOU HAVE ANY:

Read out list. Tick all that apply.

- Children aged 14 years and under, whether related or unrelated to you?
- Natural/adopted/step or foster children who are fulltime students, aged 15-24 years?
- Other natural/adopted/step or foster children aged 15 years and over?

18. REGARDING WHERE THE CLIENT LIVES, IS IT:

Read out list. Choose one only.

- Rented privately (from real estate agent or landlord)
- Rented from Department of Housing or community housing group
- Being purchased
- Fully owned
- Being occupied rent-free
- Other: _____

Please continue over page.

19. CURRENTLY, WHAT IS THE CLIENT'S EMPLOYMENT STATUS?

Or: WHAT IS THE CLIENT'S MAIN ACTIVITY?

Read list. Ask the client to choose their own employment status. Tick one only.

- Working fulltime for a wage or salary
- Working part-time for a wage or salary
- Self employed
- Unemployed looking for work
- Working in unpaid voluntary job
- Studying
- Looking after children
- Looking after ill, disabled or aged person
- Home duties
- Not working due to own illness, injury or disability
- Retired
- Other: _____

20. WHAT ARE THE INCOME SOURCES OF ALL HOUSEHOLD MEMBERS AGED 15 YEARS AND OVER?

Read down the list. For each item:

- *On the line, write the number of people who receive it.*
- *In the circle, tick whether the client receives it.*

If none, leave blank. Then move to the next item.

Number in household who receive this source	Tick source/s that client receives.
_____	<input type="radio"/> Newstart Allowance
_____	<input type="radio"/> Disability Support Pension
_____	<input type="radio"/> Carer Allowance
_____	<input type="radio"/> Parenting Payment Single
_____	<input type="radio"/> Parenting Payment Partnered
_____	<input type="radio"/> Abstudy
_____	<input type="radio"/> Austudy
_____	<input type="radio"/> Youth Allowance
_____	<input type="radio"/> Age Pension
_____	<input type="radio"/> Family Tax Benefit Part A &/or Part B
_____	<input type="radio"/> Overseas Pension
_____	<input type="radio"/> Special Benefit
_____	<input type="radio"/> Wages or salary from employer
_____	<input type="radio"/> Compensation/ Insurance
_____	<input type="radio"/> Child Support/ Maintenance
_____	<input type="radio"/> Salary or profit/loss from own business
_____	<input type="radio"/> Other regular income: _____
_____	<input type="radio"/> No Income

End of survey!

1. Please thank the client for taking part.

2. Please give survey to ER Coordinator immediately after the interview.

Anglicare ER Services thank you for completing this form!

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¹This combines those not in the labour force and those unemployed.

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³DEUS (2007) 'Community Welfare Organisations participating in the Energy Accounts Payment Assistance Scheme (EAPA)', Updated August 2007, DEUS, viewed 14.1.08, <http://www.deus.nsw.gov.au/Publications/dwe_cwo_list_aug07.pdf>.

⁴ACOSS (2008) *Australian Community Sector Survey*, ACOSS paper 154, Australian Council of Social Services, Strawberry Hills, viewed 18.9.08, <http://www.acoss.org.au/upload/publications/papers/4420_Paper%20154%20ACSS%202008.pdf> p.12. Note that these figures only include a proportion of COSS member agencies who responded to the survey.

⁵Family and Community Services FaCS (2004) *Emergency Relief Program*, viewed 14/11/05, <[http://www.facs.gov.au/internet/facsinternet.nsf/vIA/emergency_relief/\\$file/er_factsheet_0304.pdf](http://www.facs.gov.au/internet/facsinternet.nsf/vIA/emergency_relief/$file/er_factsheet_0304.pdf)>.

⁶ABS (2006) 2006 *Community Profile Series*, ABS Cat. No. 2001.0, <www.abs.gov.au>

⁷'Not in paid work' comprises either not in the labour force or unemployed.

⁸The 10% where no information was available includes the categories: 'Information not available on bill/from provider', 'Didn't contact energy provider' and non responses. It may indicate a number of scenarios: that the energy provider did not provide the information either on the bill or over the phone; the Emergency Relief workers could more strictly adhere to guidelines for ascertaining the client's EAPA history; or the information was simply not provided on the survey form. Where the information is not available on the energy form, the worker is required to call the provider to obtain these details. However, some smaller energy companies may not provide this information.

⁹The category in Figure 15, 'Information not available' combines the following categories in the table (Figure 16): 'Information not available on bill/ from provider', 'Didn't contact provider' and 'Non-response'. These were included in Figures 15-16 because they represent a fair proportion of clients.

¹⁰The median is a measure of central tendency; it is calculated by selecting the middle score. For example, if all the scores were plotted along a line, the median is the middle score.

¹¹Note that whilst 253 survey forms indicated that clients had received EAPA assistance in the last two years, there were only 221 surveys which recorded actual amounts received – a difference of 13%.

¹²EAPA can only be granted for energy usage component, not connection fees.

¹³Note that clients could receive multiple forms of assistance. Also note that the category, 'No other material assistance provided' combines the 113 cases where this option on the survey form was selected, plus 91 non-responses. The high number of non responses potentially includes clients who did not receive another form of material aid but the ER worker simply did not record this.

¹⁴Babbington S and Donato-Hunt C (2007) *When There Isn't Enough to Eat: The Food Insecurity of ANGLICARE Sydney's Emergency Relief Clients in Wollongong*, ANGLICARE, Sydney.

¹⁵Consumer Utilities Advocacy Centre (2006) CUAC Rural & Regional Network Newsletter, CUAC, viewed 6.3.08, <<http://www.cuac.org.au/database-files/view-file/2328/>> p5.

This was reinforced by the NSW Council of Social Services (NCOSS) in their submission to the Energy Retail Policy Working Group - NCOSS (2007^a) NCOSS Submission to Retail Policy Working Group Composite Paper, 27th July, <<http://www.ncoss.org.au/bookshelf/utilities/submissions/sub-energy-rpwg-composite-july07.pdf>>, p1.

¹⁶NCOSS (2007^a) *ibid*.

¹⁷IPART (2007) *Promoting retail competition and investment in the NSW electricity industry, Regulated electricity retail tariffs and charges for small customers 2007 to 2010, Electricity - Final Report and Final Determination*, IPART, viewed 7.2.08, <<http://www.ipart.nsw.gov.au/files/Electricity%20Retail%20Review%20-%20Final%20report%20and%20determination%20-%20Web%20version%20-%20June%202007.PDF>>;

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7.2.08, <<http://www.piac.asn.au/publications/pubs/SMH-Elissa%20Freeman%20180507.doc>>.

¹⁸ IPART (2008) Electricity Retail Businesses' Performance Against Customer Service Indicators: For the Period 1 July 2002 to 30 June 2007, NSW electricity information paper no 1/2008, IPART, viewed 19.8.08, <http://www.ipart.nsw.gov.au/electricity/documents/NSWElectricityInformationPaperNo1of2008-electricityretailercustomerserviceindicators_000.PDF>, p.3.

¹⁹ IPART (2008) Gas Retail Businesses' Performance Against Customer Service Indicators: For the Period 1 July 2005 to 30 June 2007, NSW gas information paper no 1/2008, IPART, viewed 19.8.08, <<http://www.ipart.nsw.gov.au/electricity/documents/NSWgasinformationpaperNo1of2008.PDF>> p.3.

²⁰ *Left Out and Missing Out: Voices from the Margins*, 2007 Snapshot of research carried out by SPRC, Mission Australia, ANGLICARE (Sydney), ACOSS, and the BSL.

²¹ Rich and Mauseth (2004) Access to Energy and Water in Victoria, Consumer Action Law Centre, <<http://www.consumeraction.org.au/downloads/DI.57.pdf>> p57.

²² Financial and Consumer Rights Council Victoria (2005) *Committee of Inquiry into Financial Hardship of Energy Consumers Submission*, FCRCV, <<http://www.cuac.org.au/database-files/view-file/2259/>> , p4.

²³ Premier Morris Iemma (2007) 'NSW Government acts to secure State's energy supply', media release 10.12.07, <www.nsw.gov.au/energy> .

²⁴ Ibid.

²⁵ Energy Minister Ian Macdonald (2007) 'Iemma Government Acts to Protect Electricity Customers', media release, 10.12.07, <http://www.dpc.nsw.gov.au/data/assets/file/0003/13476/071210_Owen_Pricing_Consumer_Protections.pdf>.

²⁶ Riedy C & Daly J (2007) Electricity Supply in NSW: Alternatives to Privatisation, Institute for Sustainable Futures, University of Technology, Sydney, <http://www.piac.asn.au/publications/pubs/PIAC_Owen%20Report%20Alternatives_Final.pdf>, p.vii.

²⁷ KPMG (2006) 'Impediments to Investment in Australia's Energy Market', report to Energy Reform Implementation Group, <http://www.erig.gov.au/assets/documents/erig/Investment_impediments_survey_KPMG20070413120146.pdf>, p38.

²⁸ Beder, S (2007) Submission to Owen Inquiry into Electricity Supply in NSW, Unions NSW, <<http://www.stoptheselloff.org.au/reports/UnionsNSW-Electricity-NSW-Report.pdf>>, p18.

²⁹ Plane T (2003) 'Higher Bills in 'Bugger' of a Power Market', *The Australian*, 7.11.03, p. 6.

³⁰ AAP, (2007) 'Electricity Prices in NSW to Rise', *The Age*, 14.6.07.

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Addendum to the ANGLICARE Sydney Submission

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The Australian Energy Regulator**

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Of the ANGLICARE Diocese of Sydney, Policy Unit

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RE: INTRODUCTION OF SMART METERS

Recently ANGLICARE has been made aware of the introduction of 'Time of Use' or SMART METERS. It is our current understanding that these meters are designed to reduce the load on the electricity system during peak times (2pm-8pm) weekdays. Accordingly, via recent notification, Integral Energy has indicated that the tariff for the peak period will be 30.25c per kwh. The Shoulder Energy rate (7am-2pm and 8pm-10pm) is 10.89c per kwh and the off peak period (10pm-7am) is 6.05c per kwh.

The tariff in the peak period represents an average **200%** increase on the average daily tariff of between 10c and 12c per kwh. The shoulder period tariff approximately equates to the current standard average rate while the off peak rate is a reduction in the standard average rate.

ANGLICARE Sydney is concerned at the impact that such a tariff schedule may have on low income households and the price of electricity generally. Although there are studies by energy providers indicating that the consumer is no worse off, and that such a system will reduce stress on the electricity grids in the peak periods, there are a number of factors which might specifically impact low income households and households with children:

- There is an immediate assumption that all households are capable of making discretionary decisions as to the time they use their electricity. However for low income households, often on income and disability support and single parent households, such discretion or ability to respond may well be limited.
- Literacy issues for such households may well mean that they are not fully and equally apprised as other households of the processes by which such mitigation of use of the peak period can occur.
- Education in relation to optimal usage is of critical importance for all consumers – not just low income households.

ANGLICARE would therefore recommend the following:

1. That serious analysis of the results of the SMART meter trials occurring across the NSW take into account:

- The ability of certain households to respond to time of use tariffs
- The impact that such tariffs for the peak period have on households with children and low income households
- The risk of increasing hardship on those households already experiencing serious levels of hardship and indicating difficulties in paying their current utility bills.

2. ANGLICARE would also recommend that any full implementation of the SMART meter be accompanied by a state wide education campaign to ensure all households are equally made aware of how to mitigate against using electricity in the peak periods.

3. Finally ANGLICARE Sydney would recommend that the current pricing schedule, as identified by Integral Energy, especially for the peak period, be reviewed and closely monitored to ensure that excessive price increases do not occur.

