



Everyday battles  
to stay connected



# About VCOSS

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS members reflect the diversity of the sector and include large charities, peak organisations, small community services, advocacy groups and individuals interested in social policy. In addition to supporting the sector, VCOSS represents the interests of vulnerable and disadvantaged Victorians in policy debates and advocates for the development of a sustainable, fair and equitable society.

VCOSS recognises the traditional owners of country and pays its respects to Elders past and present.

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## Acknowledgments

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VCOSS especially thanks the people who were willing to share their stories and time with the RMIT research team. This report could not have been produced without their generosity.



## Executive summary

We live in tough energy times. Power prices keep going up, well beyond inflation, wages and income support payments. Staying connected to energy supply can be a daily struggle if you rely on a low income.

An emerging body of research shows people are making sacrifices to pay utility bills, including cutting back on food and going without heating, cooling or lighting. Echoing this research, VCOSS members had warned us people on low incomes were reducing energy and water use in ways most people wouldn't have to contemplate. It's one thing to try to be more energy-efficient; it's quite another to live in the cold and dark, or seek food relief from community organisations, just to keep the bills paid.

VCOSS wanted to learn more about these experiences. We commissioned an RMIT research team to interview people who manage to pay their energy and water bills, but face financial stress or other detriment in the process. *Power struggles* tells these stories, drawing on interviews with 10 Victorian households.

We wanted to highlight these stories to policy-makers and utility companies who may otherwise hear little about them. One of the notable findings of this report is that most people interviewed had not been assisted by utility companies, despite bill struggles. People had pressed on, paying their bills and avoiding disconnection. This shows how households facing these circumstances can fly under the radar and miss the attention of government, utility companies and the community sector.

Six key themes emerged from this research:

1. **Vulnerability of sole-adult and sole-parent households—limited income support made it difficult to afford bill payments.**
2. **Lack of access to affordable energy-efficient housing—housing conditions made it difficult to meet essential energy needs and manage bills.**
3. **Interconnection between health and energy consumption—almost all people interviewed had health issues that increased use of heating and/or cooling, or**

would have benefited from more energy use.

4. **Making trade-offs to keep utility bills paid—including restricting heating and cooling, limiting cooking and food purchases, and not being able to afford children's school books.**
5. **Energy sector not facilitating consumer trust and engagement—people expressed feelings of frustration, anger, disadvantage and/or powerlessness as energy consumers.**
6. **Households' vulnerability to financial shocks—people had few financial 'shock absorbers' and often relied on formal or informal credit (from family and friends) and assistance from community organisations.**

VCOSS makes several policy recommendations based on these themes. Most of these recommendations have been made before by VCOSS based on member feedback and qualitative and quantitative research. The real life stories presented in this report give further weight to the need for these policy reforms.

The problems highlighted by this report are not insurmountable. Government, utility companies and the community sector can together ease the burden on people who are battling every day to stay connected.

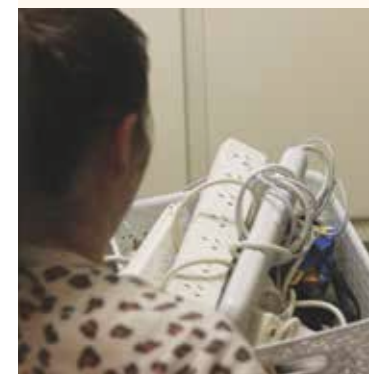


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# Summary of recommendations

## That the Federal Government:

1. Increase and regularly review income support payments so they are commensurate with community living standards and cost of living increases over time.
9. Retain universal access to emergency relief and financial counselling services.

## That the Victorian Government:

2. Legislate minimum standards for private rental housing and stage the implementation of these standards.
3. Expand energy-efficiency retrofits across Victorian social housing stock.
4. Establish long-term energy-efficiency programs for low-income households.
5. Where housing modifications are necessary to support tenants' essential energy consumption and other aspects of wellbeing, provide tenants with the right to make non-structural modifications without landlord consent, and prevent landlords from unreasonably refusing consent to structural modifications for these reasons.
6. Review eligibility for the Medical Cooling Concession to determine whether it adequately assists people with medical-related energy needs.
7. Provide guidance to energy retailers on how payment difficulty assistance can best be promoted.
8. Require energy retailers to offer assistance to people at risk of payment difficulty.
10. Improve energy price transparency in Victoria, including through the introduction of energy comparison rates.
11. Introduce an independent energy broker for residential customers.
12. Increase and index the Utility Relief Grant so it is commensurate with average electricity, gas and water costs.
13. Expand access to No Interest Loan Scheme loans by providing additional operational funding.



## Introduction

### Staying connected to energy and water supply is a daily battle for some Victorians.

People can feel pressure to lower their consumption to potentially detrimental levels just to manage their bills. Simply turning the kettle on can cause anxiety.

After hearing reports from VCOSS members of these types of struggles, VCOSS wished to delve further and commissioned an RMIT research team to prepare and present 10 in-depth case studies. These case studies are the backbone of this report.

Drawing on real people's stories, *Power struggles* builds on previous research showing people make significant sacrifices to pay utility bills.<sup>1</sup>

This can include restricting or entirely foregoing heating or cooling, cutting back on food, going without lighting, avoiding important social interactions in the home, and changing daily routines, such as visiting the homes of others or using public places to stay warm or cool.

RMIT has interviewed 10 Victorian households who manage to make their energy and water bill payments, but experience related financial stress or other detriment. These stories can 'fly under the radar' of policy-makers, the community sector and utility

companies, because many people in these circumstances do not reach out for help. These stories are the flipside of those in the Consumer Action Law Centre's 2015 *Heat or Eat* report, which told of the stress and suffering disconnection can cause in vulnerable households.<sup>2</sup>

The research for *Power struggles* was conducted by Dr Larissa Nicholls and Dr Yolande Strengers of the Beyond Behaviour Change team at RMIT's Centre for Urban Research. Their full research report is published online.<sup>3</sup>

Ten stories were developed from their interviews, describing people's experiences of managing energy and water bills. These stories are not presented as being representative of a wider group of people; instead, they illustrate individual lived experiences of the financial stress households face, and the things they do to ensure energy and water bills are paid and connections maintained.

RMIT's summary of the key themes from these stories is followed by VCOSS' analysis of policy implications and recommendations.

RMIT's research reinforces the findings of previous studies, and the experiences related by VCOSS members. The stories show the struggles of sole-parent and sole-adult households to afford utility payments in the face of constrained incomes, and

people's limited capacity to absorb future financial shocks.

Common trade-offs made by those interviewed to pay their utility bills included sacrifices in relation to food, children's education and basic social interactions.

In some cases, people had medical conditions necessitating increased energy use, but limited their consumption regardless, to the detriment of health and wellbeing.

These stories also reinforce the link between housing conditions and energy affordability. Unless private and social rental conditions improve, energy payments will be an ongoing struggle for many people on low incomes.

But housing is only ever part of the solution. The experiences of those interviewed show the need for a range of policy settings to improve energy affordability for people on low incomes in Victoria.

What ultimately shines through in all of these stories is the time, mental energy, resourcefulness and skill people use in managing utility bill payments and other essential expenses.

People in Victoria should not have to expend so much effort, or make the sacrifices they do, to stay connected to essential services like energy and water.

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<sup>1</sup>W Anderson, V White and A Finney, 'Coping with low incomes and cold homes', 2012, 49 *Energy Policy* 40; L Chester, *The impacts and consequences for low income Australian households of rising energy prices*, University of Sydney, 2013; Bankwest Curtin Economics Centre, *Energy Poverty in Western Australia: A Comparative Analysis of Drivers and Effects*, BCEC Research Report No. 2/16, June 2016; R Chard and G Walker, 'Living with fuel poverty in older age: Coping strategies and their problematic implications', 2016, 18 *Energy Research & Social Science* 62.

<sup>2</sup>Consumer Action Law Centre, *Heat or eat: Households should not be forced to decide whether they heat or eat—A report prepared by the Consumer Action Law Centre*, August 2015.

<sup>3</sup>L Nicholls and Y Strengers, *Rising household energy and water bills: Case studies of health, wellbeing and financial impacts*, Centre for Urban Research, RMIT University, prepared for Victorian Council of Social Service, 2017.



## How RMIT collected these stories

Researchers from the Beyond Behaviour Change team at RMIT University's Centre for Urban Research (described in this report as 'the RMIT research team') conducted 12 interviews and developed the 10 case studies presented in this report, of households facing difficulty paying their utility bills.

### Recruiting people

VCOSS contacted its member groups and other organisations able to help put the RMIT research team in contact with people who had experienced financial stress and difficulty in affording energy or water bills. These people had also not been involuntarily disconnected from electricity or gas supply within the preceding two years.

Two organisations, the Council of Single Mothers and their Children Victoria (CSMC) and the Yarra Energy Foundation, provided names of

potential participants to the RMIT research team, via VCOSS. RMIT also identified suitable participants via the Council on the Ageing and the cohealth community health service. The table below shows the sources of participants whose stories are included in this report.

A member of the RMIT research team phoned each potential participant to confirm their eligibility (i.e. being over 18 years of age), that they faced difficulties paying their utility bills, and were interested in participating in an interview. The researcher then organised a time and venue for interviews.

All participants were given a \$60 Coles/Myer voucher in appreciation of their time.

Most people interviewed headed sole-adult or sole-parent households. These households are more likely to experience financial difficulty due to running a household on a single income. Most people interviewed were women, which is likely due in part to a strong response to CSMC's call for research participants, but may also reflect the financial challenges faced by sole parents with primary or sole responsibility for caring for children.

Appendix A lists a summary of participant demographics.

### Collecting and reviewing the stories

RMIT researchers conducted 12 in-depth, semi-structured interviews and produced 10 case studies from these interviews. All but one of the interviews were conducted in people's homes. Some households shared copies of their utility (or other) bills

with the interviewer. In-home interviews included observations of aspects of the home, such as size, maintenance, window coverings, draughtiness, and age and efficiency of appliances.

The research was conducted in accordance with RMIT's Human Research Ethics Committee requirements. Recognising the sensitive nature of the topic, researchers took care to ensure participants understood the intent and conditions of the research before agreeing to be involved, and again before conducting interviews. Before each interview the participant was given an information statement, had the research explained to them in detail, and signed a consent form. Participants were also advised they could end the interview at any time, and were not obliged to answer any question or provide any details they were not comfortable with.

All interviews were recorded using a digital voice recorder and lasted 45-90 minutes. The interview questions are listed in Appendix B of this report. Interviews were professionally transcribed before case studies were prepared and key themes across the stories were identified.

VCOSS and the RMIT research team have taken steps to ensure peoples' anonymity by changing names and identifying details in this report, and referring to regions rather than suburbs or towns where people live. The stories do not include all relevant household details, including some aspects of certain stories that are similar to others. We have also omitted the names of energy companies mentioned by participants.

### Limitations of this report

Because participants were identified through community organisations, there are likely to be households facing financial hardship without links to community organisations who were not reached via the recruitment method used. This report contains stories of people who were willing and able to be interviewed. As such, there are likely to be households that are more vulnerable than some of those reached in this research. Few men participated in the research.

Many of the households had family members experiencing health problems, including issues affecting their tolerance to heat or cold conditions. These types of households were not specifically targeted and it is unknown how widespread these health conditions are in financially stressed households.

As with any interview-based research, there may be some inaccuracies due to self-reporting of past events and current circumstances that cannot necessarily be verified.

Most people interviewed headed sole-adult or sole-parent households.





## People's stories

### Case studies

The RMIT research team developed these case studies from interviews with households who face difficulty paying utility bills. The case studies are separately set out in the research team's 2017 report, *Rising household energy and water bills: Case studies of health, wellbeing and financial impacts*.<sup>4</sup>

### Odette

Odette is a sole parent caring for five young children and living in public housing. She is unable to work due to physical health issues and receives disability support and a single parenting payment from Centrelink. She does not receive child support payments or assistance from family.

**Odette has a severe heart condition exacerbated by warm or hot conditions. Frequent hospitalisations have been stressful, disruptive and expensive due to babysitting and taxi costs.**

Last year the housing office<sup>5</sup> installed two reverse cycle air conditioning units after "the hospital put a really good letter for me because there was no air conditioning at all in here... I was spending a lot of time in the hospital."

Staying home and using air conditioning most days and nights has reduced her hospitalisations. The air conditioning has also helped manage Odette's youngest child's eczema. There are times of the year when Odette uses cooling for herself and heating for the children.

Odette says a recent housing department renovation to the home did not include installation of ceiling insulation. The upstairs bedrooms of the home get hot "because the roof is tin, so all the heat could get upstairs to about 40 degrees upstairs, it's literally fire."

Her unit has no external shading and the interior window coverings are lightweight. Other than air conditioning, Odette says she hasn't asked for

changes to the home which could assist with her health, comfort and energy bills because in her experience the "housing [office] doesn't really care as long as they give you a place to live."

After the air conditioning was installed, Odette's electricity bill doubled to about \$600 per quarter for the spring period. She used a Utility Relief Grant to cover part of the bill but is unsure how she will pay the next one which is likely to be higher. Despite her reliance on air conditioning, Odette is not eligible for the Medical Cooling Concession. Doctors at the hospital are hoping to assist her in accessing this concession in the future.

Odette's complex health needs make it difficult to manage electricity use.

"I've got fibromyalgia in my hands, so sometimes it's really hard to hang the washing outside, so I have to use the dryer more... with five children it's really hard because there's lots of clothes to wash and dry."



"After I pay the bill I feel happy, but then I'm thinking, 'Oh no, it's already getting ready for the next bill', because they come so quick."

Odette says "the bill comes and I'm like, 'Oh my God, I'm going to do less of this, or put the lights on less, or put the air conditioner on less', but then in reality it's just too hard because I need it."

She says she tries to "stretch it for as long as I can" before switching the air conditioner on. Her other financial management strategies include:

- **Reducing cooking and food costs** – "I enjoy cooking... but it's just so expensive, so [I try to avoid] using the oven, gas... I don't really make things that I used to make, so just very simple things and quick things... pasta and rice"... "[I would] like to be able to buy more fresh things, like fresh produce...[but] it's constantly just looking and thinking, 'Do I really need it? Can I afford it?'"
- **Accessing charity assistance** – to buy food at Christmas time.
- **Walking to the shops** – despite difficulty carrying shopping home.
- **Asking for extensions on bill due dates** – but often finding other costs arise in the meantime.
- **Repaying a loan** – needed to buy her son a school-required iPad from Centrelink payments.
- **Buying one school uniform for each child** – and washing and drying them overnight.

- **Minimising television when home alone during the day and feeling isolated** – "even if it's just for a bit of company... at least you can hear people talking."

- **Bathing children every 2-3 days** – instead of more often because "it's just so expensive."

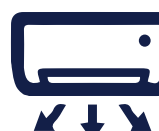
Without the Schoolkids Bonus, Odette has been unable to buy her children's school books this year.

Odette's energy services have never been disconnected. She has received "tonnes of warnings though, and registered mails... [the retailer] said that they're going to cut it off unless I start making payments, it's just a lot of financial stress."

She is determined to stay on top of her energy bills to reduce stress and the impact on her children. She was not aware of hardship programs or any protections for households with children.

Odette no longer switches energy suppliers because "someone came to my door and then I changed; it was about two years ago, but then I ended up getting billing from both companies, so I just thought never, ever again."

Odette feels anxious about paying her utility bills. She says that "after I pay the [utility] bill I feel happy, but then I'm thinking, 'Oh no, it's already getting ready for the next bill', because they come so quick."



<sup>4</sup>L Nicholls and Y Strengers, *Rising household energy and water bills: Case studies of health, wellbeing and financial impacts*, Centre for Urban Research, RMIT University, prepared for Victorian Council of Social Service, 2017.

<sup>5</sup>Department of Health and Human Services.



## People's stories

### Case studies

#### Don

Don worked as a mechanic for 40 years before giving up his job to provide full-time care for his elderly parents who have now passed away. He would like to return to work but, now in his 60s, says finding work is difficult "once you're over a certain age." He currently receives Newstart Allowance and volunteers at a local health program for men.

Don lives alone in the small home he owns and he manages his finances carefully to "make the best use of the resources." He prioritises utility bills, paying them at least a day before the due date to have them "out of the way" because it's important for his mental health.

**Don says "it's not a case that you starve yourself. But you've just got to be, you're picky as to what you want to do."**

Minimising energy consumption is one of the main ways Don manages his budget. He has reduced his electricity bill to around \$100 per quarter (2.5kWh/day), and his gas bill to \$70 per two month period [verified by interviewer]. He is frustrated that fixed supply charges make it difficult to reduce his bills further.

Don does not use heating and decided not to replace his gas heater after it broke down.

"I sort of looked at it... We don't get really cold in Melbourne. Some people say, it's 10 degrees, and they say it's freezing... I bite the bullet... if it's cold I'll put a jumper on... And I survive."

He only uses a portable electric heater if friends visit because "they're virtually like a taxi meter... But for somebody else's comfort, yes."

If Don feels cold, he goes to bed early. Don says he is "resigned to the fact... I'll accept it. And I'll move on. I'm not going to dwell on it."

Don doesn't have air conditioning and his ceiling insulation is old and ineffective. He says his "energy levels are pretty low" on hot days. One of the ways Don copes in hot weather is to "lay on the bed and read a book if I can, if I can concentrate. But when it gets too hot, I even find it hard to concentrate... just close my eyes and... try to think of something cooler."

He hopes to install a ceiling fan in the bedroom. On extreme heat days he sometimes goes to an air conditioned library or supermarket. To avoid expenses he says, "you don't take any money, so you can't spend any money."

When his washing machine broke down Don decided he could also manage without this appliance.

"I sort of worked it out, well I can go down the laundrette every fortnight and do my washing... now, if I was still working, then when you're earning a lot, your judgement is different."



**"But when it gets too hot, I even find it hard to concentrate... just close my eyes and... try to think of something cooler."**

He keeps his showers very short but says that after going to the gym, "I would love to stand under a hot shower for 10 minutes... I've sort of said to myself, 'no'."

Don thought about being "decadent" and getting a television in the bedroom but decided against it: "when you look at your money supply... there's lots of things that you want. What about need as opposed to want?"

Don tries to put some "rainy day money" aside because "you've got to realise that you're only one drama away from slipping" and "once you get behind, you stay behind." Don has had unexpected expenses in the past. His cat provides good company but has needed several expensive operations since being mauled by a dog.

Don avoids the "vices" of smoking and gambling ("you've got to have a disciplined mind to say no") and he doesn't go out to "have a drink with the boys" anymore.

He says "I explain to people, you can still have a good life... you just don't do these things but there are others [that] have taken their place."

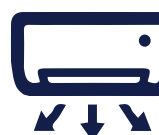
Don can't remember when he last went to a restaurant but he enjoys trying new recipes and cooking for himself at home.

If Don had more money he says the first thing he would do is install a reverse cycle unit to heat and cool his home and then he would get a washing machine.

Although Don says he has the physical capacity to live very economically he expects this will change: "there will come a time, and sometimes it comes pretty quickly... I'm quite ok now, and then bang!"

Don has considered selling his home and moving somewhere cheaper but his local community and amenities are important.

"I can walk to most places, which I do. I have a hospital there. I have a bus service just next street. Train over there and the tram."





## People's stories

### Case studies

#### Rachel

Rachel is in her late 50s and receives regular treatment for post-traumatic stress disorder (PTSD). Her son, David, lives with her in her public housing unit on an irregular basis.

David has struggled with mental health issues for several years and during a period at home with depression the heating was used without restriction, with Rachel saying she decided to "turn the heater on and worry about the consequences later." Rachel wanted to "shield" David and not "burden" him with her financial concerns.

**Rachel was unable to pay gas bills despite accessing the Utility Relief Grant. She wanted to be on a hardship program but found it difficult to get past the retailer's regular call centre team, as "they were very tenacious at the frontline."**

The Energy and Water Ombudsman (EWOV) assisted Rachel with her difficulties with her energy retailer. Despite being advised against it, Rachel thought the only way to manage financially was to disconnect from gas permanently.

She said the energy company "couldn't have cared less that my son was really sick... that's why in the end to them I said 'I don't care. Turn it off. I don't want to deal with you... if you don't have any compassion for the situation'."

Rachel has since moved to an energy company which she says makes access to "the wellbeing team" much easier.

Now living without a gas connection but having a gas-boosted solar hot water system, Rachel takes some showers at home, "on a hot day there's probably about three minutes of hot water, which I can have a quick shower. But that's unpredictable."

She also showers at a 'women's house' run by a local charity where she used to be a committee member.

For cooking, Rachel uses an electric hotplate which sits on top of her unpowered gas stove. Rachel says that when it's cold, "I'll just plug in an oil column heater, the electric one. But I do think they're expensive to run from what I can gather, so I just do it when I have to."

"It might just be that I have a shower when I'm out, and it might just be that I have a cup of tea when I come home, have the heater on for a couple of hours, and then go to bed."

Before next winter, Rachel hopes to buy electric panel heaters, which she understands to be energy efficient.

Worrying about her son's health and safety, Rachel has found it difficult to direct time and attention to energy issues.



**"Because they have not been an easy company to deal with... I just don't feel it was an equal relationship."**

"All of this energy and effort going into all these other things... there were times when we'd come home where I was seriously expecting the electricity and the gas to be disconnected. It was just that point of, just even hiding from it. Just that sense of regression and avoidance, it was just almost like 'I just can't deal with that'."

Rachel has an outstanding debt from the gas bill, "eventually I might deal with these people but right now I don't have the mindspace to. Because they have not been an easy company to deal with... I just don't feel it was an equal relationship."

She is focused on keeping her electricity bill paid to avoid disconnection, which was threatened when she had a \$400 debt and could not manage fortnightly repayments of \$100. Rachel has now arranged more manageable Centrepay deductions of around \$60 per fortnight but feels she "can only manage with an electricity account." Her water bills remain unpaid.

Rachel has spent much of her limited income responding to David's health and legal issues. She reduces living costs where possible, such as by buying second-hand clothing and household items. Council-provided cinema and swimming pool vouchers have helped Rachel cope without air conditioning during the summer, when she experiences debilitation due to a cardiac failure condition.

As a Disability Support Pensioner, Rachel makes use of free public transport on weekends to travel over one hour to the Victoria Market to buy cheaper fresh food than is available in her suburb.

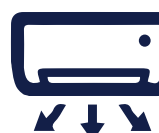
"It's hard to just cook for one person because everything's more expensive when you're trying to buy it in smaller proportion."

Hoping sport would help with her son's health, Rachel accessed community funding "for some soccer boots for [David] so that I could still try and encourage him back to that."

Rachel keeps many of the challenges in her life to herself and tries to take a positive attitude: "look I mean I'm as happy as I can possibly be, to be honest. I'm happy that my son's alive. I'm happy that I manage the best I can."

She appreciates the community support she receives, including food vouchers "maybe every three months, just so that I could say get over a hump to the next pay." However Rachel feels judged at times.

"It feels like they're full of shame around that... you're clean and respectable and you go into an agency for assistance, [it feels like] you've really got to look like you've just rolled out from a dirt heap and you've got to look sad."







## People's stories

### Case studies

#### Beth

Beth and Andrew's busy household includes their four children from previous relationships. Beth has been studying full-time and recently started a part-time job; Andrew works full-time.

Prior to repartnering, Beth could no longer afford to live in Melbourne as a single parent (10 kilometres from the CBD).

**"Everything was expensive in there – the cost of food, everything just seemed much higher, particularly the rent, and the quality of the property that you would get for your rent, like we were living in a bit of a dive... there was just no way I could afford to be in the city anymore; it's impossible."**

To reduce rent costs, Beth moved further out (25 kilometres from the CBD). Since Beth and Andrew met, the blended family have rented a small home in a more affordable town located 55 kilometres from the Melbourne CBD.

They like the area but the train line does not extend that far out and peak-time travel to and from the CBD totals over three hours per day, "you spend most of the day in the car."

Due to the additional childcare, travel and time costs, Beth looked for local employment. With limited employment options in the vicinity of the town, Beth's new job is "a massive downgrade in my earning capacity... I've completely gone down a level in my career. But it was a choice based on the whole family and what all of the children needed as well."

Beth has Hashimoto's disease involving temperature sensitivity. The family uses fans and water spray bottles in summer and rugs up in winter with lots of layers and sheepskin boots. Their new home

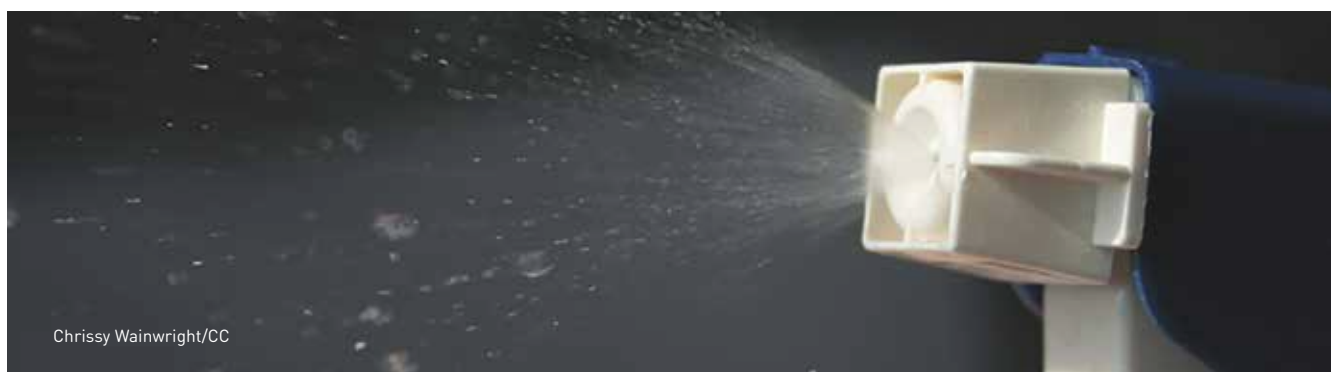
has ducted heating but the family is concerned about the running costs and are considering using small electric heaters instead.

Hot weather has severe impacts for Beth.

"I get almost completely debilitated. My brain stops working quite literally, I can't think, I can't move, I get really swollen and puffy, so it's painful to move, and I get migraines."

Beth uses a small "expensive to run" portable air conditioner or sits in her air conditioned car to cool down. She says there is "a lot of disagreement in the house over summer." Beth feels like she "can't function", whereas in winter (with heating) Beth says, "I have energy, I'm motivated, I enjoy doing things."

To address these issues, Beth would like a reverse cycle unit installed but is reluctant to ask the landlord, in part because of requests refused in previous rental properties.



Chrissy Wainwright/CC

**"In my experience of renting, owners are not interested in improving any of those things because it makes no impact to them at all."**

"Don't ask because they're not going to do it. In my experience of renting, owners are not interested in improving any of those things because it makes no impact to them at all... it's so competitive that if you're not happy they just get rid of you and get someone else... [there] was an apartment I was living in... I asked for an air conditioner because it was insanely hot, and I [laughs], that wasn't received very well!"

When Beth first became a parent she did not feel comfortable about living with her baby in a share house with strangers. The Single Parent Pension did not cover living independently and she used a credit card to pay rent and bills. Beth acquired a \$10,000 debt which she is still paying off and she fears her credit history will impact the rest of her life, including her ability to buy a home.

Beth accessed the Utility Relief Grant when sole parenting and she is now very focused on paying her energy bills on time, "partly because of the [pay-on-time] discounts, because it's significant... it's [also] about your stability and I can't risk that... rent, bills, food; that's my list of priorities, and then incidentals come after that."

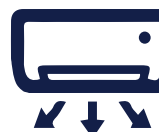
Beth says high energy costs impact her ability to buy quality fresh food and the cost of living means they cannot take the children to movies or the dentist.

Fuel costs are also impacting the family budget "because we've been pushed so far away from the city" and Andrew has to drive to work.

Beth has tried finding better energy offers, "sometimes it's worked, sometimes it hasn't worked... there's been a lot of time and energy put into finding better deals and swapping over and then changing back, and it's incredibly frustrating and time-consuming."

She is reluctant to try again because "it feels like a lot of wasted energy." She says she would be prepared to change suppliers.

"If there was something just clear and easy about a good deal that was fair and was ethical... I would love that... to see the options clearly and [if] there wasn't too many options it'd be great."





## People's stories

### Case studies

#### Ursula

Ursula bought her first house while at university and felt she had a solid financial base working part-time whilst renovating and reselling houses. In her mid-30s, Ursula and her partner had a child but soon after her relationship ended and she became a sole parent.

Initially she coped financially but then experienced a series of shocks including: higher interest rates; reductions in child support; and lack of stable employment for a sole parent with a frequently unwell child. It took considerable time to sell off her investment properties in regional areas.

**Ursula says they were living "in the worst kind of poverty" and "very much struggling to try and keep [their] home."**

Ursula hoped to stabilise her finances by renting out her own home in inner Melbourne and renting a home in the country. She grew much of her own food and received a lot of social support from community groups. However, lack of insulation, no energy efficiency features in her rental home, and a cold winter climate contributed to \$1400 electricity bills.

During this period Ursula redrew money from her mortgage and used credit cards for essentials, including utility bills and mortgage repayments. Her credit card debts reached \$50,000 and she now owes more money on her house than before.

She recently renegotiated remaining credit card debts to reduce the interest costs but says her credit rating is "ruined." Ursula says that without loans from friends and family over the years, "I don't even know where I'd be living. I couldn't afford to rent anywhere. It's horrible for some people."

Ursula now lives back in her own home in Melbourne, which she made energy efficient before experiencing financial stress. However, because of permanent heart damage she is cold-intolerant and needs to use electric heating regularly.

Recently, a neck injury impacted her capacity to work and complete current studies, and involved tests and doctors bills with significant out-of-pocket costs. Ursula required full-time care and a relative moved into her home. Energy use was higher during this period:

"I was home. I couldn't do anything. It was like I had a stroke... I was on the couch, so the heater was on a lot... I don't watch TV very much but people that took care of me would watch it. And my son and I have been home a lot more since, so we're home on weekends when we're not normally... he has a TV and an Xbox and iPad, so he usually runs them a lot when he's home, especially since I've been sick, he's bored."



"You just go without sometimes."

Ursula has been on energy hardship programs and has never been disconnected. She received the Utility Relief Grant last year and now pays her utility bills "sometimes a little late, it just depends, because I had such a hard year physically last year."

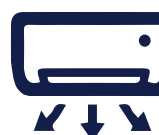
Recently a water leak resulted in a high water bill which Ursula negotiated down, but she is unsure why her gas bills are high. The last one was \$280 (for two months), despite the stove being the home's only gas appliance, and she is unsure how to resolve this since she is "not confident with tradesmen, especially someone tinkering with my gas."

Ursula says "we're just trying to pull ourselves out of [financial hardship], which is hard because my career [is] down the toilet."

When people ask Ursula how she manages she says "you just go without sometimes."

Now living without credit cards and on a limited income, Ursula has had to limit her son's involvement in sports he enjoys. Ursula also noted the long-term impact on her own health.

"I think my stress levels have been so high [for a long time], it's just not a good way to live for anyone, at all."







## People's stories



### Case studies

#### Nola

Nola is an exceptionally busy and active member of the local community. One of her main priorities is to assist her children with access to educational opportunities.

Since separating from her husband, she has primary responsibility for her four children, three of whom moved out of home during or after their university studies. Tom (school-age) lives with Nola, and Michael recently moved back home because his Centrelink study support payments were insufficient to cover the cost of living independently and Nola could no longer afford to subsidise his rent. Michael had to switch to a less well-reputed course in a university closer to home.

Nola has had a difficult time financially. For many years, she provided full-time care to her parents who lived nearby with degenerative neurological conditions. Nola received carer payments from Centrelink during this time.

She has outstanding debts for money borrowed to cover living and children's education expenses after her Centrelink payments were cut off for eight months. She also borrowed money after her daughter had a minor accident driving her father's car (who no longer lives with them) on which the insurance had lapsed. It cost \$15,000 to settle a legal dispute with the other driver.

**Nola says she's "known for being good with stretching a dollar" and the family has discussed the difference between "needs" and "wants."**

One of the ways Nola's family manages financially is to never use cooling or heating. The air conditioner has been broken "for donkey's years" and they don't use fans because the "electricity bill is high enough as it is."

"The things that you have to go without in order to meet those bills... what other people would take for granted we would consider luxuries."

When it is hot family members cool themselves with refrigerated water, frequent face washing and hand-held (unpowered) fans. The home's external blinds no longer work. Nola says "I know some people do go to the cinemas [on hot days], but again, it's the cost, and paying to get there or transport to get there." She visits the air conditioned local library more frequently in hot weather.

It's been so long since the gas heater was used that Nola doesn't know if it still works.

"If I was to turn it on I'd feel I needed to get it serviced first, which would be expensive."

Her gas bills are so consistently low throughout the year (gas is only used for cooking) that "someone came out to inspect it because they thought something dodgy might have been going on."

Nola says "it would be nice to have a house that had heating and had cooling, but I'm still thinking that amount of money I would utilise elsewhere."

Nola successfully taught her children to minimise energy use, but her youngest son Tom has mental health issues, including irrational fears. Tom is at home full-time and "he isn't too keen on the dark" so has lights on in the rooms around his bedroom through the night. Nola doesn't want to "lay down the law" about the lights because it would cause him distress. The treatment costs for Tom (not covered by Medicare) have been significant and Nola is hopeful her son will be able to return to education.

Nola checks each year that eligible concessions are applied to her energy bills and has "helped so many older people, contemporaries of Mum and Dad, that haven't realised to do so."

However it was too time-consuming to compare electricity tariffs and she didn't think there would be wide variation in costs: "I just figured this was the electricity bill, you just paid it."

Nola had consistently been paying \$600-\$660 per quarter for electricity and a friend recently noticed high rates on her bill. The friend negotiated on Nola's behalf and she now pays \$380 for the same level of consumption with the same retailer [difference verified by interviewer]. Nola is grateful for her friend's help and says:

"It's annoying to think that I've been... overpaying for years and years and years... my own view is that why should you really have to do that?... I think people are disadvantaged... I've been paying the utility bills 35 years... there wasn't this need to be, ringing up asking for discounts [before privatisation]."

**"The things that you have to go without in order to meet those bills... what other people would take for granted we would consider luxuries."**

Nola is reluctant to change retailers due to "the horror stories in the media too, where people have switched companies and then there's been no gas and no electricity, or they've paid twice."

Nola keeps her bills highly organised and wants to continue receiving paper bills and a paper receipt when she pays them at the post office because "you can go back and keep track of them." She is concerned about the impacts on "someone who does things the way I do" when businesses such as energy retailers and banks stop providing or charge for paper statements.

"That's pushing you too... do you need to have your own computer [and printer]? Do you pay for internet? Do you go to the library? Do you go to a community centre?"

She is also concerned about charges for paying in cash instead of using direct debit.

Nola has a car but walks most places to minimise petrol costs. "The priority with petrol is anything to do with the kids, because as I said, I'd walk up [to] an hour to save the bus fare... depending on the weather."

Nola has not been able to maintain the family's home in the way she wishes and "always [has] a wish list of things that I want to do."

She was going to have her old, ineffective ceiling insulation replaced when there was a federal government program but it was too hard for her to be at home for quotes and supervision when she had to visit her mother's home every three hours to administer medication.

"Who would be looking after Mum while I was in my house doing that?"

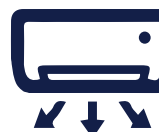
The family has an old electricity-intensive hot water system which makes it difficult to reduce electricity use further. A boundary fence fell and broke a tap, resulting in a leak that was not discovered for some time, causing a very high water bill.

Over the years, Nola has volunteered regularly at various organisations and her involvement has helped financially with access to free but not ideally healthy food (high in carbohydrates and fats). She notes, "again the trade-offs, because we don't have a lot of protein."

The community organisations appreciate her skills and accept that she needs irregular and flexible working hours to meet her family commitments, but Nola says Centrelink is "giving me a hard time about that" because their rules require her to prove she is working regular volunteer shifts.

Now that Nola's caring responsibilities are reduced she hopes to return to paid work, "which I would enjoy, this work and the mental stimulation and things, I would have a very different life."

However, she is concerned that despite having several qualifications and completing additional courses recently, her age, combined with many years out of the workforce, will mean "getting back to paid work would be very difficult."





## People's stories

### Case studies

#### Lanfen

Lanfen is in her 80s and moved from China to Australia 13 years ago to be near her daughter. She used to work in a hospital in China. Lanfen cannot read English and has very limited speaking proficiency. Her interview was interpreted by a Mandarin speaker. She lives alone in a high-rise public housing apartment. Lanfen has five stents in her heart.

"When the day gets very hot or very cold, it's very bad for my heart condition because my blood vessel[s] around the heart are very fragile. It can't sustain too extreme temperatures."

**In winter, she can maintain a healthy temperature in her apartment by using the building's central heating system, which does not contribute to her energy bill.**

However, in summer her apartment gets very hot because it is located on the top level of the building, her west-facing windows have no shading, and there is no air conditioning.

Several years ago her doctor wrote a letter to say that she needs air conditioning to reduce risk to her health in summer. The housing office gave two reasons for refusing – that the letter had "expired" and that the government did not have enough funding to install air conditioning.

On hot days Lanfen drinks lots of water, prepares cold congee or green bean soup, and uses fans in every room. She tries to keep the heat from entering the apartment by pulling the blinds down. She uses the security door to allow air flow to ventilate, but the apartment can become unbearable and she relies on going to free public venues to cool down. She tries to get to the council's library in the morning before it gets too hot, or goes to the common room on the ground floor of the building.

Lanfen always pays her electricity bills on time and attributes this to her cultural background.

"Chinese people are very frugal people. We don't like to owe money to other people... We don't smoke. We don't drink. We don't go to the casino and we don't go to restaurants. Always, we cook at home."

This approach helps Lanfen afford the five different medications she has been prescribed, which although subsidised, add up to around \$50 a month. She is pragmatic about her finances.

"In the end, I have to gather the resources to pay the rent, otherwise I will have nowhere to live. I can only save up in other areas of my life to pay for these costs. It's not something within my power to change."

Lanfen has noticed that the cost of her electricity has increased and she sees this as consistent with other areas of her daily life.



Photo: mikecogh/CC

**"I hope the government will be able to help us with installing the air conditioners because it's quite important. I'm hoping that the government will show some favour to us elderly residents living on the top floor of a public housing block."**

"The prices of grocery shopping are going up all the time. So similarly, I felt it's only normal to see the electricity go up as well."

Sometimes Lanfen receives "a much larger bill than the usual." She uses the interpreter service to check that her electricity retailer has her current concession card details but "if we forget, we miss telling them that our card has been renewed or due to be renewed, they sometimes will cancel our status as a concession holder." She is concerned that others in her community may be missing out on concessions.

Lanfen has never heard of pay-on-time discounts, negotiated her rates or changed her electricity supplier.

"I never have done that. I'm not aware of such possibility... I thought they are [a] large and reputable company, so I chose them... Similarly, for the telephone company, I'm also able to choose between different companies to provide a service to me, but I've never exercised such discretion or such right. Because we're not good at computer to do research about that. We don't read English either."

There isn't anybody who checks on Lanfen during hot weather but she has a device which requires her to press a button each day, "a daily reporting system in place so I can let them know that I'm still alive and kicking."

She says the "Australian government are very good towards people like us, who have lost the ability to work or are retired... From the bottom of my heart, I'm very grateful... we are really very, very, very lucky."

However she is worried about her health in summer.

"I hope the government will be able to help us with installing the air conditioners because it's quite important. I'm hoping that the government will show some favour to us elderly residents living on the top floor of a public housing block."

Lanfen is trying to save money.

"It's a little embarrassing for me to admit that I'm actually saving up money to prepare for my own tombstone. In case I pass away in the future, I need to get that sorted out... so that I wouldn't burden my children with that cost. I want to be self-sufficient."

Lanfen says she will still be able to afford her energy bill if she gets an air conditioner.

"I'm not worried... I would only switch on the aircon when it's very hot. Not all the time."







## People's stories

### Case studies

#### Tess

Tess works voluntarily for the co-operative housing provider (co-op) through which she rents a house for \$200 per week. She is studying part-time to complete a post-graduate qualification which she started before her son was born. He is now in primary school. Tess has a medical condition and receives the Disability Support Pension.

Tess is at home most days – either doing the administration work for the co-op, or studying. Sitting still for long periods she says:

**“In winter I have the heating running... It's very draughty this house, too. It gets very, very cold. So, it gets very expensive, the bills. I'm just not the sort of person that can be completely frugal and just sit there in the cold... I know a lot of people that do that, but I just, I like to be comfortable.”**



Photo: pandatomic/CC

The home's gas ducted heating system cannot be zoned so has to heat the whole of an uninsulated, draughty house with only very light blinds on the windows. Even with the thermostat set at 20°C or below, Tess says the winter gas bills are “a killer.”

Medication for her health condition makes Tess feel hotter than the general population and it's harder to cool her body down. She has a portable air conditioning unit.

“I do run the aircon because this house has never been insulated, it's very, very hot. So it does get expensive, the electricity bills.”

Tess says “I wanted an air conditioner, at one stage, but I didn't push for it.” Tess was going to pay for half of the cost to install it but was concerned she would “have to leave it in the house if [she] left, or else take it out and patch up the wall.”

Tess says her 90-year-old home is “an amazing house” but has been deemed to have structural issues. The gas hot water system is 20 years old and Tess tries to reduce hot water use by bathing after her son.

Tess applied to be part of a program run by the local council that installs solar electricity systems for low-income households without up-front costs, but the housing provider refused.

“It got all too complicated with [the co-op's] financing.”

She expects the property will eventually be sold or redeveloped and this may be reducing the likelihood of maintenance or improvements.

Tess wants to avoid having a poor credit rating, so tries to pay utility bills on time. She uses fortnightly deductions through Centrepay to set money aside for energy bills, but at the end of each billing period she still owes around \$150 each for gas and electricity bills.

**“I don't sit and actually think about it but I think it gives me anxiety in the back of my mind because it's like, every day, if I go and buy milk I'm pricing the milk. I price everything.”**

Tess calls up for extensions on the due date when she is short of money. She is frustrated that due to her financial constraints, she only receives the pay-on-time discounts for about one in five of her bills.

Tess would like to find better energy tariffs and tried a comparison site but “just found it all so complicated with kilowatts and I just didn't know. I just like to hear it word of mouth.”

She considered changing when an energy salesperson knocked on her door.

“To try and get me to swap companies, but I just found all that too confusing and she was too much of a salesperson. And in the end I just didn't trust her and I was just about to sign up and then I said, ‘Forget it!’”

After a community organisation told Tess about the Utility Relief Grant, Tess says the retailer call centre advised her to “wing it” despite Tess believing she didn't meet the criteria to apply.

“They were trying to encourage me to think of things with the car that might have fitted” but she “just didn't feel right about doing that either.”

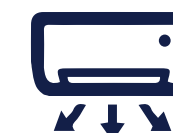
Every few months Tess gets food vouchers from a charity “so I could sacrifice the food money to pay the bills... when I get an electricity or gas bill it just stumps me, and then rent on top of it.”

Providing her son with good food and opportunities to play sport are priorities for Tess. She never puts credit on her mobile phone and rarely goes out socially. She says the following about her financial circumstances:

“I don't sit and actually think about it but I think it gives me anxiety in the back of my mind because it's like, every day, if I go and buy milk I'm pricing the milk. I price everything. And just trying to hold on... I feel like we're just keeping afloat most months, but every four or five months we will crash a bit.”

Tess is currently \$300 in debt to a great-aunt who occasionally lends her money, “but I have to pay it all back too... it is better than having a credit card.”

Despite the challenges Tess says, “I feel like we're a bit lucky too, because we're in cheap housing... it could be a lot worse.”





## People's stories



### Case studies

#### Helen

Helen is in her 60s and lives alone in a very small terrace home she bought over 30 years ago while working. As a single woman, the banks refused a mortgage but Helen eventually cobbled together a small mortgage, two personal loans and a private loan bank loan.

When interest rates increased Helen took in boarders. Up to five people lived in a home with a kitchen so small it fits only one person at a time.

**"I was determined, whatever happened I wasn't losing the house, you do what you got to... I rented out rooms. And I wouldn't advise it on anybody. It is the pits. And in a house this size and this small, it really is."**

Now retired and living alone with unemployment benefits as her only source of income, Helen has reduced her energy bills by:

- **Making energy and water efficiency improvements where feasible** – such as low energy lighting, gap sealing and changing to an instantaneous gas hot water unit. But "being [on] a low income I've got to save to do these things so it gets harder and harder."
- **Minimising energy and water use** – "I try to be responsible and sensible... everything I've got that I can control I probably control to the 'nth degree'."
- **Choosing not to install air conditioning despite severe hot flushes** – instead she uses a hand-held fan or a ceiling fan despite discomfort: "humid day and hot flushes, worst enemies. I mean that's just the way it is."
- **Negotiating better rates** – "If I can negotiate with the companies to get the best price I do that too. And I do it regularly."
- **Advising retailers if unable to pay energy bills on time to avoid losing pay on time discount** – "You are polite, you are to the point. Not only do you ring and say 'No, I cannot pay by that due date' but you know what you can pay, when you can pay and how long it will take... You don't dither and worry, you get on to it."

Helen's experience working in the public sector helps her navigate the energy sector and plan a strict budget with other strategies to minimise costs, such as:

- **Only doing necessary structural fixes on her unrenovated home** – nothing "cosmetic."
- **Not having a car** – and using a free weekly bus provided by the local council to get to the shops.
- **Giving up private health insurance** – four years ago she investigated getting basic cover again but "no matter how much I searched for a good deal it wasn't affordable."
- **Pawning items** – to pay for unexpected costs such as vet bills.

- **Buying second-hand clothes, furniture, appliances and marked-down fresh food.**
- **Using a calendar to plan for each bill** – including rates, home insurance and phone bills.
- **Trying to put a little money aside for emergencies** – by "go[ing] through your wallet every few days. Take out all the gold coins, put them into the money box."

Helen's precarious financial situation can impact her health and wellbeing. To manage an anxiety condition without taking medication which "destroys you", Helen tries to:

"Stay on the top front foot whatever the bill... if you don't do [that], you stress, you stress, you get sick, you fall behind in everything and you can't cope. You stop eating well, you stop exercising... you let a few things go and it eats at you... when you're already stressed or prone to anxiety, tumble, tumble, tumble. And if you're low income that can, one bill can spin you so out of control that you've lost everything."

Helen feels powerless to manage some aspects of bills.

"The way they keep putting the bills up is out of my control, and yes I can get angry, but I'm powerless."

Having worked hard to minimise energy and water use, Helen is particularly angry about the cost of her water bills.

"I got my water bills [usage] down to under \$20... Yet, my bill with all the concessions is \$190?"

**"The way they keep putting the bills up is out of my control, and yes I can get angry, but I'm powerless."**

Retailer practices have also caused stress and distrust for Helen. She had been concerned about not receiving an electricity bill for many months. She rang the retailer saying, "I want to receive a bill, I want to pay it." She was later sent a bill for nine months of usage and given two weeks to pay to avoid disconnection. Involving the Energy and Water Ombudsman Victoria resulted in Helen being given nine months to pay and an apology from the company.

More recently Helen received an overdue notice for her electricity account which worried her again. She called to query it and after some time "[a manager in the call centre] ended up apologising, she ended up giving me her personal extension number for any problems in future, and not only did I not owe them money, I was in credit."

To help avoid falling behind, Helen pays regular advance instalments on her energy bills but noticed the pay-on-time discount was only applied to the small amount owed at the end of the billing period. She queried this with the retailer and has since received the full discount, but this experience has also impacted her trust in retailers and discount offers.

Helen feels financially vulnerable, particularly as she recently had to spend her small savings on essential home maintenance.

"I'm totally dependent fortnightly. So if the cat got sick [or] I needed tests... so many things that were available on Medicare that I could access for testing, the scans,

whatever, I have to pay for now. They're no longer covered by Medicare. I can't have them."

Helen gets upset about perceptions of people like herself and is worried welfare benefits may change in the future.

"The fact that they want to keep cutting pensions because we have it too easy... that would probably make me emotional, is this divide we've got... we are the 'takers'... I never expected to be in this situation."

"So that, sorry, that gets to me... being on a pension, I have no certainty that it's going to continue. Or if it is going to continue under what circumstances... I can't feel proud of having worked for 40/45 years, and achieved, because now I'm made to feel ashamed in some way?"

To "stay in control" Helen is keen to save a little money.

"It's going to have to be done until I, even if I can just get \$500 to begin with behind me, I'm going to breathe easy."

To do this requires Helen to make hard decisions about eating and social interaction. Helen has a friend who likes to go out for dinner but says, "I am now thinking 'Please don't ring this week'."

Overall, Helen is stoic about her financial situation.

"You either learn and, it's not that you enjoy that you're living in poverty but it's doable... you just got to stay reasonable... I'd rather not be in this position, would be the truth. That's the honest truth. I'd rather not be this way."







## People's stories



### Case studies

#### Peter

Peter is 75 years old and has lived alone since his wife died. He was born in the small 130-year-old home which he inherited from his parents. He has numerous health problems including heart problems which required surgery, a large persistent ulcer on his leg, arthritis, asthma and bowel cancer. Peter jokes, "I've got everything but hypochondria."

Since the age of 14, Peter worked as a delivery driver including as the local milkman, delivering seven days a week. He is now retired and recovering from a long stretch in hospital after surgery.

Peter would like to visit his new grandchild in New Zealand but "can't see that happening any time soon."

He says, "the side of the house is falling down, it's structural" and he wishes he had gone ahead with the quote for fixing it which he got in 2011, "[the tradesman would] be dead now!... he was good and he was cheap, I kick myself now... it would cost double that now."

Being unwell, Peter is at home and sedentary a lot more than he used to be. Last year, he decided to get better heating.

**"My mother used to say 'you should always have enough money to keep yourself warm'."**

Peter has deductions from his pension to repay a No Interest Loan (NIL) used to install a reverse cycle air conditioner.

In cold weather, he runs it at the temperature programmed by the installer – 24°C. He never uses the unit for cooling in summer even though he "can't take the humidity", which exacerbates his arthritis pain.

Peter doubts that his old "powder" ceiling insulation is very effective and has noticed it coming through ceiling vents when it's windy. The new reverse cycle unit only heats the lounge room due to the single-front terrace layout of his home, so Peter still relies on an electric fan heater in the kitchen.

Peter manages medical and household costs carefully, but his health issues have made it more difficult. He says he doesn't worry, "if I've got some [money]."

The Pharmaceutical Benefits Scheme helps with the 15 medications prescribed by his doctors, but he regularly receives bills of over \$100 for dressings and other wound care products. There are also out-of-pocket expenses for his surgery.

Peter often has to take taxis to medical appointments because they cannot be conveniently reached using his preferred travel mode – public transport. One clinic is only 4 kilometres from home but with limited capacity to walk he would need to catch two buses and a tram to get there. Not being well enough to join his friends in drinks is helping Peter cope with other expenses.

Gas and electricity bills were a shock for Peter "when they started going up." In winter, his electricity bills are high for a sole occupant household.

He rings up his energy retailer each year (regarding concessions) but doesn't bother renegotiating his rates anymore because he was disappointed with the outcome after being attracted to retailer pay-on-time discount offers.

"They tell you they are going to give you 35 per cent of this and 17 per cent of that, then you get the bill and it's only a couple of dollars off and the bill is over \$100, how they work it, I don't know."

Peter had not been aware that the discounts would not apply to the supply charges, which were a large component of his bill.

Peter did switch suppliers "once when [my wife] was alive, she died four-and-a-half years ago, it was probably eight years ago, maybe 10... they're all about the same so after a while I didn't bother, just stay with one."

Peter's home telephone bill is "constant" at around \$125 per quarter because he waits for people to ring him instead of increasing the costs by making calls.

Despite his small house, rising land values in his area have increased his rates to \$450 per quarter. He finds paying the annual house insurance bill difficult because his insurer will not take instalments due to Peter's refusal to authorise direct debit. He wants to be certain how much money is in his account.

**"They tell you they are going to give you 35 per cent of this and 17 per cent of that, then you get the bill and it's only a couple of dollars off and the bill is over \$100, how they work it, I don't know."**

Peter feels more financially vulnerable since he "got pushed into a Home Care scheme." He is allocated up to \$1200 of assistance services each month and receives four hours each of cleaning and shopping, but the hourly charges are high and (once administration and advisory fees are also deducted) there is little or no allowance remaining to cover other assistance. He has stopped using his Home Care provider for transport to medical appointments and cancelled the gardening in an attempt to reduce the charges.

Peter used to use taxi vouchers and get help with cleaning, visits to the shops and home maintenance via the local council and/or hospital. He has been told he can no longer do this as it would be "double-dipping."

"Bob from the council" used to do small maintenance jobs including cleaning the gutters, fixing the front door when it wouldn't close, and keeping the smoke alarm working. Peter was only charged for materials, but recently when his fence was falling down, he couldn't call on Bob to help. Peter says:

"I'm going to miss all of that. The costs are not going to fit in the [\$1200] Home Care allowance... see all I can afford with this mob is the shopping and the cleaning, and then I've got to save what I can in case something goes wrong, or I've got to have the money myself or I've got to go to a NIL provider and get a loan."

Peter says, "I get by, I don't buy a lot of stuff... with the Meals on Wheels, it's not costing me a fortune." He pays about \$40 per week to receive one meal for each day, but was told this may also stop because he has a Home Care plan. Peter is uncertain how he will cope if unexpected expenses arise.

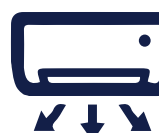
"I don't know what's going to happen. The government says everybody has to be in these [Home Care] schemes, I only wish that [the local council] had a [Home Care] scheme."

Peter is reluctant to sell his home and move away from the important local community connections he can reach via the local buses, trams and trains.

Referring to the very small size of his house, he says, "if I'm going to downsize, how am I going to downsize from here?"

Overall, Peter takes a positive attitude to his financial circumstances.

"I've got no ambitions to travel the world."





## Key themes, policy implications and recommendations

The RMIT research team identified key themes<sup>6</sup> emerging from people's stories, which are presented in the following pages.

These highlight some of the consistent themes emerging across the interviewed households' experiences, and illustrate the relationship between energy use, energy costs and household health and wellbeing.

These themes may assist service providers, energy retailers, regulators and policymakers to:

- Understand the layers of complexity in people's lives that contribute to financial hardship.
- Identify further areas for research.
- Develop strategies that help secure affordable access to utilities and energy-efficient homes for financially constrained households.

The themes the RMIT research team has identified are presented below with their commentary, along with related VCOSS policy implications and recommendations.



<sup>6</sup>L Nicholls and Y Strengers, *Rising household energy and water bills: Case studies of health, wellbeing and financial impacts*, Centre for Urban Research, RMIT University, prepared for Victorian Council of Social Service, 2017.



## 1. Vulnerability in sole-adult and sole-parent households

**"It's just not a good way to live."**

### RMIT commentary

RMIT noted sole adult or sole parent households on low incomes reported experiencing ongoing stress and/or anxiety associated with paying their utility bills alongside other regular and unpredictable expenses.

Another participant, now partnered, remained financially burdened by her time as a sole parent. Some participants were providing financial support to children who were over 18 but not yet financially independent.

The regular household bills had to be budgeted from one limited income (including electricity, gas, water, rates and home insurance (or rent), internet and telephone).

Several participants were currently, or had been, responsible for the care of others during ill-health or advanced age and this had impacted their capacity to do paid work, maintain a regular income, and afford rising utility costs.

The older participants owned small, older houses bought much earlier in their lives or inherited from their parents. The maintenance these homes needed was unaffordable, particularly on a single income.

The sole parents were all women juggling financial stresses alongside the day-to-day practical and emotional challenges of caring for children without assistance from another adult. Most faced difficulties returning to paid

work such as: poor physical or mental health; reduced employment opportunities and lower pay due to time out of the workforce; limited employment opportunities for older workers; and/or difficult coordinating parenting responsibilities (such as transporting children places) with available paid work hours. Where possible, parents sought to improve their chances by working voluntarily.

### VCOSS policy implications

These findings reinforce VCOSS' concerns about sole parent and sole adult households' ability to afford utility bills on limited income support payments.

Most people who told their stories to RMIT relied on payments such as the Disability Support Pension and Age Pension. Research by the Councils of Social Service shows income support payments are not enough to live on for most people receiving Newstart, the Disability Support Pension, Parenting Payment or the Age Pension.<sup>7</sup>

Among people receiving income support, one of the most stressful aspects of managing limited incomes is being able to pay utility bills. Electricity bills cause the most concern of all household expenses, particularly for people receiving Newstart, Youth Allowance or the Parenting Payment.<sup>8</sup>

Adequate income support is particularly necessary for households with children. Previous RMIT research shows family households have distinct and unavoidable energy requirements as children are born and develop, including: increased heating and cooling needs; greater need for food storage (refrigeration and freezing) and cooking; and rapid changes in electronics use for education, communication and work.<sup>9</sup> Restricting energy use can compromise children's development and wellbeing.

VCOSS reiterates the need for immediate increases to income support payments, and the introduction of an independent mechanism to regularly review payment adequacy and ensure payment rates keep up with community living standards and cost of living increases over time.<sup>10</sup> Following sustained advocacy by the community sector, it is now even acknowledged by the Business Council of Australia that Newstart payments are insufficient, risk entrenching poverty, and may prevent people gaining employment by restricting their ability to care for themselves and maintain readiness for work.<sup>11</sup>

### VCOSS recommendation

1. Increase and regularly review income support payments so they are commensurate with community living standards and cost of living increases over time.

<sup>7</sup>Councils of Social Service, *Payment adequacy: A view from those relying on social security payments*, Australian Council of Social Service, 2015; Australian Council of Social Service and Social Policy Research Centre, *Poverty in Australia—2016*, 2016, pp.12-13.

<sup>8</sup>Councils of Social Service, *Payment adequacy: A view from those relying on social security payments*, Australian Council of Social Service, 2015.

<sup>9</sup>L Nicholls and Y Strengers, *Changing demand: Flexibility of energy practices in households with children—Final report*, Centre for Urban Research, RMIT University, January 2015.

<sup>10</sup>Councils of Social Service, *Payment adequacy: A view from those relying on social security payments*, Australian Council of Social Service, 2015.

<sup>11</sup>Business Council of Australia, Submission to the Senate Education, Employment and Workplace Relations References Committee Inquiry into the Adequacy of the Allowance Payment System for Jobseekers and Others, August 2012.





## 2. Lack of access to affordable energy-efficient housing

“Don’t ask because they’re not going to do it.”

### RMIT commentary

RMIT’s research showed one of the reasons households were vulnerable to health, wellbeing and financial impacts from rising energy prices was limited access to energy-efficient housing and appliances.

Low-income homeowners had been unable to spend money on improvements such as insulation and energy-efficient appliances. Those living in public or private rental properties felt their housing choices were limited and that they had little or no capacity to get efficiency improvements made to their homes.

Even where health was clearly at risk, such as with cardiac conditions, affected households found it very difficult or were unable to access air conditioning. This was especially important where lack of insulation, shading, sealing and controllable ventilation resulted in very high indoor temperatures during hot weather. Some households relied on inefficient portable air conditioners. Lack of access to energy-efficient housing increased the energy households used to heat and cool the home.

Some households had old and inefficient hot water systems, only one had a solar hot water system, and none had solar electricity. Current or previous government programs to improve the energy efficiency of homes had not reached or been accessible to these financially vulnerable households. One household had sought more affordable and efficient housing outside of Melbourne but this had resulted in reduced employment and pay opportunities and high travel costs for the family.

### VCOSS policy implications

VCOSS and its members have long advocated for minimum property standards for private rental housing. Under current laws, landlords are able to lease structurally unsound homes with no or inadequate insulation, old and inefficient heating (if heating is provided at all), a lack of proper ventilation, and aged, expensive hot water systems.

VCOSS members report energy-inefficient homes are a major cause of unaffordable energy use. Private tenants are more likely than owner-occupiers to live in housing with poor energy efficiency.<sup>12</sup> Brotherhood of St Laurence research shows the largest cohort of households unable to heat their home (37%) is private tenants.<sup>13</sup> This likely reflects both constrained incomes and poor housing conditions.

Basic standards for a healthy, safe and affordable home would help people avoid the financial, health and wellbeing stresses experienced by the households in RMIT’s research. Reform in this area is well overdue.

Private renting is the second most common tenure type for low-income households,<sup>14</sup> and more people on low incomes are privately renting, as the social housing supply reduces.<sup>15</sup> As these case studies show, housing choices can be limited in the face of a low supply of affordable private rental housing.<sup>16</sup>

Minimum standards should be phased in over time so landlords can spread the cost of compliance over several years and avoid passing on large costs to tenants. Other jurisdictions have already taken this step, including Tasmania and South Australia (general property standards), the United Kingdom (energy efficiency standards), and New Zealand (insulation standards).

VCOSS also reiterates the need for expanded energy-efficiency upgrades of social housing, and long-term energy-efficiency programs for low-income households, building on the Victorian Government’s initiatives in this area for 2017-18, and the Australian Government Low Income Energy Efficiency Program.<sup>17</sup>

A necessary adjunct to these programs is improved modification rights for private rental homes. VCOSS members report even basic, subsidised energy efficiency improvements (like draught-sealing and curtains) are not always within reach for private tenants because people fear approaching landlords for consent to make modifications. VCOSS recommends that where modifications are necessary to support essential energy consumption needs and other aspects of wellbeing, tenants should be entitled to make non-structural modifications without landlord consent.<sup>18</sup>

Landlords should also be prevented from unreasonably refusing consent to structural modifications for these reasons.

### VCOSS recommendations

2. Legislate minimum standards for private rental housing and stage the implementation of these standards.
3. Expand energy-efficiency retrofits across Victorian social housing stock.
4. Establish long-term energy-efficiency programs for low-income households.
5. Where housing modifications are necessary to support tenants’ essential energy consumption and other aspects of wellbeing, provide tenants with the right to make non-structural modifications without landlord consent, and prevent landlords from unreasonably refusing consent to structural modifications for these reasons.

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<sup>12</sup>Australian Bureau of Statistics, Household energy consumption survey, Australia: Summary of results, 2012 – Tenure and landlord type, cat. no. 4670.0.  
<sup>13</sup>F Azpitarte, V Johnson and D Sullivan, *Fuel poverty, household income and energy spending: An empirical analysis for Australia using HILDA data*, Brotherhood of St Laurence, 2015, vii.  
<sup>14</sup>Australian Housing and Urban Research Institute, *AHURI Brief: Housing tenure by income level for Australian households*, 2013-14.  
<sup>15</sup>W Stone, T Burke, K Hulse and L Ralston, *Long-term private rental in a changing Australian private rental sector*, Australian Housing and Urban Research Institute Final Report No. 209, July 2013.  
<sup>16</sup>Australian Housing and Urban Research Institute, *Shortage of affordable private rental housing increasing*, AHURI Research & Policy Bulletin, issue 195, August 2015.

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<sup>17</sup>South East Councils Climate Change Alliance, *Energy saver study: low income energy saver direct care and motivators project—Final report*, 2 May 2016; Brotherhood of St Laurence, *Home Energy Efficiency Upgrade Program: Final Report*, 2017.  
<sup>18</sup>See Victorian Council of Social Service, *Regulation of property conditions in the rental market—Submission to the issues paper for the Residential Tenancies Act 1997 Review*.





### 3. Interconnection between health and energy consumption

“You should always have enough money to keep yourself warm.”

#### RMIT commentary

RMIT noted almost all interviewed households either had health issues that increased their use of heating and/or cooling, or would have benefited from using (more) heating and/or cooling.

Several research participants were experiencing health issues which caused heat intolerance and created a need for home cooling, but were apparently not eligible for the Medical Cooling Concession (e.g. cardiac conditions, Hashimoto's disease). Affected households that had access to cooling had expensive electricity bills and/or tried to limit their use despite health impacts or discomfort.

Many participants used public air conditioned places such as shops and libraries to manage home electricity costs or their lack of access to home air conditioning. This strategy was not always suitable due to health reasons, or could result in unbudgeted expenditure. Some participants hoped to have air conditioning installed in the future to reduce their symptoms and discomfort, but would potentially face unaffordable electricity bills.

Poor health contributed to some participants or their dependants being home and sedentary throughout the day (e.g. recovery from surgery, injuries or depression). This increased their use of heating and/or cooling and also energy demand from lighting and other appliances. Restricted movement as a result of musculoskeletal problems also increased energy use, for example by preventing use of the washing line and creating reliance on a clothes dryer.

Two households lived in draughty older Melbourne homes but chose not to use any heating in winter due to energy costs. Another two participants went to bed early in cold weather to reduce heating use.

While some households are resilient in cold weather, avoidance or under-consumption of heating can have negative health, wellbeing and social outcomes.<sup>19</sup> Importantly, the households who avoided using heating would have preferred their homes to be warm in winter. Access to home heating can be especially important for health in older age and during illness, and when living in older, poorly designed and ineffectively insulated homes.

#### VCOSS policy implications

These findings suggest the Victorian Medical Cooling Concession may need to be better targeted. At the moment, people only qualify for the concession if they have particular medical conditions recognised as affecting the body's ability to regulate temperature. People's health needs could be better supported if the concession were expanded to people with a more general medical need for increased cooling (or heating), regardless of whether thermoregulation is compromised. This could include people who are coping with illness or recovery from surgery over a long-term period.

Alongside this, the Victorian Government could also examine whether eligibility for the concession should be needs-based, rather than providing a list of eligible conditions and making the concession otherwise available at the government's discretion. The concession may be easier to understand and apply for if it is directed at need rather than specific medical conditions.

These stories also show the role health professionals could play in helping people access more affordable energy deals. VCOSS is advocating for the introduction of an independent energy broker for Victorian energy customers, which could conduct personalised searches for people and assist with switching retailers. Importantly, an energy broker could be used by professionals such as health workers to help people better afford minimum levels of energy use for health and wellbeing. This recommendation is discussed further at pages 36-37.

RMIT's findings also underscore the role of housing as a social determinant of health and wellbeing. Housing conditions have a direct influence on individual health. Recent analysis, using data from the Household, Income and Labour Dynamics in Australia (HILDA) survey, shows poor quality housing affects people's mental, physical and general health, even after controlling for population characteristics.<sup>20</sup> This further demonstrates the need for minimum private rental standards and expanded energy-efficiency retrofits of social housing.

#### VCOSS recommendation

6. Review eligibility for the Medical Cooling Concession to determine whether it adequately assists people with medical-related energy needs.

Two households lived in draughty older Melbourne homes but chose not to use any heating in winter due to energy costs. Another two participants went to bed early in cold weather to reduce heating use.



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<sup>19</sup>A Cornwell, M Hejazi Amin, T Houghton, T Jefferson, P Newman and S Rowley, *Energy Poverty in Western Australia: A Comparative Analysis of Drivers and Effects*, Bankwest Curtin Economics Centre, Perth, 2016; C Liddell and C Morris, 'Fuel poverty and human health: a review of recent evidence', *Energy Policy*, vol. 38, no. 6, pp. 2987-97, 2010.

<sup>20</sup>E Baker, L H Lester, R Bentley and A Beer, 'Poor housing quality: Prevalence and health effects', 44(4) *Journal of Prevention & Intervention in the Community* 219, 2016.





## 4. Trade-offs to keep utility bills paid

“What about need as opposed to want?”

### RMIT commentary

Energy and water bills and uncertainty about rising energy prices worried participants, and they looked for ways to minimise expenses. Some were fearful of what would happen if they fell behind on their bills without any savings or foreseeable ways to improve their financial situation, so they prioritised payment of utility bills to “stay in control” and avoid exacerbating mental health issues. Others were frequently stressed by overdue bills.

As well as restricting their use of heating and cooling (see previous section), households managed to pay utility bills by going without other things that could be important for health and wellbeing. Households spoke of the ways they weighed up ‘needs’ versus ‘wants’, including going without a car, restricting social activities that cost money, restricting cooking, and eating food that was less healthy than they wanted because it was available cheaper or for free. Some could not afford items important for their children’s health and wellbeing, such as school books and participation in sporting activities. For those who owned homes, maintenance needs were often ignored but caused worry as their home deteriorated. In addition, after appliances broke down they were often deemed ‘non-essential’ so as to avoid the costs of replacement, repair and future energy consumption.

One household insisted on having the mains gas disconnected in the hope this would enable her to afford her electricity bills. This strategy to avoid high gas

supply and usage charges risked exacerbating financial vulnerability by increasing reliance on electric heating and cooking. In addition, if the electricity was disconnected the occupants were at greater risk of adverse health and wellbeing impacts. By prioritising payment of utility bills, the other households had all avoided being disconnected from electricity or gas supply. Most had not been in utility hardship programs. As such the impact of utility costs and financial stress on these vulnerable households is far less likely to gain the attention of policymakers.

### VCOSS policy implications

RMIT’s findings add to a growing body of research showing the sacrifices people make to stay connected, including research by the Consumer Action Law Centre on the ‘heat or eat’ dilemma,<sup>21</sup> and a 2017 survey of low-income households by the NSW Council of Social Service. That survey showed almost a quarter of respondents sometimes go without a substantial daily meal, or medical treatment or medication, to pay energy bills. A similar proportion of households with children had gone without school books or uniforms in order to pay energy bills.<sup>22</sup>

By making sacrifices and trade-offs to manage bill payments, households can ‘fly under the radar’ of energy retailers. Importantly, most people who told their stories to RMIT had not been in utility

hardship programs. While some households paid bills on time, others were often stressed by overdue bills and may have benefited from support to help them manage all household expenses, without the need for trade-offs.

Quality retailer assistance can allow people to shift to cheaper energy deals and more manageable bill payment intervals (such as fortnightly or monthly payments), pay bills through Centrepay, set up predictable payment arrangements based on estimated future use (‘bill smoothing’), receive concessions or a Utility Relief Grant, and receive advice about government and community support.

People’s experiences suggest retailers could better promote hardship program availability and the new entitlements the Essential Services Commission (ESC) is developing.

These experiences also underscore the need for proactive, early supports for people who are ‘just hanging on’ and at risk of payment difficulty.<sup>23</sup>

VCOSS therefore supports the ESC’s proposal to entitle all energy customers to certain standard forms of assistance, and to entitle people to a higher level of assistance where the retailer knows, or should reasonably have known, a person has circumstances likely to lead to them being in arrears.

RMIT’s findings also show the importance of government funding for comprehensive emergency relief and financial counselling services.

At present, the emergency relief system is enabling people to stay connected to utilities by providing food, and funding medication and other expenses when the money runs dry due to bill payments.

Previous research into emergency relief use shows “as household resources are depleted, essential goods such as food and medicine are sacrificed, in order to keep the rent paid and electricity, gas and water connected. The end result is deprivation.”<sup>24</sup>

The Australian Department of Social Services has proposed changes to the design of ‘Financial Wellbeing and Capability Services’, which would restrict access to emergency relief and financial counselling services, including repeat use of emergency relief services.<sup>25</sup>

VCOSS urges the Australian Government to retain universal access to these services, and allow organisations the flexibility to manage repeat use according to the needs of people accessing those services.<sup>26</sup>

### VCOSS recommendations

7. Provide guidance to energy retailers on how payment difficulty assistance can best be promoted.
8. Require energy retailers to offer assistance to people at risk of payment difficulty.
9. Retain universal access to emergency relief and financial counselling services.

<sup>25</sup> Australian Government, Department of Social Services, *Discussion Paper: Financial Wellbeing and Capability Activity*, January 2017.

<sup>26</sup> See Victorian Council of Social Service, *Preventing financial crisis and exclusion—Submission in response to the proposed redesign of the Financial Wellbeing and Capability Activity*, 31 March 2017.

Households managed to pay utility bills by going without other things that could be important for health and wellbeing.



## 5. Energy sector not facilitating consumer trust and engagement

“I just thought never, ever again.”

### RMIT commentary

Only one interviewed householder actively engaged in the energy market on a regular basis. She had strong negotiation skills gained during her working life and was now retired without extensive responsibilities caring for others. However, most participants did not trust there would be a good outcome from trying to find cheaper tariffs. Past efforts had often resulted in poor outcomes – such as receiving bills from two retailers at once, or having switched and then found out the new tariff cost more. Others had heard about concerning experiences from trusted friends, acquaintances or family members. The complexity of comparing offers (including differing discounts and base rates) and high-pressure sales tactics had contributed to people having made unsatisfactory switches in the past and being reluctant to engage with the energy market again.

Several people had been attracted to high ‘discounts’ which disappointed when they were only applied to usage charges, were missed due to inability to pay on time, or were not applied because the household paid upfront in instalments. Some households believed energy costs were similar regardless of the retailer and tariff. Without confidence that switching would be advantageous, the time required to compare tariffs was not felt justified.

Participants expressed feelings of frustration, anger, disadvantage and/or powerlessness as an energy consumer.

Some felt the level of research and time required to understand tariffs and their rights was unreasonable. Participants who had minimised their energy consumption were frustrated that fixed supply charges prevented them from reducing their bills sufficiently to fit their one limited income.

Some felt it was unfair to be charged extra for paper bills or payment in cash when electronic methods did not suit their filing or budgeting methods, or where they did not have easy access to computers and internet.

Communicating with call centres had sometimes been unproductive or upsetting and people were reluctant to engage again, particularly when experiencing significant stress in other parts of their life.

### VCOSS policy implications

These stories reflect wider community feelings of frustration and confusion in navigating the energy market. VCOSS members report people are increasingly worn down by the process of trying to understand their bills and compare energy offers. Research conducted for the Australian Energy Market Commission shows vulnerable households were concerned about prices but felt there was not much they could do. Many people wanted to save money but found the array of offers confusing and lacked the time and energy to engage with the market and find a better offer.<sup>27</sup>

There is an urgent need to improve pricing transparency in Victoria due to the widespread display of only headline discount figures (rather than actual estimated prices) in retailers’ advertising and by third party marketers. There is no consistent form of pricing display, making it very difficult to compare prices.

Current discount promotions (e.g. “30% off usage”) create the impression of a good deal, but it is difficult to assess whether these discounts are good value offers when retailers do not say what the discount applies to, and do not have to display an indicative final price.

The introduction of energy comparison rates could bring greater price transparency. These rates could represent the estimated cost of an energy deal for a typical customer, based on an average level of usage for a particular time period. It is also important that if an energy deal includes a conditional discount (particularly a pay-on-time discount), two rates should have to be displayed: the rate if a person pays on time, and the rate if they do not. This will help people better assess the risk of pay-on-time deals.

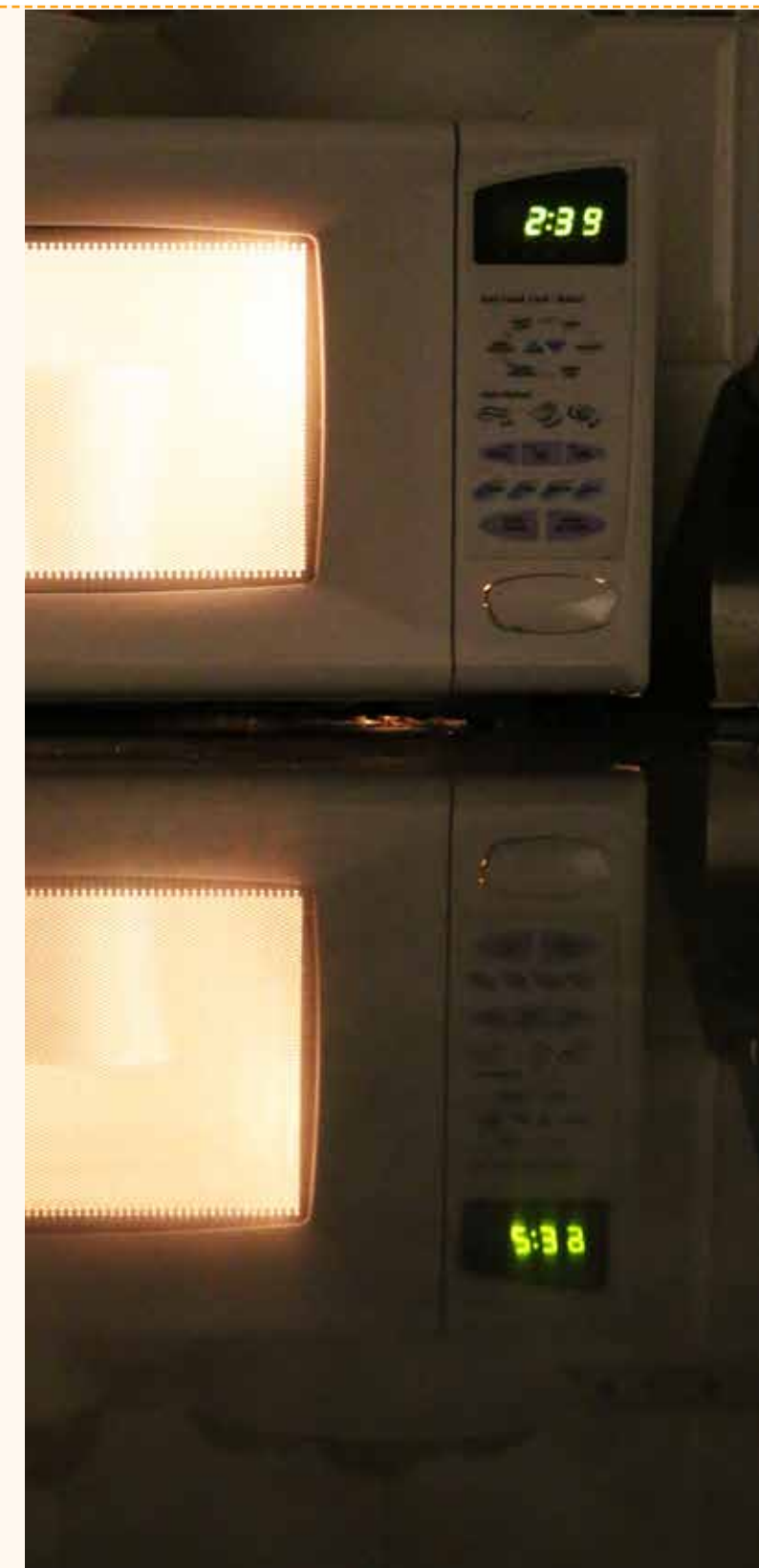
Along with greater price transparency, VCOSS recommends the introduction of an energy broker to help people navigate a daunting energy market. An independent broker could search for energy deals on people’s behalf and allow people to avoid interacting with retailers; give people confidence to take up better-priced energy offers (knowing all available deals in the market had been reviewed); assist with switching

energy retailers; and conduct regular ‘check-ups’ to search for better deals. A broker would also be valuable for community service providers who already have contact with people experiencing financial or other stresses, but cannot assist with searching and switching. This would include health workers, financial counsellors and community caseworkers.

### VCOSS recommendations

10. Improve energy price transparency in Victoria, including through the introduction of energy comparison rates.

11. Introduce an independent energy broker for residential customers.



Participants expressed feelings of frustration, anger, disadvantage and/or powerlessness as an energy consumer.

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<sup>27</sup>Newgate Research, *AEMC 2016 retail competition review: Understanding vulnerable customer experiences and needs*, Consumer research report, June 2016, 6-8.

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<sup>28</sup>St Vincent de Paul Society and Alviss Consulting, *The NEM: A hazy retail maze—Observations from the Vinnies’ tariff-tracking project*, December 2016, p.27.





## 6. Vulnerability to financial shocks

“You’re only one drama away from slipping.”

### RMIT commentary

Interviewed households juggled a range of strategies which (in most cases) had enabled them to keep their electricity and gas connected. Some carried significant debt from earlier in their lives due to use of credit cards or redrawing from their home mortgage to pay for rent, living and other costs. The impact of debts on credit ratings and their future concerned them, as did money owed to friends and family from informal loans used to pay bills.

Most of the households had received assistance from community organisations for basic living needs such as meals, vouchers for food or other household costs, grants, showers, advice (including legal) and more affordable rent. Some mentioned feelings of shame associated with receiving community and government support, and several participants volunteered with local organisations. Household costs were also reduced by using free local council services and facilities. Several households had accessed the Utility Relief Grant and one had used the No Interest Loans Scheme to buy an efficient heater. Participants were highly appreciative of the support they received from community organisations and its important role in helping them manage financially and emotionally, but the assistance these organisations could provide was limited and dependent on ongoing funding.

All participants had little or no financial buffer to respond to unexpected costs in the future. The importance of local friendships, shops, community facilities and events accessible by walking or public transport meant that older participants who owned homes were reluctant to sell and move, despite their discomfort in seeing their homes deteriorate. Opportunities to ‘downsize’ were limited by already having very small, modest homes and lack of affordable alternatives in their local area.

Participants had few remaining options to accommodate future financial shocks, particularly where health issues or age meant they were unlikely to be able to boost their income.

Out-of-pocket expenses for medical treatment, vet bills for pets (which were important for wellbeing, especially in sole occupant households), legal costs, and unavoidable home maintenance were some of the unexpected expenses that had caused financial shocks in the past and were likely to recur in the future. With homes and appliances already run-down, unavoidable but unbudgeted expenses were inevitable. Participants faced further health problems as they aged and reduced mobility would hinder their ability to access warm or cool spaces beyond the home, while some of the broken appliances (such as heaters) would eventually need repair or replacement.

The prospect of further increases in energy and water costs worried participants, as did the possibility of reductions to social security benefits and Medicare coverage of health expenses. Precarious financial situations caused anxiety and other health impacts as participants worried about their ability to maintain and find new strategies to ‘hold on’ financially.

### VCOSS policy implications

RMIT’s findings show the need for improved financial ‘shock absorbers’ for people on low incomes, particularly at a time of increasing energy prices. While improving the quality and energy efficiency of private and social rental housing is a vital policy measure, this is a long-term strategy. Shorter-term, ‘quick response’ measures are vital to help people deal with high energy prices and unexpected financial shocks.

The Utility Relief Grant, a Victorian government payment assisting people in temporary financial crisis with energy and water bills, is not currently fit for purpose. The grant has been capped at \$500 since at least 2010, despite Victorian energy prices increasing by an average of 12 per cent each year between 2006 and 2016.<sup>29</sup> The grant would be more effective in helping people through financial crisis if increased to be commensurate with two typical quarterly gas, electricity or water bills, and indexed against energy and water costs.

VCOSS also reiterates the need for expanded access to No Interest Loan Scheme (NILS) loans, to not only fund energy efficiency measures, but help people meet unexpected expenses and avoid having to make trade-offs between utility bills and other essential expenses, like children’s education expenses. NILS loans are available to assist with medical, education and other expenses. With further operational funding, NILS loans could be provided to more people across Victoria.

### VCOSS recommendations

12. Increase and index the Utility Relief Grant so it is commensurate with average electricity, gas and water costs.
13. Expand access to No Interest Loan Scheme loans by providing additional operational funding.

All participants had little or no financial buffer to respond to unexpected costs in the future.



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<sup>29</sup>B Phillips, *Research Note: Household Energy Costs in Australia 2006 to 2016*, ANU Centre for Social Research and Methods, February 2017.

It is the responsibility of government, utility companies and the community sector combined to meet this challenge.

# Conclusion

These stories shine a light on the neglect of energy and water as essential services. In a prosperous state such as Victoria, people should not have to face so much stress, and make the sacrifices they do, to stay connected to energy and water supply.

These stories can help policy-makers and utility companies reflect on how they can better assist people who are just managing to make bill payments, but may be experiencing significant financial stress and, potentially, health and wellbeing detriments.

There is a way out of this situation. While we offer no silver bullet in terms of policy recommendations, the strategies recommended by VCOSS would help to significantly relieve the burden of bill payments and help people better meet their essential energy needs. It is the responsibility of government, utility companies and the community sector combined to meet this challenge.







## Appendix A: Participant demographic details from RMIT research

No.	Age group	Country of birth	Years living in Australia	First language	Years living in home	Occupancy status	Household type
1	30-39	Australia	NA	English	4	Public rental	Sole parent with children
2	50-59	Australia	NA	English	25	Own home	Sole occupant
3	50-59	Australia	NA	English	3	Public rental	Sole parent with child
4	40-49	Australia	NA	English	14	Own home	Sole parent with child
5	40-49	Australia	NA	English	7	Co-op rental	Sole parent with child
6	50-59	Australia	NA	English	25	Own home	Sole parent with children
7	60-69	Australia	NA	English	32	Own home	Sole occupant
8	40-49	Australia	NA	English	<1	Private rental	Couple with children
9	80-89	China	13	Mandarin	5	Public rental	Sole occupant
10	70-75	Australia	NA	English	75	Own home	Sole occupant

No. of dependants living at home	Work status	No. of home occupants in paid work	Type of work (current or former)	Highest level of education	Concession type	Annual household income (gross) <sup>i</sup>
5	Not in paid work	0	Childcare	Year 12	Pensioner Card	\$20,900-\$41,600
0	Not in paid work	0	Mechanic	High school	Health Care Card	\$13,000-\$20,800
1 (part-time)	Not in paid work	0	Nurse	Tertiary	Pensioner Card	\$13,000-\$20,800
1	Part-time	1	Architecture	Year 12	Pensioner Card	Not provided
1	Not in paid work	0	Hospitality/ Admin	Tertiary	Disability Card	\$20,900-\$41,600
2	Not in paid work	0	Education	Tertiary	Pensioner Card	Not provided
0	Retired	0	Public service/ Retail	High school	Disability Card	\$20,900-\$41,600
3 (+1 part-time)	Part-time	2	Midwifery	Post-graduate	Health Care Card	\$104,100-\$156,000
0	Retired	0	Pharmacy assistant	NA	Pensioner Card	\$13,000-\$20,800
0	Retired	0	Delivery driver	Incomplete high school	Pensioner Card	\$20,900-\$41,600

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<sup>i</sup>Some households report income based on what they receive from Centrelink, e.g. after Centrepay deductions, NILS repayments etc.



## Appendix B: RMIT interview questions

### Introductory questions

- Can you tell me a bit about yourself or your household?
- Does anyone have any medical conditions or disabilities which increase energy use in your home?
- Is there usually someone home or do you/others have regular commitments outside the home?

### Energy and water bills

- Do you have both gas and electricity bills or just electricity? Do you have any solar panels?
- Would you say your energy bills are large? Why do you think your bill is large/small/other?
- Do you feel you have control over how much energy is used in the home? By you, by others? Why/Why not?
- About how much does your electricity cost (each month or each quarter)?
- About how much does your gas cost (each month or each quarter)?
- About how much does your water cost (each month or each quarter)?
- What sort of strategies do you use to keep the energy and water bills paid (on time)?

- Have you ever been disconnected in the past?

### If yes

- o Are you managing to pay your bills on time now?
- o Does falling behind on the bills worry you? What sort of other effects can it have on your family?
- o Can you tell me a bit about being disconnected?
- o Are there things you do now to avoid being disconnected again?
- o Is there anything you or your family go without to keep the energy bills paid?
- How important would you say it is for you to be able to pay the energy and water bills on time? Why? What happens if you don't?
- Are the energy bills a higher priority than some other bills or costs? Which ones?
- Do you think your or your family members' health or happiness is affected in any ways by energy or water bill costs?
- Do you receive paper bills or electronic bills? If electronic, do you still monitor your energy bills as much as you did when you received paper ones? Who sees, reads the bills now? Who pays them?
- Do you have automatic payments of bills, e.g. regular direct debit or Centrepay? If yes, how this affected you? Do you conserve energy/water any more or less as a result of making smaller, more frequent bill payments?
- Do you do anything to track how much energy is used in your home or how much the bills are?

### The home

- Do you know if your home has any insulation? If yes, what/where is it?
- Was the insulation there when you moved in or did you arrange it yourself?
- If no, have you wanted or tried to get insulation? What prevented it happening?
- Are there energy or efficiency improvements that have been done to the home since you moved in? What are they? How did they come about?
- Did you notice these changes have any effect on your energy bills? Your comfort?
- Are there any other improvements to your home you would like to make? /What are the 3 things which you would most like improved in your home?
- What is preventing these from happening?
- Do you know much about ways the home can be improved so that it uses less energy or water? What sort of things do you think would help? Do your windows have curtains, blinds or some other type of covering? Are they sufficient?
- If renting, did you ever ask your landlord/housing provider to improve or fix anything in your home? What happened?
- Would you ask your landlord to install a more efficient heater or cooler / provide better window coverings / install insulation? If no, why not? If yes, do you think you will anytime soon?







## Appendix B: RMIT interview questions

### Thermal comfort - cold

- Thinking then of colder times of the year, how do you manage?
- Do you experience much discomfort from the cold in winter? If yes, can you tell me a bit more about why you are uncomfortable.
- How are your children/other family members affected by the cold?
- What sort of heating does the home have and how/when you use it?
- Is your heating ducted or individual room units? Do you heat a small area only?
- Do you feel comfortable using the heating when you need it? Do you limit your heating use because of energy costs? If yes, in what ways?
- Do you ever go somewhere else because it's warmer than your own home? Where?
- If money wasn't an issue, would you use the heating or air-conditioning more (or get it installed)?
- When the weather is very hot or very cold, does this cause any disagreement in your home?

### Water and other appliances

- Do you know what type of hot water system you have?
- Are you concerned about hot water use and costs? If yes, what do you do about this?
- Do you restrict water use in any ways? How?
- Do you or family members have less baths/showers than you would like to?

- Do concerns about energy or water use affect the way or how often you wash up dishes?
- Do you have dual flush toilets or single flush?
- Would you say you can afford to do as much clothes washing as you need to?
- Do you limit your use of lighting to reduce energy bills? If yes, what do you do? Do you ever sit in the dark or go to bed early to reduce the use of lights?
- With your efforts to stay on top of your energy bills, does this affect how much or how you cook?
- Are you familiar with the term 'standby power'? Would you say there is much standby power used in your home? Why?

### Supports / other strategies and their effects

- Do family or friends ever help you out with the energy bills? Or other costs you have?
- Do you manage to pay your rent/ mortgage on time? If no, why not?
- Do you have, or have you had, and debts to keep your energy or household bills paid?
- If yes, what sort of effects do these debts have on you/ your household? How do they make you feel?
- Do you ever get help from charities or other organisations for your household costs? Which and from who?

- Where have you heard about these things?/Where would you go for this type of information?
- Do you receive any concessions on your energy or water bills? What are they? On your water bills?
- Have you checked in the last two years that you are definitely receiving these discounts? Whether you are eligible for any more?
- If eligible, do you receive the Medical Cooling Concession?
- Do you know how to find this type of information? Who would you ask? Where would you look?
- Does your household compare energy offers? When did you last switch/compare? If not, why not?
- Have you heard about or accessed the Utility Relief Grant?

### Conclusion

- Are there other things you think would help your family be more comfortable (or healthy) at home?
- Are there any other things that would help you with your household finances?
- Is there anything else you would like to say, or anything you would like to ask?







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