



Battling On

PERSISTENT ENERGY HARDSHIP

November 2018

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.

Authorised by: Emma King,
Chief Executive Officer © Copyright 2018

Victorian Council of Social Service
Level 8, 128 Exhibition Street, Melbourne,
Victoria, 3000 +61 3 9235 1000

For enquiries: Llewellyn Reynders,
Policy Manager policy@vcoss.org.au

Design by: LIGHT+DARK Creative Agency
www.lightanddark.com.au

Contents

Executive Summary	4
Recommendations	7
Why look at persistent energy hardship?	9
Defining 'energy hardship'	9
What we mean by 'persistent energy hardship'	10
How many people face this problem?	13
Many people escape hardship	14
Hardship is not always about payment problems	14
What do we know about households in hardship?	17
Most households in hardship have low incomes	18
Most households in payment difficulty have children	18
Renters are much more likely to be in hardship than homeowners	20
Health conditions are linked with hardship	22
Younger people are vulnerable to payment difficulty	26
Income support payments do not prevent hardship	27
Most people in payment difficulty have jobs	28
Education level is connected with hardship	30
How can we tackle this problem?	33
Raise income support payments and better support low wage-earners	33
Expand financial counselling and energy brokerage services	34
Make rental housing liveable and affordable to run	34
Deliver energy support through health services	38
Make energy pricing fair	42
Appendix	46

Executive Summary

It is easy to run into trouble with energy bills. Job loss, unpredictable incomes and large rent and mortgage payments can make it difficult to pay bills on time or in full. Energy costs can skyrocket with significant life changes, such as major illness or having a baby. For people living on income support, there is often little left over for energy bills after housing expenses are paid.¹ Electricity price increases of 117 per cent have far outpaced wage growth and general inflation over the past decade.²

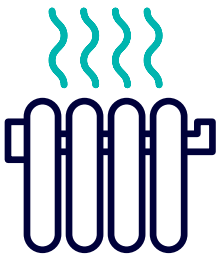
For some people, energy hardship is short-term; others face a more prolonged struggle. There is currently little data on the extent of persistent energy hardship in Australia and the characteristics of households in persistent hardship. To help address this gap, VCOSS commissioned RMIT University to analyse the Household, Income and Labour Dynamics in Australia ('HILDA') survey, which allows us to identify the length of time households spend in energy hardship, and the features of those households.

Using the HILDA survey, RMIT analysed two dimensions of persistent energy hardship: persistent bill payment difficulty and persistent inability to heat the home. This analysis shows:

- 7.3 per cent of Victorian households (or 180,000 households) have persistent bill payment difficulty, and
- 1.8 per cent of Victorian households (or 45,000 households) are persistently unable to heat their homes.

A similar proportion of households across Australia are experiencing persistent energy hardship, indicating a widespread problem requiring both local and national policy responses.

The good news is many Victorians manage to move on from energy hardship and avoid longer-term problems. While 16 per cent of Victorian households face temporary bill payment difficulty, just under half as many households (7.3 percent) face persistent bill payment difficulty. Similarly, half as many households face persistent heating inability as temporary heating inability (1.8 per cent versus 3.6 per cent). This suggests that with the right support or changes in life circumstances, many people can move on from a period of energy hardship.



180,000
Victorian
households
have persistent
bill payment
difficulty.

When experiencing persistent energy hardship, some households face both payment difficulty and heating inability, while other households experience one but not the other. Most strikingly, the majority (53.6 per cent) of households with persistent heating inability do not report persistent payment difficulty. Because these households mostly or always pay bills on time – but do so by restricting or foregoing heating – their experience of hardship is often hidden from government, energy retailers and community services.

The following features stand out among households in persistent energy hardship:

- Most households have low incomes. Households with persistent heating inability are the most financially constrained, with half having incomes in the lowest 20 per cent of Australians.
- The majority (59.5 per cent) of households in persistent payment difficulty have children.
- Renters are much more likely to face persistent energy hardship than homeowners.
- The majority (60.4 per cent) of households with persistent heating inability include at least one person with a long-term health condition or disability.
- There is a significant relationship between poor mental health and energy hardship.

VCOSS makes several policy recommendations based on these findings, aimed at:

- raising income support payments and better supporting low wage-earners
- expanding financial counselling and energy brokerage services
- making rental housing liveable and affordable to run
- delivering energy support through health services, and
- making energy pricing fair.

The data analysis for this report was conducted by Associate Professor Karien Dekker and Dr Larissa Nicholls of RMIT University. VCOSS wishes to thank them for their expertise and support on this project.



There is a significant relationship between poor mental health and energy hardship.

¹ Salvation Army, *Feeling the pinch: National economic and social impact survey 2018*, 2018.

² Australian Council of Social Service and Brotherhood of St Laurence, *Energy stressed in Australia*, October 2018, 4; Australian Competition and Consumer Commission, *Retail electricity pricing inquiry: Preliminary report*, 22 September 2017, 13.



Recommendations



Raise income support payments and better support low wage-earners

- Raise the rate of the Newstart payment and related allowances.
- Promote the Low Income Health Care Card and related energy concessions to Victorians on low wages.



Expand financial counselling and energy brokerage services

- Provide funding for 90 additional financial counsellors across Victoria and expand energy brokerage services.



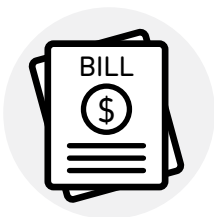
Make rental housing liveable and affordable to run

- Prescribe minimum energy-efficiency standards for private and public rental housing.
- Invest in targeted energy-efficiency upgrades that deliver healthy, affordable homes for people on low incomes.
- Allow renters to make minor energy-efficiency modifications without landlord approval.



Deliver energy support through health services

- Develop energy advice guidelines for Victorian primary healthcare practitioners.
- Integrate energy assistance into the My Aged Care Home Support program and the National Disability Insurance Scheme ('NDIS').
- Develop an 'Energy for Health' concession to replace the current Medical Cooling Concession.



Make energy pricing fair

- Investigate regulation that constrains pricing at a reasonable level across the Victorian energy market.
- Introduce a low-cost energy offer for concession cardholders.



Why look at persistent energy hardship?

Help is available when people struggle with energy costs. However, most forms of assistance tend to only deal with short-term struggles. For example, Victoria's Utility Relief Grant helps cover the cost of overdue energy and water bills for people experiencing temporary financial hardship. And from 1 January 2019, Victorians will be entitled to new payment difficulty assistance from energy retailers, including a maximum two-year arrears payment plan. The framework is designed to help people in relatively short-term hardship.³

There is less support for people facing longer-term energy hardship. VCOSS members report that with the right support from retailers, government or the community sector, many people do manage to move on from energy hardship and get back on their feet. Others, however, face more prolonged energy affordability problems. Together with RMIT University, VCOSS conducted this research to learn about the extent of persistent energy hardship in Victoria, the characteristics of households in hardship, and what could be done to help people avoid or move on from persistent hardship.

Defining 'energy hardship'

There are no settled definitions of 'energy hardship' or 'energy/fuel poverty'. Some research adopts an expenditure-to-income measure (e.g. defining energy poverty as where energy expenditure exceeds 10 per cent of household income), while other research uses consensual or self-reported measures of a household's ability to afford heating, cooling or other energy use, or to manage bill payments.⁴ Some research uses a combination of the two approaches.⁵

This report uses the self-reported measures of energy hardship in the Household, Income and Labour Dynamics in Australia ('HILDA') survey.⁶ As a longitudinal study, the HILDA survey⁷ allows us to estimate the length of time households spend in energy hardship, and the characteristics of households experiencing persistent energy hardship. Previous studies have used HILDA data to analyse energy hardship/poverty, including a 2015 study by the Brotherhood of St Laurence ('BSL').⁸

Self-reported measures of energy hardship overcome some of the problems with expenditure-to-income measures. The proportion of income spent on energy is not always indicative of hardship. Households with relatively low expenditure can still struggle with unpredictable bills, and in some cases, low expenditure could be masking 'hidden' energy hardship, i.e., rationing and avoidance of energy use due to a lack of money.⁹

This latter issue was explored in VCOSS' *Power Struggles* report, which told the stories of people who manage energy expenditure in this way. 'Don', for example, manages bill payments by minimising electricity consumption to a very low level of 2.5kWh per day or about \$100 per quarter. He does not use heating, goes to bed early to cope with the cold, and visits libraries and supermarkets to cool down on extreme heat days. 'Nola' similarly pays energy bills on time but never uses cooling or heating.¹⁰

Self-reported measures can therefore provide a more accurate indicator of whether a household is struggling to afford adequate energy, by examining capacity to pay bills and afford heating or other energy use, regardless of the proportion of income spent on energy.

Self-reported measures do have limitations. Households may under-report hardship because of socio-cultural beliefs that affect perceptions of adequate energy use (for example, a belief that cold rooms are healthy rooms), or because of low individual expectations of thermal comfort, particularly among poorer households. Some studies suggest under-reporting is more of a problem for people in short-term hardship than persistent hardship.¹¹

Self-reported measures of energy hardship can reveal a different group of households in need compared with expenditure-to-income measures. This is both a strength and a limitation. For example, in its HILDA-based study, BSL found household characteristics differed according to whether hardship was based on expenditure-to-income, an inability to pay bills on time, or heating inability. Households with low incomes/high energy expenditure comprised a large proportion of people aged over 65 who owned their own homes and were outside the labour force, whereas households with self-reported payment difficulty or heating inability had different age, household and housing type profiles. The BSL study therefore recommended using multiple indicators of energy hardship.¹²

Ultimately, the self-reported measures used in this report provide one window into the extent and nature of persistent energy hardship. They capture two major dimensions of energy hardship (payment difficulty and heating inability), and the different vulnerabilities to each form of hardship among different groups of people. Many of the findings in this report are consistent with previous qualitative and quantitative research, and the experiences of VCOSS members. This report therefore provides important insights for policy-makers, energy retailers, and government and community service providers that assist people with energy affordability problems.

What we mean by 'persistent energy hardship'

The HILDA survey gathers annual information from occupants aged 15 or above, living in about 9500 households (approximately 1 in 900 Australian households). The data can be used, with appropriate weighting, to make inferences at the population level. The HILDA survey collects data on two measures of energy hardship.

Persistent payment difficulty

One measure of energy hardship is an inability to pay electricity, gas or phone bills on time.¹³ This circumstance, when experienced over an extended period, is referred to in this report as 'persistent payment difficulty'.

Persistent heating inability

The other measure of energy hardship in the HILDA survey is an inability to heat the home. This circumstance, when experienced over an extended period, is referred to in this report as 'persistent heating inability', and can involve restricting or entirely avoiding heating because of affordability problems.

Time period for persistent energy hardship

The analysis uses the three most recent years of available data (2014-2016) from the HILDA survey.¹⁴ Households were identified as being in persistent energy hardship if they experienced payment difficulty and/or heating inability in any two years, or all three years, of the three-year period analysed, always including 2016. For example, a household may have experienced one of these circumstances in the first and third years but not the second year. This approach was adopted to capture households that face recurring, but not consecutive, periods of energy hardship.

Two or more years of energy hardship is a longer period than some international studies of persistent fuel poverty, which have measured persistency on the basis of movements into and out of fuel poverty from one year to the next.¹⁵ A two-year-plus period may better reflect long-term energy affordability problems, and has regard to the two-year assistance period under the new payment difficulty framework in Victoria.

Many people do manage to move on from energy hardship... Others, however, face more prolonged energy affordability problems.



³ Essential Services Commission, *Payment difficulty framework: Final decision*, 10 October 2017.

⁴ See S Tirado Herrero, 'Energy poverty indicators: A critical review of methods', *Indoor and Built Environment* 26(7) (2017) 1018.

⁵ E.g. 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; R Lawson, J Williams and B Wooliscroft, 'Contrasting approaches to fuel poverty in New Zealand', *Energy Policy* 81 (2015) 38.

⁶ This paper uses unit record data from the Household, Income and Labour Dynamics in Australia survey. The HILDA project was initiated and is funded by the Australian Government Department of Social Services ('DSS') and is managed by the Melbourne Institute of Applied Economic and Social Research ('Melbourne Institute'). The findings and views reported in this paper, however, are those of the author and should not be attributed to either DSS or the Melbourne Institute.

⁷ N Watson and M Wooden, 'The HILDA Survey: A case study in the design and development of a successful household panel study', *Longitudinal and Life Course Studies* 3(3) (2012) 369.

⁸ 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.

⁹ S Tirado Herrero, 'Energy poverty indicators: A critical review of methods', *Indoor and Built Environment* 26(7) (2017) 1018, 1022.

¹⁰ Victorian Council of Social Service, *Power Struggles: Everyday Battles to Stay Connected*, August 2017.

¹¹ S Tirado Herrero, 'Energy poverty indicators: A critical review of methods', *Indoor and Built Environment* 26(7) (2017) 1018, 1025-1026.

¹² 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, vi-xi.

¹³ The HILDA survey does not separate out data on different utility bills. While the utility bill data includes phone bills, other data indicates households are more likely to struggle with energy bill payments: Councils of Social Service, *Payment adequacy: A view from those relying on social security payments*, 2015, 23; Choice, 'Australians worry most about electricity bills, healthcare', 16 May 2017, <https://www.choice.com.au/money/budget/cost-of-living/articles/australian-households-worry-most-about-electricity-prices-healthcare-030417>.

¹⁴ The 2017 survey data was not available when the analysis commenced.

¹⁵ D Roberts, E Vera-Toscano and E Phimister, 'Fuel poverty in the UK: Is there a difference between rural and urban areas?', *Energy Policy* 87 (2015) 216; E Phimister, E Vera-Toscano and D Roberts, 'The Dynamics of Energy Poverty: Evidence from Spain', *Economics of Energy & Environmental Policy* 4(1) (2015) 153.



How many people face this problem?

Our study analysed energy hardship data from the three most recent years of available HILDA survey results (2014 to 2016). 'Persistent energy hardship' was defined as:

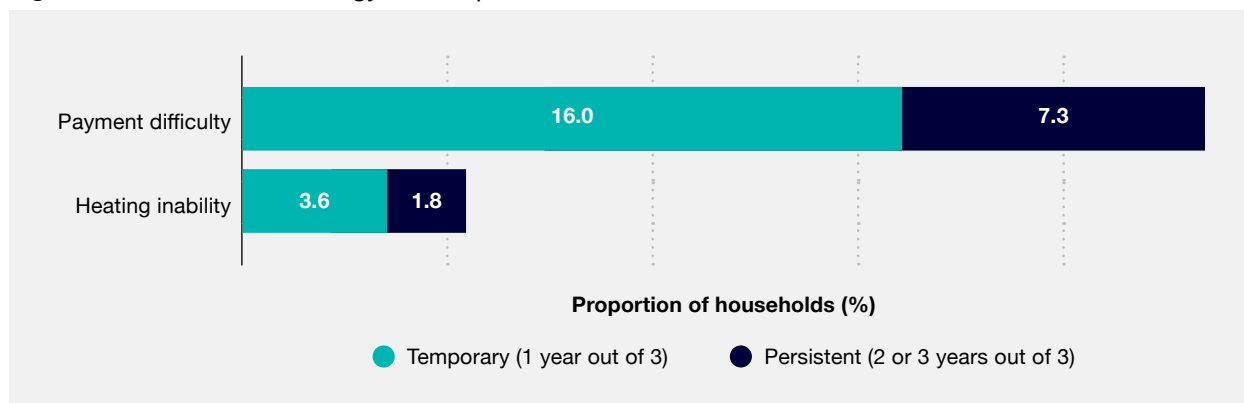
- persistent payment difficulty – where a household was unable to pay energy bills on time in two or three of the past three years, and/or
- persistent heating inability – where a household was unable to heat the home in two or three of the past three years.

The two forms of energy hardship are distinct and do not always overlap.

In Victoria, the most common dimension of persistent energy hardship is persistent payment difficulty, experienced by 7.3 per cent of households (or approximately 180,000 households) in the 2014 to 2016 time period (Figure 1). A smaller proportion (1.8 per cent) of households experience persistent heating inability (or approximately 45,000 households).¹⁶

Overall, 23.3 per cent of Victorian households face payment difficulty, and 5.4 per cent are unable to heat their homes, on either a temporary¹⁷ or persistent basis.

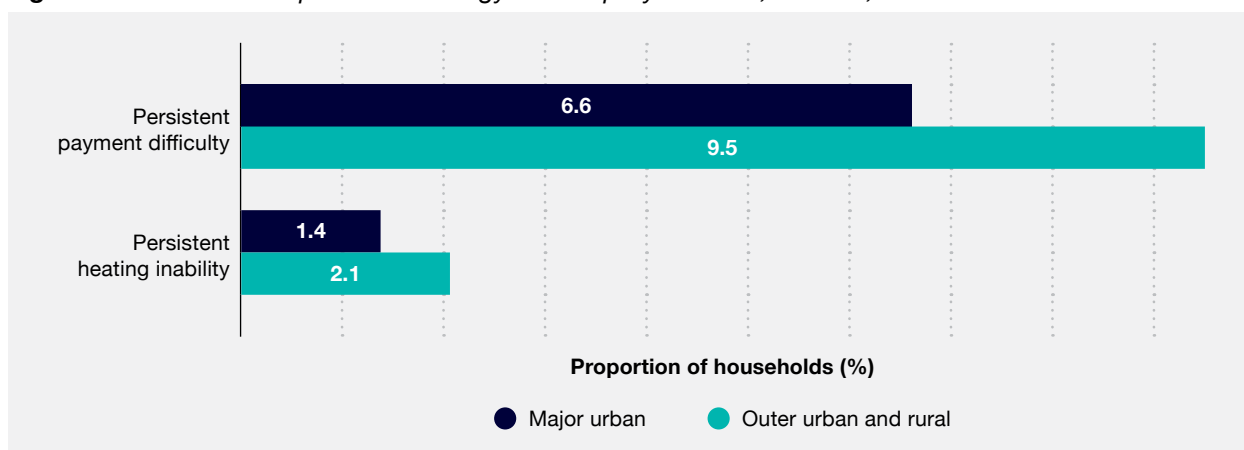
Figure 1: Prevalence of energy hardship, Victoria, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

Persistent energy hardship is more common in outer urban and rural areas than major urban areas (i.e. Melbourne and Geelong) (Figure 2).¹⁸ In outer urban and rural areas, 9.5 per cent of households experience persistent payment difficulty, versus 6.6 per cent of households in major urban areas. Persistent heating inability is also more widespread in these locations, experienced by 2.1 per cent of households in outer urban and rural areas, versus 1.4 per cent of households in major urban areas.

Figure 2: Prevalence of persistent energy hardship by location, Victoria, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

The proportion of households experiencing persistent energy hardship in Victoria was very similar to the national dataset (persistent payment difficulty at 7.5 per cent, and persistent heating inability at 1.6 per cent). All subsequent analyses were performed on national data.

Many people escape hardship

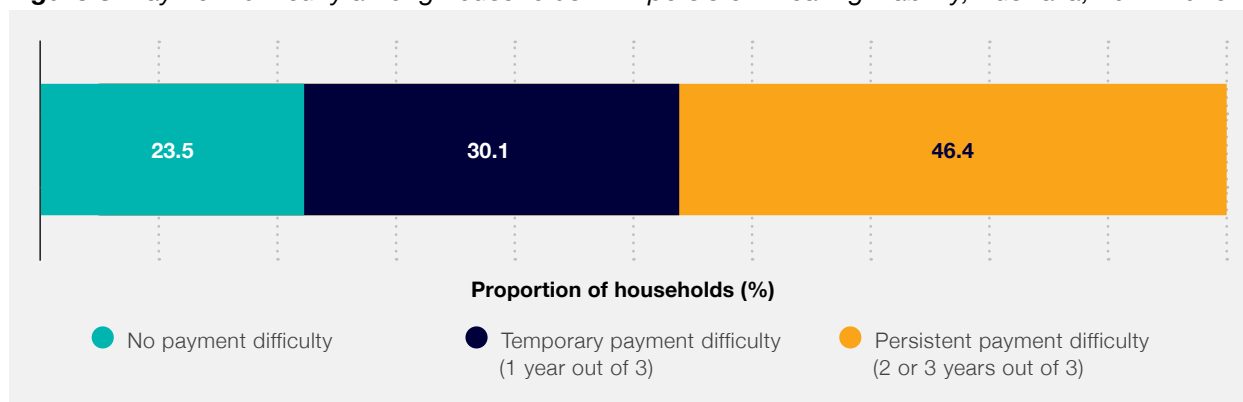
As Figure 1 shows, many people manage to move on from energy hardship and avoid long-term problems. Approximately half as many households face persistent energy hardship as temporary energy hardship. For example, while 16 per cent of households experience payment difficulty temporarily, only 7.3 per cent of households experience this problem persistently.

This is a significant finding requiring further investigation to determine the factors that allow people to move on from temporary hardship. Future research could examine the role played by Utility Relief Grants, retailer hardship and payment difficulty assistance, switching energy deals, energy-efficiency improvements, financial counselling, or life changes such as re-employment and resolution of short-term financial problems.

Hardship is not always about payment problems

Some households experience the two forms of energy hardship – payment difficulty *and* heating inability. Other households experience one but not the other. Most strikingly, the majority (53.6 per cent) of households with persistent heating inability do not experience persistent payment difficulty (Figure 3). Almost a quarter never face any payment difficulty, and just under one third only experience payment difficulty temporarily.

Figure 3: Payment difficulty among households with persistent heating inability, Australia, 2014-2016



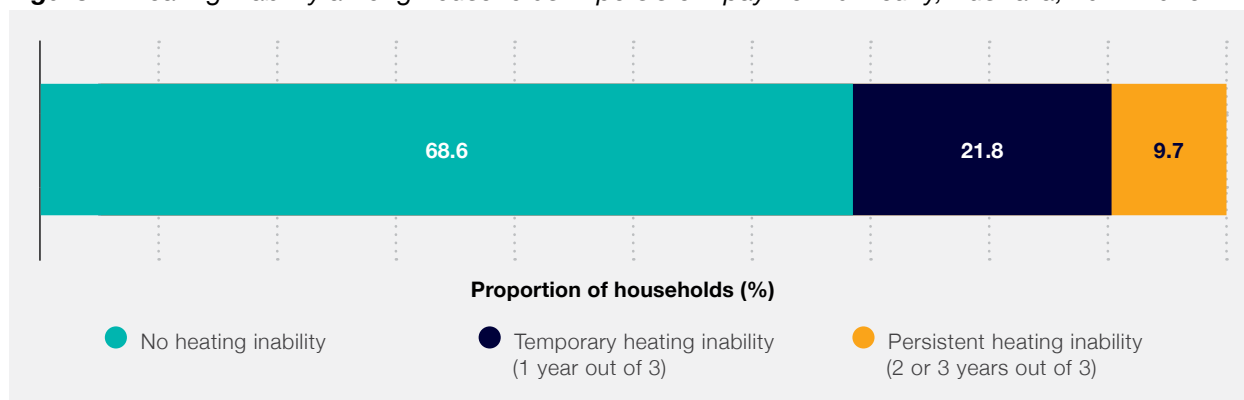
Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

Many households with persistent heating inability are therefore struggling to afford adequate energy, but mostly or always pay bills on time. Since these households do not present to community organisations, energy retailers and government services with payment difficulties, they can miss out on assistance to make energy use more affordable and their experience of hardship can remain hidden.

The stories of people in hidden energy hardship are detailed in VCOSS' *Power Struggles* report, which shows the significant sacrifices people make to pay utility bills, including avoiding heating or cooling, often to the detriment of health and wellbeing.¹⁹ Policy-makers can help people in hidden energy hardship by ensuring support services are not always centred on payment difficulty, and by delivering energy advice in health settings (see 'How can we tackle this problem?').

Among households in persistent payment difficulty, only 9.7 per cent also experience persistent heating inability (Figure 4). The clear majority (68.6 per cent) are heating their homes, but then struggling with energy payments.

Figure 4: Heating inability among households in persistent payment difficulty, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

This indicates that households in persistent payment difficulty are less likely to experience the health and wellbeing impacts of restricted heating, but may be exposed to other detriment (such as extra costs for failing to pay energy bills on time, impaired credit histories and exclusion from lower-cost energy deals, and the threat of disconnection).

¹⁶ The household estimates are based on Australian Census data. In Victoria, 2,520,912 households were counted in the 2016 Census.

¹⁷ 'Temporary' means only one year out of the three-year period of analysis.

¹⁸ Areas were classified according to Australian Bureau of Statistics data as at 2014-2016. Major urban areas include population centres with more than 100,000 people, i.e. Melbourne and Geelong.

¹⁹ Victorian Council of Social Service, *Power struggles: Everyday battles to stay connected*, August 2017.



What do we know about households in hardship?

To help guide policy responses to persistent energy hardship, our study examined the main characteristics of affected households, such as income level, housing type, age and employment status. The standout findings from this analysis are:

- most households in hardship have low incomes
- most households in payment difficulty have children
- renters are much more likely to be in hardship than homeowners
- health conditions are linked with hardship
- younger people are vulnerable to payment difficulty
- income support payments do not prevent hardship
- most people in payment difficulty have jobs
- education level is connected with hardship.

The analysis of household characteristics used the Australia-wide dataset from the HILDA survey, rather than Victorian data only. This approach was taken because similar proportions of households in Victoria and Australia experience each form of energy hardship (persistent payment difficulty and persistent heating inability),²⁰ and the larger, Australia-wide dataset allows a more accurate analysis of household characteristics.

The discussion below presents a selection of household characteristics from the HILDA data analysis. The full analysis is set out in the Appendix.

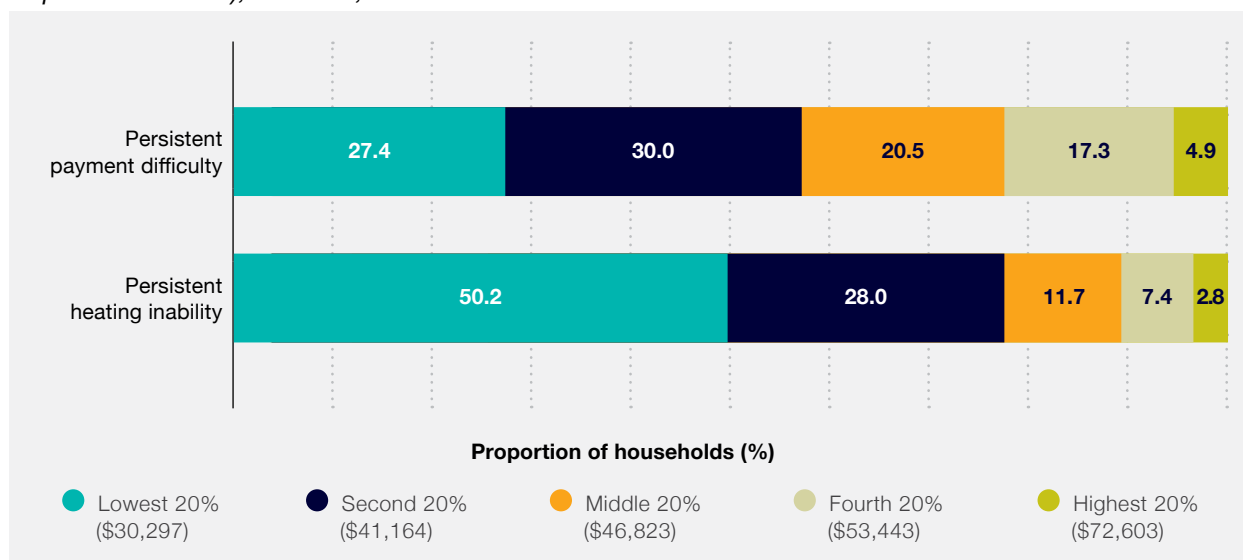
Along with descriptive statistics on household characteristics, regression analysis was used to determine which characteristics have the greatest influence on people's chances of experiencing persistent energy hardship.²¹

Most households in hardship have low incomes

The majority of households in persistent energy hardship have low incomes, in the bottom 40 per cent of equivalised disposable household incomes (Figure 5). Low incomes are found in:

- 57.4 per cent of households in persistent payment difficulty
- 78.2 per cent of households with persistent heating inability.

Figure 5: Income quintiles of households in persistent energy hardship (equivalised annual household disposable income), Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

Households with persistent heating inability have especially low incomes. Half of these households have incomes in the bottom 20 per cent of Australians. Regression analysis shows the chances of experiencing persistent heating inability are much higher for households in the bottom 20 per cent than households with higher incomes. Persistent heating inability therefore appears to be an indicator of poverty in Australia.

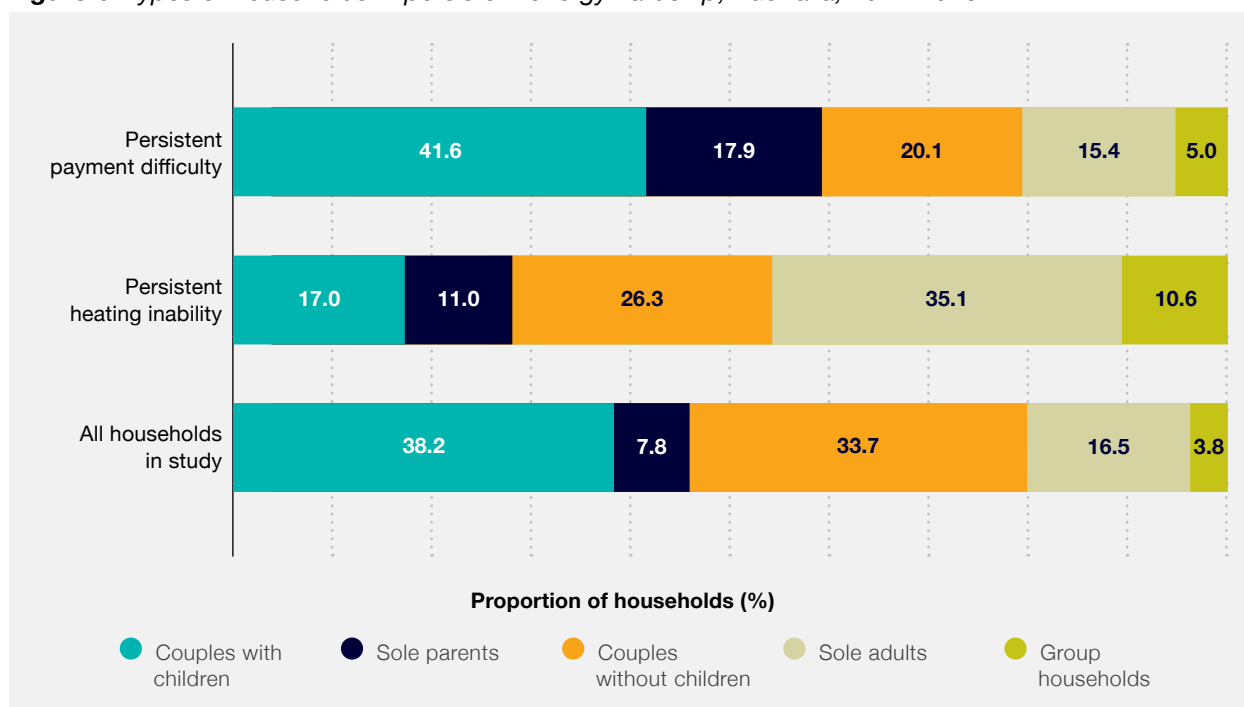
Incomes are more varied among households in persistent payment difficulty, with a significant proportion (20.5 per cent) of households having middle incomes. Regression analysis shows the chances of experiencing persistent payment difficulty are much higher for households in the low and middle-income quintiles (0-60 per cent range) than for more affluent households.

Most households in payment difficulty have children

Households with and without children experience persistent energy hardship in different ways:

- households with children comprise the majority (59.5 per cent) of those in persistent payment difficulty
- households without children comprise the majority (61.4 per cent) of those with persistent heating inability (Figure 6).

Figure 6: Types of households in persistent energy hardship, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

Households without children

Among households without children, sole-adult households comprise the largest group (35.1 per cent) facing persistent heating inability, and are overrepresented on this measure of energy hardship.

Couples without children appear least vulnerable to persistent energy hardship. Compared with the wider population, couples without children are underrepresented on each measure of energy hardship. Regression analysis shows they have a much lower chance of experiencing persistent heating inability, compared with other household types.

Households with children

Among households with children, sole-parent households are most vulnerable to persistent payment difficulty. They are overrepresented on this measure of energy hardship, comprising only 7.8 per cent of households in the wider population, but almost 18 per cent of households in persistent payment difficulty.

By contrast, couples with children are underrepresented among households with persistent heating inability, and are not overrepresented among those in persistent payment difficulty.

The different experiences of households with and without children are consistent with previous research. Larger households with dependent children tend to have more difficulty paying energy bills than smaller or older households.²² Large families on low incomes have higher per capita energy costs than other low-income households.²³

Caring for children requires more energy for cooking, food storage, bathing, washing and drying, heating, cooling and education (e.g. use of electronic devices).²⁴ Households with children have high, often inflexible energy needs that tend to be concentrated in peak price periods.²⁵ They may feel less able to restrict energy use because of children's needs, resulting in arrears or use of credit to make bill payments.²⁶

Sole parents particularly struggle. Research shows approximately 40 per cent of sole parents – the highest rate of all vulnerable groups surveyed – have paid an electricity bill late or missed a payment because they could not afford it.²⁷

By contrast, older, low-income households without children may be less reluctant to reduce energy use to maintain bill payments, including by restricting heating and adjusting daily routines, e.g. going to bed early.²⁸

The practices of households with and without children do not divide along neat lines, however, and can involve inverse strategies to those described above. For example, some households with children will ration energy use and make trade-offs on other essentials, such as education costs, to manage bill payments and avoid debt,²⁹ while some older households cannot restrict heating due to major illness.

Renters are much more likely to be in hardship than homeowners

Renters are particularly at risk of persistent energy hardship (Figure 7). Renters make up 59.6 per cent of households in persistent payment difficulty, and 67.2 per cent of households with persistent heating inability.

Renters are significantly overrepresented on both measures of persistent energy hardship. Twice as many renters face persistent heating inability as homeowners. Regression analysis shows the chances of experiencing either form of persistent energy hardship are higher for renters than homeowners.

Figure 7: Housing types of households in persistent energy hardship, Australia, 2014-2016

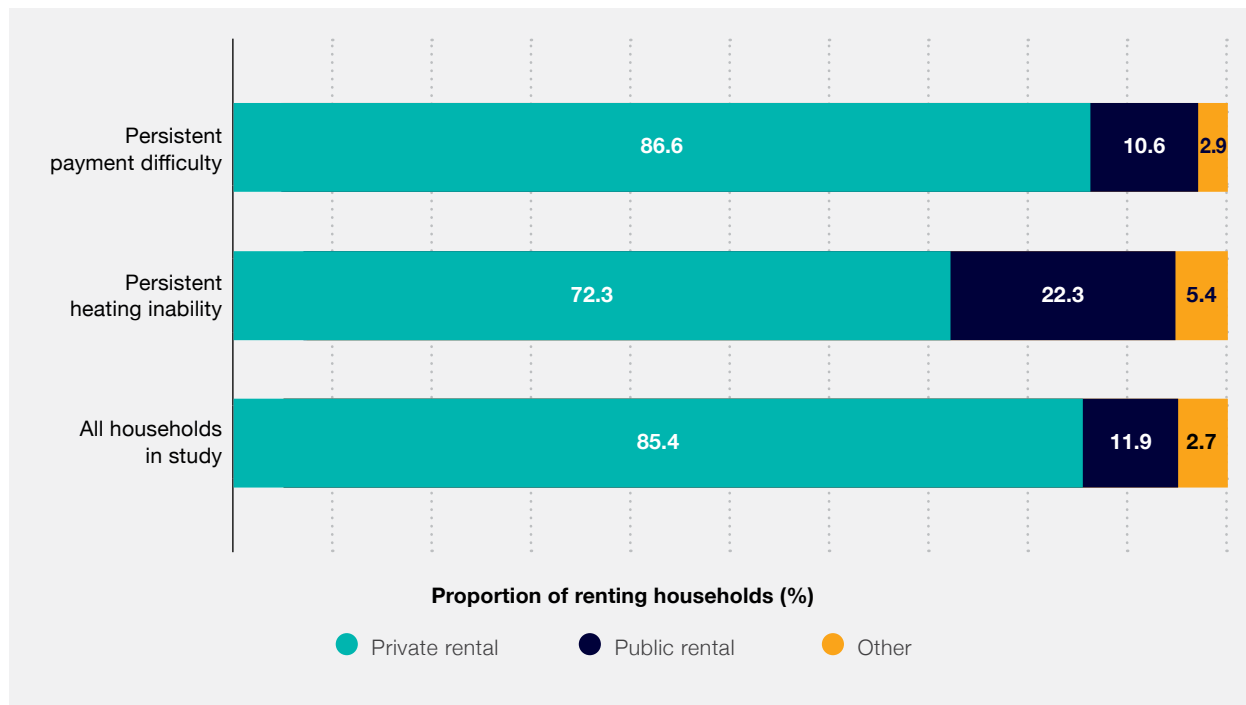


Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

The significant relationship between renting and energy hardship is expected, based on previous research. Renters are more likely than homeowners to pay an electricity bill late or miss a payment because they cannot afford to pay.³⁰ Rental housing costs take up a large share of low household incomes,³¹ making it harder to afford energy costs and other essential living expenses. In comparison with owner-occupied housing, rental housing is more likely to be poor quality, lack basic energy efficiency measures³² and be expensive to run.

Most renters in persistent energy hardship are renting privately (Figure 8), which largely reflects the division of rental types in the broader population. Public housing tenants, however, are overrepresented among renters with persistent heating inability (see below).

Figure 8: Rental type among renters in persistent energy hardship, Australia, 2014-2016



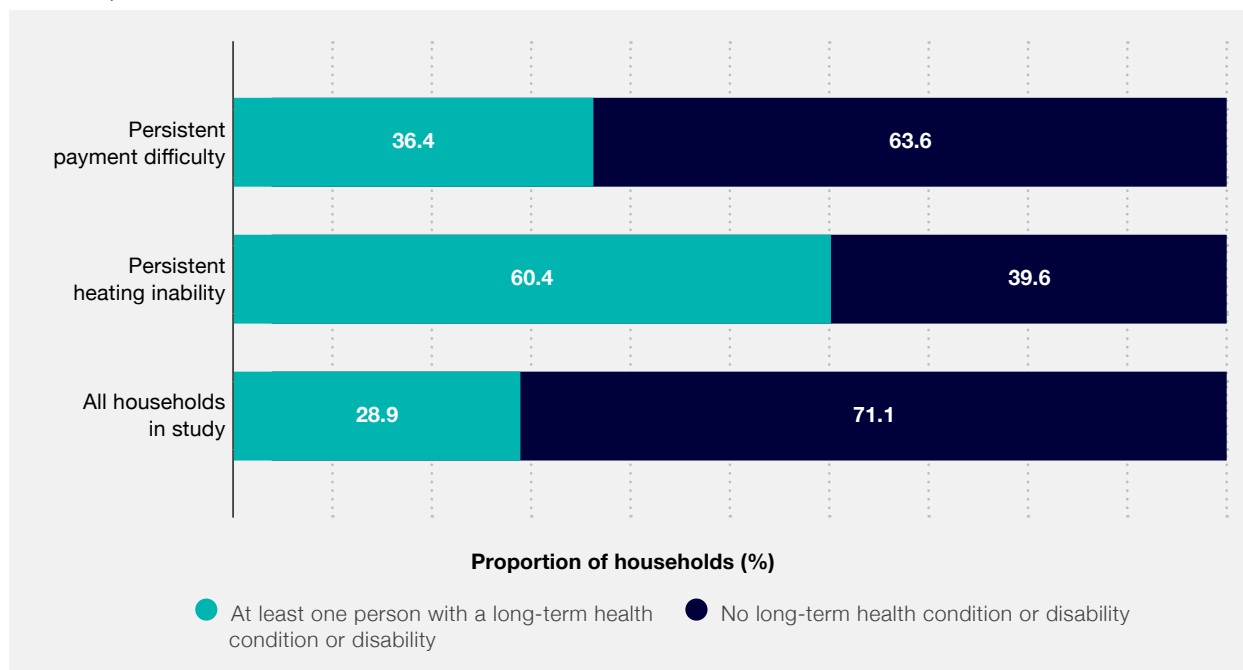
Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

Health conditions are linked with hardship

Households in persistent energy hardship often include people with health conditions or a disability, or those who have physical limitations affecting their capacity to work.

There is at least one person with a long-term health condition or disability in the majority (60.4 per cent) of households with persistent heating inability, and in more than one third (36.4 per cent) of households in persistent payment difficulty (Figure 9).

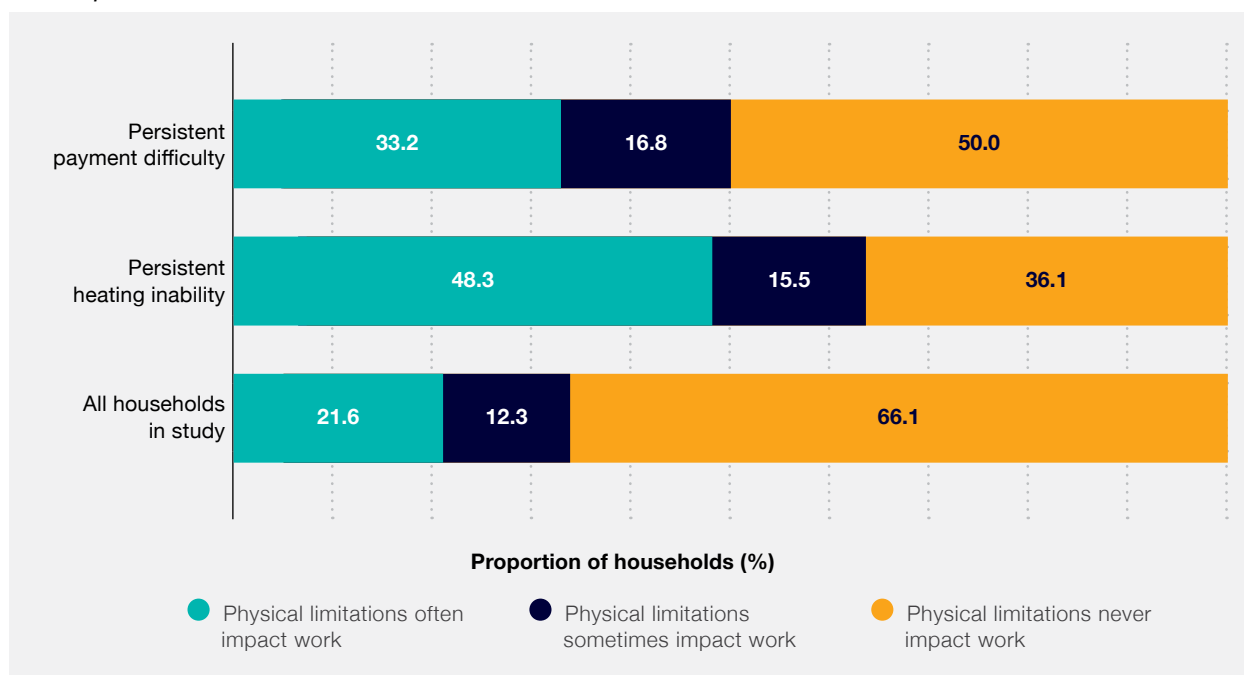
Figure 9: Long-term health conditions or disability in households in persistent energy hardship, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

Almost half (48.3 per cent) of all households with persistent heating inability have at least one occupant with physical limitations that often impact on their capacity to work (Figure 10). This likely affects the amount of income earned, and increases energy costs where people are forced to spend more time at home.

Figure 10: Physical limitations on capacity to work for household respondents in persistent energy hardship, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

The findings on health conditions and physical limitations on work are consistent with previous research showing a relationship between health and energy consumption, which can take a number of forms. First, certain health conditions increase energy costs. Almost all households interviewed for VCOSS' *Power Struggles* report either had health issues that increased their use of heating and/or cooling, or would have benefited from using more heating and/or cooling, due to medical conditions that caused heat intolerance or long periods at home recovering from surgery, injuries or depression. Despite having health-related energy needs, people curtailed energy use for affordability reasons.³³

Second, people with chronic health conditions or disability may spend more time at home and use more energy than other households, and may be particularly vulnerable to the illnesses associated with excessively cold³⁴ or hot homes.

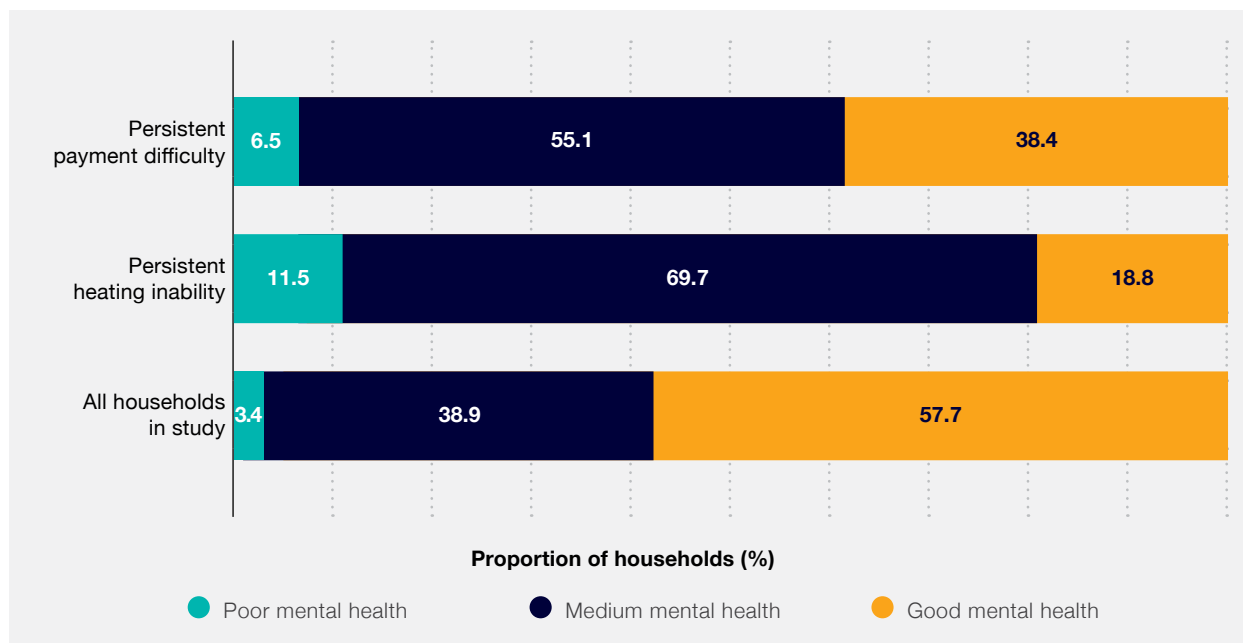
Third, housing with poor energy efficiency is often difficult and expensive to heat or cool, affecting people's health and wellbeing. Health effects include increased physiological stress on older people, babies and sick people, as well as respiratory illness and poor diet (where higher energy costs mean less money can be spent on food). Increased energy efficiency and thermal comfort can improve health and wellbeing.³⁵

Vulnerability among people with poor mental health

There is a significant relationship between mental health status and persistent energy hardship.

Households with at least one member with poor mental health are overrepresented among households in persistent payment difficulty and those with persistent heating inability (Figure 11).

Figure 11: Mental health status of household respondents in persistent energy hardship, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

People with poor mental health experience relatively high rates of persistent energy hardship, particularly payment difficulty. Some 14.6 per cent of people with poor mental health are in persistent payment difficulty, versus five per cent of people with good mental health (Figure 12).

Importantly, a large majority (73.8 per cent) of people with poor mental health are in payment difficulty on either a temporary or persistent basis.

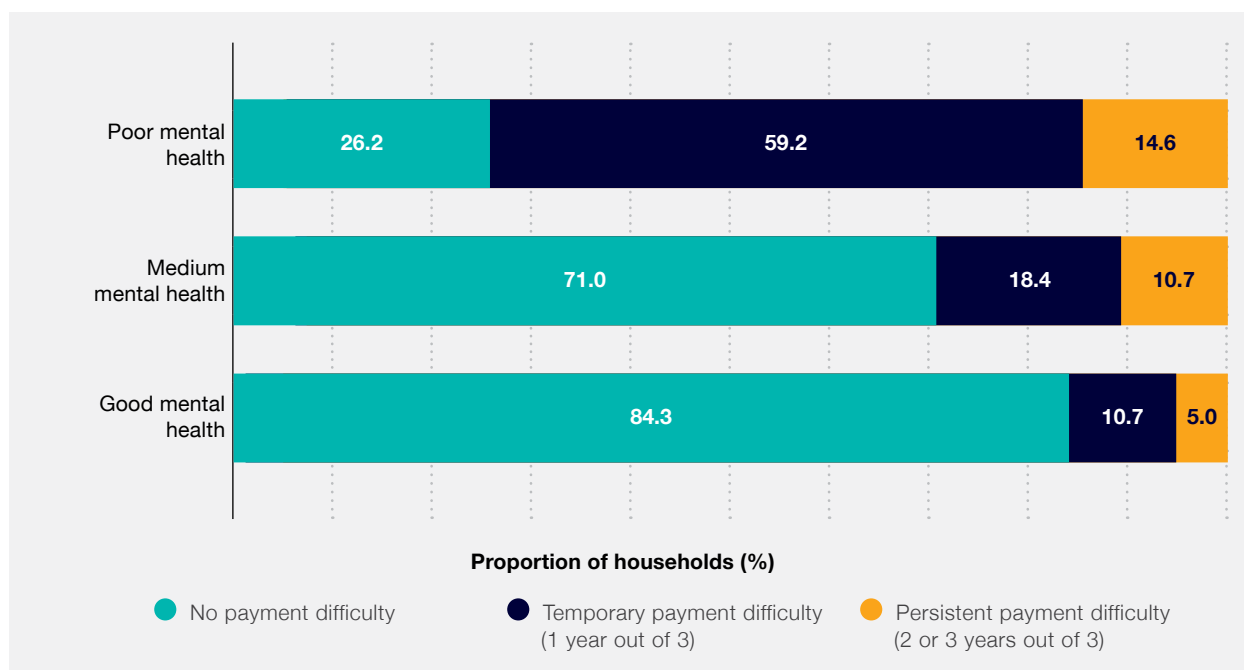
Regression analysis shows households with at least one member with poor mental health face a much higher chance of persistent energy hardship (both payment difficulty and heating inability) than households with good mental health for all members.

73.8 per cent of people with poor mental health are in payment difficulty.

We can only speculate on why there is a relationship between poor mental health and persistent energy hardship. People with poor mental health could have increased vulnerability to energy hardship if they have difficulty performing work and earning an income, or working at all; if high health costs eat into household budgets; or if more time at home gives rise to high energy costs.

Certain mental health conditions can also make it more difficult to control energy use, manage household finances, communicate payment problems to energy retailers or reduce energy costs by searching for a better deal. For example, people with generalised anxiety disorder can struggle with complex financial tasks such as comparing different energy tariffs, and anxiety can be triggered by certain forms of communication, such as opening bills or talking on the phone.³⁶

Figure 12: Energy payment difficulty among household respondents by mental health status, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne
Refer to Appendix for methodology

Some people interviewed for VCOSS' *Power Struggles* report faced these difficulties. 'Rachel', for example, had unaffordable energy bills when caring for her son, who has struggled with mental health issues for several years and during a period at home with depression used the heating without restriction. Rachel sought hardship assistance from her retailer but felt they "couldn't have cared less that my son was really sick". Rachel decided the only way to manage financially was to disconnect her gas supply.³⁷

Certain mental health conditions can make it more difficult to control energy use.

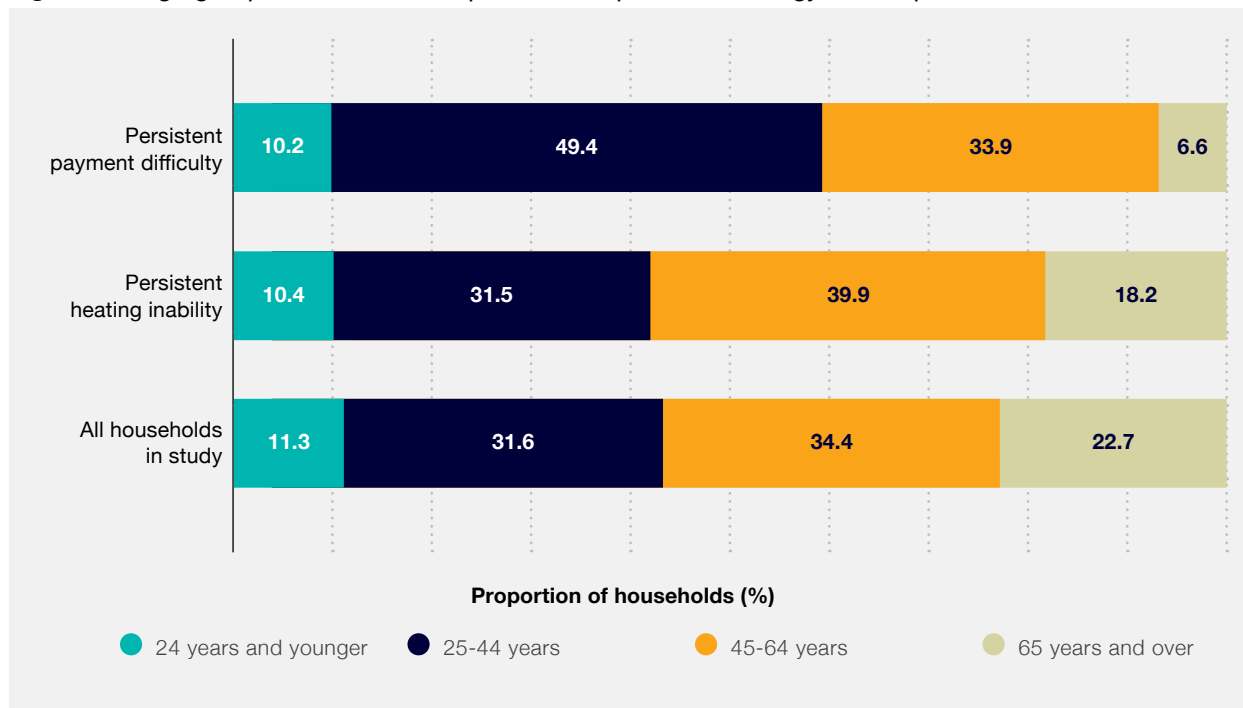
Viewed another way, a lack of heating and affordable, adequate energy use can affect mental wellbeing. Living in a cold and damp home can cause persistent worry about affordability and debt, thermal discomfort, concern about the health consequences of cold and damp homes, and stigma and social isolation.³⁸

Regardless of the ways health and energy consumption are connected, these findings suggest there is an opportunity to use health settings to deliver energy assistance, given the prevalence of health-related difficulties among households in persistent energy hardship, and the vulnerability of people with poor mental health to persistent energy hardship.

Younger people are vulnerable to payment difficulty

Experiences of persistent energy hardship vary by age (Figure 13). Half of all household respondents in persistent payment difficulty are aged 25-44 years, a significant overrepresentation of people in this age group.

Figure 13: Age group of household respondents in persistent energy hardship, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

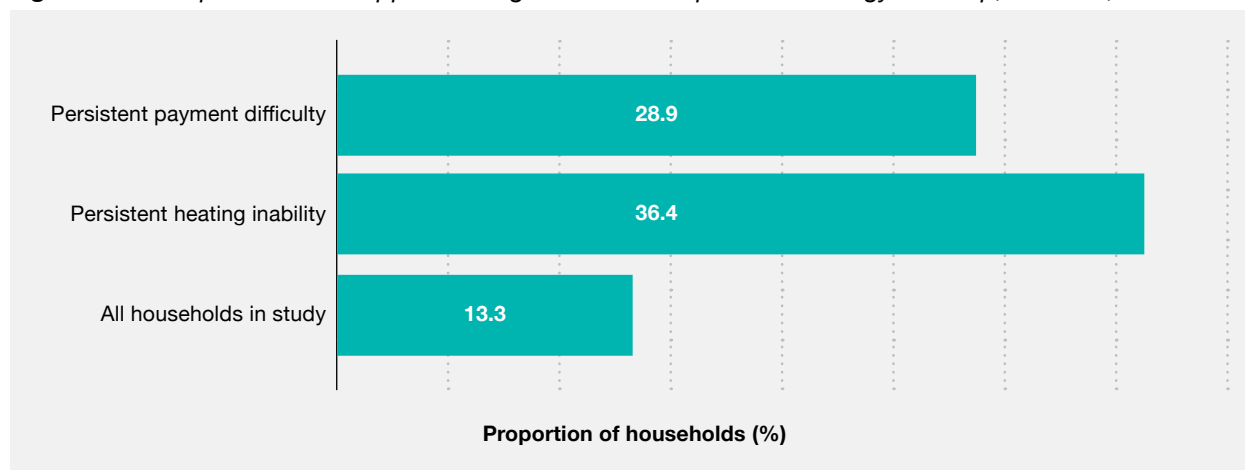
These findings are consistent with energy retailer data, which shows young and middle-aged customers are most likely to experience more severe energy affordability problems. Among several Victorian retailers, customers aged 25-54 years comprise the majority of people in hardship programs who are underpaying for energy use on a short-to-long-term basis.³⁹

People aged 65 years and over are much more likely to experience persistent heating inability than persistent payment difficulty, which may suggest older people are susceptible to restricting or avoiding heating to manage energy bill payments, consistent with previous research.⁴⁰

Income support payments do not prevent hardship

Income support is delivered to just over one third of households with persistent heating inability, and almost 30 per cent of households in persistent payment difficulty (Figure 14). For some households, income support levels are therefore failing to prevent persistent energy hardship.

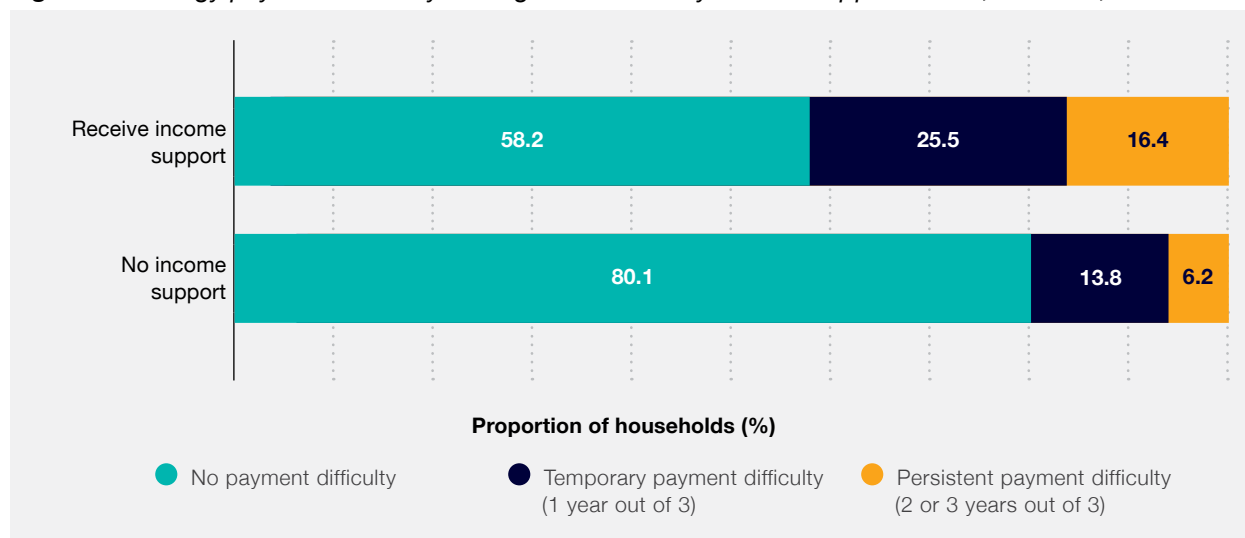
Figure 14: Receipt of income support among households in persistent energy hardship, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

Households receiving income support face the highest rates of persistent energy hardship (Figure 15). Sixteen per cent of households receiving income support are in persistent payment difficulty, more than double the rate of households not receiving income support.

Figure 15: Energy payment difficulty among households by income support status, Australia, 2014-2016



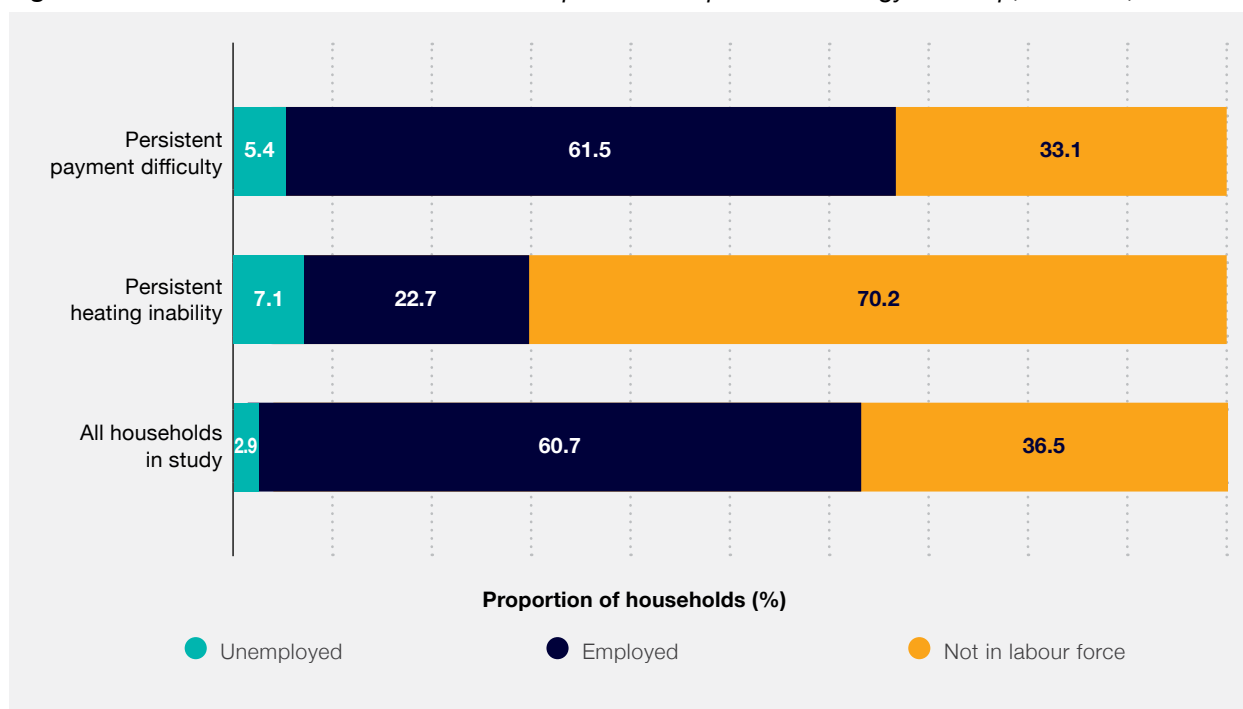
Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

Energy retailer data also shows that customers with more severe energy affordability problems tend to be income support recipients. Among several Victorian retailers, income support recipients/concession cardholders comprise the majority of people in hardship programs who are underpaying for energy use on a short-to-long-term basis.⁴¹

Most people in payment difficulty have jobs

The majority (61.5 per cent) of households in persistent payment difficulty have a household respondent in employment, showing that some people with jobs nonetheless struggle to afford energy on a long-term basis (Figure 16). While this figure reflects the proportion of employed people in the wider population, it is notable because we might expect to see an underrepresentation of employed people among households in payment difficulty.

Figure 16: Labour force status of household respondents in persistent energy hardship, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

The majority (70.2 per cent) of households with persistent heating inability have household respondents outside the labour force; that is, people who are not looking for work and are not involved in paid work. This includes people in caring roles, people with long-term health conditions or disability who cannot find work, and people who have retired from the workforce. In some of these circumstances, people may have higher energy needs due to health conditions or additional time spent at home, and could potentially have limited incomes.

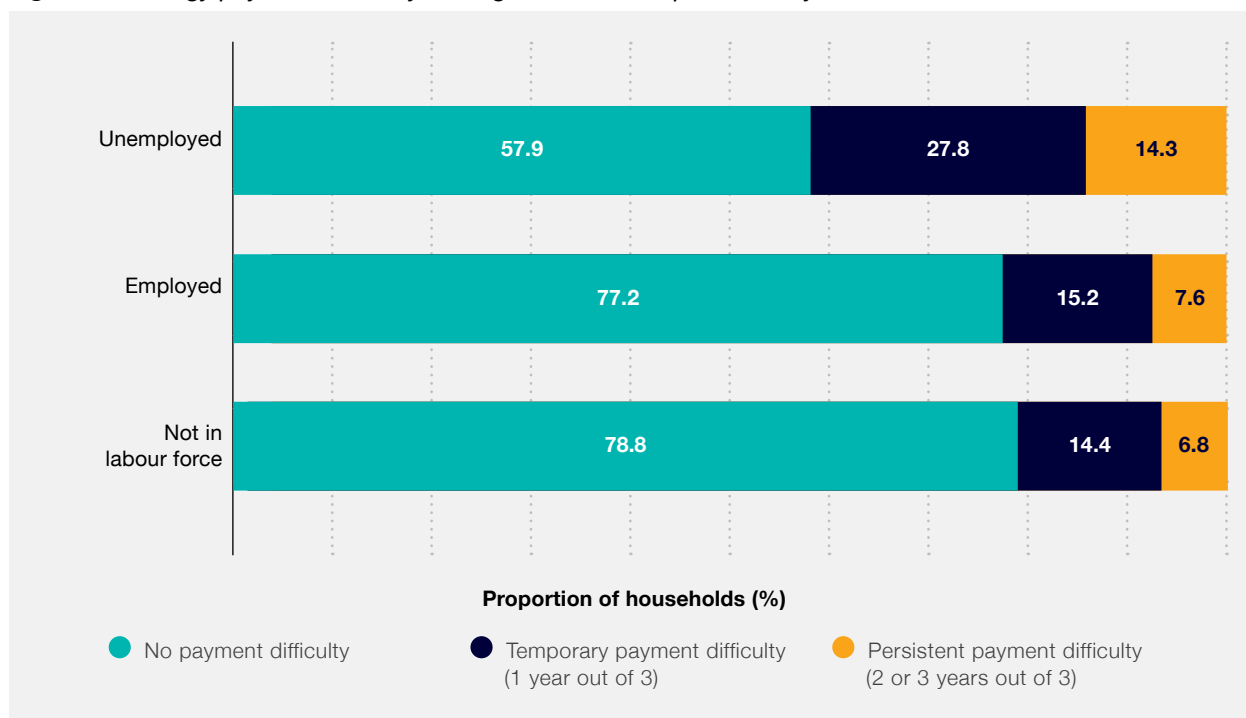
The findings on employment rates and payment difficulty may reflect the degree of economic insecurity among some Australians with jobs. Employment does not necessarily enable people to pay essential expenses. Over a third of Australians living in poverty rely on wages as their main source of income,⁴² while almost half (48 per cent) of Australians experiencing food insecurity are employed in some way (full-time, part-time or casually).⁴³

The shortfall between wages and essential expenses is partly due to low wage growth and a high level of underemployment (8.3 per cent), with more than one million employed Australians unable to secure a sufficient amount of work.⁴⁴ Electricity prices have increased far in excess of wages and general inflation over the past decade.⁴⁵

VCOSS members report they are increasingly assisting people with financial difficulties arising from underemployment and insecure or low-waged work. From 2015 to 2016, almost a quarter of people referred to Kildonan UnitingCare's CareRing financial wellbeing program received some kind of wage, an increase from 18 per cent in the previous reporting period. The percentage of people receiving income support had dropped to 65 per cent from 71 per cent. Inability to pay utility bills was the main cause of financial stress.⁴⁶

Despite these developments, unemployed people remain particularly vulnerable to persistent energy hardship. Almost double the rate of unemployed people experience persistent payment difficulty, compared with employed people (14.3 per cent versus 7.6 per cent) (Figure 17).

Figure 17: Energy payment difficulty among household respondents by labour force status, Australia, 2014-2016



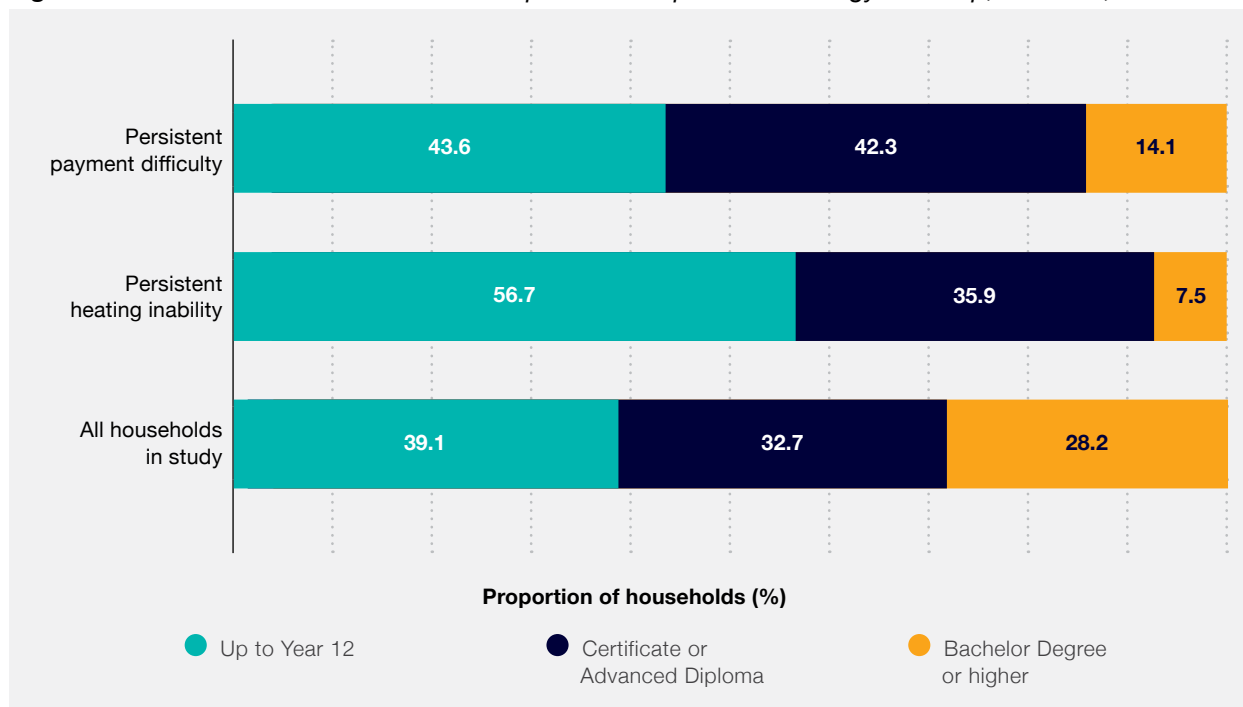
Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

The shifting nature of vulnerability in Australia creates challenges for policy-makers and service providers. Unemployment and use of income support remain major indicators of need, but should not be regarded as the sole markers of need. Further research is required to understand how vulnerability is experienced by people on low or modest wages, and how people can best be targeted for support. This requires considering not only low income levels but other markers of vulnerability, such as renting and long-term health conditions or disability.

Education level is connected with hardship

There is a relationship between education and persistent energy hardship, independent of income level. Household respondents with a bachelor degree or higher are underrepresented among those in persistent energy hardship (Figure 18).

Figure 18: Education level of household respondents in persistent energy hardship, Australia, 2014-2016



Source: Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne

When controlling for income level and other characteristics, regression analysis shows the chances of experiencing persistent payment difficulty and persistent heating inability are lower for household respondents with a bachelor degree or higher.



²⁰ 7.5 per cent of Australian households were persistently unable to pay energy bills on time, and 1.6 per cent of Australian households were persistently unable to heat the home.

²¹ Regression analysis shows the association between the dependent variable (persistent energy hardship) and several independent variables (household characteristics).

²² P Simshauser and T Nelson, 'The energy market death spiral: Rethinking customer hardship', AGL Applied Economic and Policy Research, Working paper no. 31, 2012.

²³ KPMG, *The rise of energy poverty in Australia*, Census Insights Series, December 2017.

²⁴ See 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.

²⁵ Ibid.

²⁶ D Gibbon and R Singler, *Cold comfort: A review of coping strategies employed by households in fuel poverty*, August 2008.

²⁷ Colmar Brunton for the Australian Competition and Consumer Commission, *Consumer outcomes in the national retail electricity market – Final report*, 14 June 2018, 73, 75.

²⁸ R Chard and G Walker, 'Living with fuel poverty in older age: Coping strategies and their problematic implications', *Energy Research & Social Science* 18 (2016) 62; N Willand, C Maller and I Ridley, "'It's not too bad": The lived experience of energy saving practices of low-income older and frail people', *Energy Procedia* 121 (2017) 166.

²⁹ See W Anderson, V White and A Finney, 'Coping with low incomes and cold homes', *Energy Policy* 49 (2012) 40, 50-51; A M Tod, P Nelson, A Cronin de Chavez, C Homer, V Powell-Hoyland and A Stocks, 'Understanding influences and decisions of households with children with asthma regarding temperature and humidity in the home in winter: A qualitative study', *BMJ Open* 6 (2016); Victorian Council of Social Service, *Power struggles: Everyday battles to stay connected*, August 2017.

³⁰ Colmar Brunton for the Australian Competition and Consumer Commission, *Consumer outcomes in the national retail electricity market – Final report*, 14 June 2018, 74, 76.

³¹ Anglicare Australia, *Rental affordability snapshot 2018*, 2018; B Phillips, 'Housing costs are actually the same as in 1993, but renters still struggle', *The Conversation*, 22 May 2018, <https://theconversation.com/housing-costs-are-actually-the-same-as-in-1993-but-renters-still-struggle-95286>.

³² Australian Bureau of Statistics, Household energy consumption survey, Australia: Summary of results, 2012, cat. no. 4670.0; Better Renting, *The energy efficiency of rental properties in the ACT*, https://www.betterrenting.org.au/energy_efficiency_report.

³³ Victorian Council of Social Service, *Power struggles: Everyday battles to stay connected*, August 2017.

³⁴ National Institute for Health and Care Excellence, 'Preventing excess winter deaths and illness associated with cold homes', Quality standard QS117, March 2016, <https://www.nice.org.uk/guidance/qs117>.

³⁵ P Howden-Chapman, A Matheson, J Crane, H Viggers, M Cunningham, T Blakely, C Cunningham, A Woodward, K Saville-Smith, D O'Dea and M Kennedy, 'Effect of insulating existing houses on health inequality: Cluster randomised study in the community', *BMJ* 334 (2007) 460.

³⁶ M Holkar, *'Seeing through the fog': How mental health problems affect financial capacity*, Money and Mental Health Policy Institute, January 2017.

³⁷ Victorian Council of Social Service, *Power struggles: Everyday battles to stay connected*, August 2017.

³⁸ C Liddell and C Guiney, 'Living in a cold and damp home: Frameworks for understanding impacts on mental well-being', *Public Health* 129 (2015) 191.

³⁹ Confidential data provided to the Victorian Council of Social Service.

⁴⁰ R Chard and G Walker, 'Living with fuel poverty in older age: Coping strategies and their problematic implications', *Energy Research & Social Science* 18 (2016) 62; N Willand, C Maller and I Ridley, "'It's not too bad": The lived experience of energy saving practices of low-income older and frail people', *Energy Procedia* 121 (2017) 166.

⁴¹ Confidential data provided to the Victorian Council of Social Service.

⁴² Australian Council of Social Service and University of New South Wales, *Poverty in Australia 2018*, 2018, 47.

⁴³ McCrindle, *Foodbank Hunger Report 2017*, 2017, 6.

⁴⁴ Australian Bureau of Statistics, Average weekly earnings, Australia, May 2018, cat. no. 6302.0; Australian Bureau of Statistics, Labour Force, Australia, September 2018, cat. no. 6202.0.

⁴⁵ Australian Competition and Consumer Commission, *Retail electricity pricing inquiry: Preliminary report*, 22 September 2017, 12-13.

⁴⁶ Kildonan UnitingCare, *CareRing report: Supporting vulnerable customers together*, 1 January 2015-31 December 2016.



How can we tackle this problem?

We can reduce the rate of persistent energy hardship by:

- raising income support payments and better supporting low wage-earners
- expanding financial counselling and energy brokerage services
- making rental housing liveable and affordable to run
- delivering energy support through health services
- making energy pricing fair.

Raise income support payments and better support low wage-earners

Not surprisingly, low incomes appear to be a fundamental cause of persistent energy hardship. Households receiving income support are particularly vulnerable to hardship, and for some people, jobs are not a defence against prolonged payment difficulty. Government should lift inadequate income support payments and maximise energy concession use by low wage-earners.

Raise income support payments

RECOMMENDATION 1

Raise the rate of the Newstart payment and related allowances.

Income support levels must be raised to allow people to afford basic living costs. Many income support payments are set below the poverty line. The poverty gap (the extent to which payments fall below the poverty line) is greatest for people receiving Youth Allowance, Newstart Allowance, Parenting Payment Single and the Carer payment.⁴⁷ There is now a significant difference between these payments and the Age and Disability Support Pensions; for example, Newstart is \$175 per week below the Age Pension.⁴⁸

The Australian Government should immediately raise the rate of Newstart and related allowances, and index these payments to wage and consumer price movements.

Maximise energy concession use by low wage-earners

RECOMMENDATION 2

Promote the Low Income Health Care Card and related energy concessions to Victorians on low wages.

To help people in low-waged work, the Low Income Health Care Card and the related Victorian energy concessions should be promoted by the Victorian Government, energy retailers, employee groups, employers and healthcare providers. Low Income Health Care Cards are available to people with gross incomes of the following amounts or less over an eight-week period.

Status	Weekly income	Income in an eight-week period
Single, no children	\$556	\$4,448
Couple combined, no children	\$960	\$7,680
Single, one dependent child	\$960	\$7,680
For each extra child	\$34	\$272

Source: Australian Government Department of Human Services

These income thresholds mean a family of two adults and two children earning \$53,456 a year or less is eligible for the Low Income Health Care Card and, in turn, Victorian energy concessions. People must apply to Centrelink for a Low Income Health Care Card; unlike other Health Care Cards, they are not issued automatically by Centrelink when a person receives certain types of income support.

It is likely the Low Income Health Care Card is under-claimed. Analysis of other government payments shows a large number of people miss out on those for which they are eligible. In 2008, more than 168,000 eligible people missed out on government assistance including the Parenting Payment, the Carer Allowance, the Disability Support Pension and the Bereavement Allowance.⁴⁹ It is estimated that for every four recipients of the Parenting Payment, one family is missing out.⁵⁰ Under-claiming of the Low Income Health Care Card may be particularly high given there seems to be very little community awareness of the card.

Expand financial counselling and energy brokerage services

RECOMMENDATION 3

Provide funding for 90 additional financial counsellors across Victoria and expand energy brokerage services.

Independent of low incomes, this analysis shows a relationship between education levels and persistent energy hardship. This is unsurprising given the complexity and confusion built into energy pricing, which makes the market very difficult to navigate. The ACCC review and Victoria's Thwaites review show the energy market is among the most complex consumer markets in Australia. It has a lack of price transparency and comparability, opaque 'discount' pricing structures, frequent price changes, widespread use of benefit periods that expire not long after entry into an energy contract, and poor communication between energy retailers and customers about price and benefit changes.⁵¹

While widespread reforms have been recommended to overcome these problems,⁵² there remains a pressing need for specialist assistance to help people navigate the market. This includes expanded financial counselling services in Victoria. Early intervention by financial counsellors and the use of financial capability services can prevent energy hardship becoming a more prolonged problem. The Victorian Government can ensure timely assistance reaches more people by funding another 90 financial counsellors across the state, to better meet the demand for energy assistance from financially-stressed households.⁵³

The Victorian Government should also expand energy brokerage services for vulnerable households, building on the current pilot program run by the Brotherhood of St Laurence. Energy brokerage services can help protect people most vulnerable to high energy pricing, including those with limited English skills or no internet access.⁵⁴ The need for these services will only grow as energy pricing becomes more complex following network pricing reforms, the use of demand response/management mechanisms (which reward people for reducing energy consumption and network loads), and the entry of additional energy retailers.

Make rental housing liveable and affordable to run

Persistent energy hardship is strongly connected with renting. The poor energy efficiency of rental housing, particularly lower-cost housing, is one of the main causes of unaffordable energy costs in Victoria.



The only viable way to overcome this problem is to prescribe minimum energy-efficiency standards for private and public rental housing, and boost energy-efficiency investments for low-income households. By lowering energy costs, energy-efficiency measures help people avoid or escape persistent payment difficulty, and allow people who under-consume energy to afford adequate energy use for health and wellbeing.

Prescribe minimum energy-efficiency standards

RECOMMENDATION 4

Prescribe minimum energy-efficiency standards for private and public rental housing.

Following reforms to the *Residential Tenancies Act 1997*, the Victorian Government now has the power to prescribe minimum standards for private and public rental housing.⁵⁵ The prescribed standards should include energy-efficiency standards.

Rental housing is generally more expensive to run than other housing. It is much less likely to be fitted with insulation, window treatments, and solar electricity or hot water systems. Australia-wide, more than 80 per cent of owner-occupied housing has insulation, compared with approximately 40-45 per cent of private rental housing and public housing.⁵⁶

In the Australian Capital Territory, where residential energy-efficiency ratings are in place, rental housing is dramatically less efficient than owner-occupied housing: 43 per cent of rental homes have the lowest possible energy rating of '0', compared with only four per cent of homes advertised for sale.⁵⁷ People living in an average-sized home with a '0' energy rating pay \$2800 more per year to replace lost heat, compared to a home with a '5' rating.⁵⁸

The energy efficiency of public housing has been severely neglected. Much of Victoria's public housing has significant structural defects and lacks modern, efficient appliances. In 2012, the Victorian Auditor-General found the state's public housing was in a "seriously deteriorating condition", and that 14 per cent of all properties were estimated to reach obsolescence in the next four years.⁵⁹ Poor housing conditions are likely to be a major reason for the overrepresentation of public housing residents in persistent energy hardship.

The need for energy-efficiency standards

The energy efficiency of rental housing will not improve without minimum standards. Landlords are unlikely to initiate even basic energy-efficiency measures because the benefits (reduced energy bills and greater comfort) accrue to renters. Greater incentives would exist in a well-supplied rental market where landlords compete vigorously for tenants. However, in the current Victorian rental market, supply is tight,⁶⁰ very few homes are affordable for people on income support and low wages,⁶¹ and people have little choice but to accept poor-quality housing. As a result, "rents tend not to reflect disparities in efficiency, and there is no price signal to encourage landlords to invest in upgrades".⁶²

Even where free or subsidised energy-efficiency upgrades are offered, community organisations have found it difficult to assist renters because landlords have refused consent to upgrades, or renters have been reluctant to approach landlords.⁶³ More than a third of renters surveyed by the Queensland Council of Social Service said they had not asked their landlord for improvements to reduce energy bills because they did not want to be seen as 'difficult' or put their tenancy at risk. Of those who approached their landlord, 70 per cent had their suggested improvements rejected. Insecurity of tenure, short leases and the likelihood of frequent moves also deter renters from seeking energy-efficiency measures.⁶⁴

VCOSS and other community organisations recommend minimum energy-efficiency standards be phased-in in Victoria over time, potentially over a five-year implementation period.⁶⁵ Initial standards should target the worst-performing housing. Spreading compliance costs over a reasonable timeframe would reduce the potential for large costs to be passed on to tenants. Costs would be lower for landlords who already maintain homes to a reasonable standard.

Other jurisdictions have introduced minimum energy performance standards for rental housing, including England and Wales.⁶⁶ New Zealand has minimum insulation standards for rental housing,⁶⁷ and government is empowered in Queensland and South Australia to regulate energy-efficiency standards for rental housing, among other minimum standards.⁶⁸ In 2018, Scotland announced it too would introduce minimum energy performance standards for rental housing.⁶⁹ Earlier, in 2014, Scotland created an Energy Efficiency Standard for Social Housing that set a minimum energy-efficiency rating for social housing landlords⁷⁰ to achieve by 2020. As a result of the standard, the Scottish social housing sector has some of the most energy-efficient homes in Scotland, with more than 90 per cent already achieving a mid-level energy performance rating or higher. New, more ambitious targets are now being considered to further protect social housing residents from energy hardship.⁷¹

Like Victoria, each of these Australian and overseas jurisdictions is dealing with high energy prices, and understands mandated energy-efficiency standards have a major role to play in bringing down bills and reducing energy hardship.

Boost energy-efficiency investments

RECOMMENDATION 5

Invest in targeted energy-efficiency upgrades that deliver healthy, affordable homes for people on low incomes.

The Victorian Government should boost its investments in energy-efficiency programs for low-income renters and low-income homeowners who cannot afford to make changes to their homes.

Sole parents and people with long-term health conditions or disability have a particular vulnerability to persistent energy hardship and should be prioritised for government-funded energy-efficiency upgrades. These groups of people can require tailored or more intensive changes to appliances or the home's structure to make energy use more affordable, and to deliver an appropriate level of thermal comfort for health and wellbeing.

Similar jurisdictions recognise the need for targeted government investments in residential energy efficiency. Alongside an energy performance target for rental housing, the Scottish Government has proposed a higher performance target for energy-poor households, regardless of tenure, in recognition of the more profound affordability problems faced by those households. These performance standards would act as a guide for government-funded energy poverty programs.⁷²

Delivery partners

With longevity and depth of funding, energy-efficiency programs can be delivered by the existing network of community organisations that are already experienced in this area, and expanded to others. Organisations such as the Brotherhood of St Laurence, Kildonan UnitingCare and local energy foundations have strong connections with the community and are well-placed to target services to those most vulnerable to persistent energy hardship.

Trusted community and local government organisations can be integral to the success of energy-efficiency programs. A review of the Australian Government's Low Income Energy Efficiency Program found that for most of the customer groups taking part, it was critical to use established community links to demonstrate legitimacy, or draw on established, trusted organisations to overcome worry about program participation.⁷³

Sole parents have a particular vulnerability and should be prioritised for home energy-efficiency upgrades.

Community organisations are well-placed to maximise the success of energy-efficiency investments. To achieve the greatest ‘bang for buck’, energy-efficiency programs should investigate the needs and wishes of households before deciding which measures are most appropriate. A wide-scale review of previous programs found:

a top-down approach that was not rooted in pre-established community needs led to suboptimal outcomes. It is suggested early householder involvement may contribute to greater appreciation of the programme and more accepted measures... [M]eeting the immediate, non-technical needs may help to build trust for later construction works.⁷⁴

Community organisations offering holistic services can help people address other issues that may be contributing to energy hardship, including difficulty accessing more affordable energy deals and energy concessions, and broader problems such as housing stress, high debt levels and family violence.⁷⁵

The review of previous energy-efficiency programs also recommended tailoring interventions to household socio-cultural practices in relation to heating and ventilation (for example, a belief that windows need to stay open during winter). It is important the actual energy practices of households can adapt to new efficiency measures, otherwise the expected benefits may not be realised.⁷⁶

As trusted service providers, community organisations are well-placed to advise on changes in household energy practices that maximise the benefits of upgrades and generate bill savings. For example, in Victoria, the South East Councils Climate Change Alliance delivered an energy-efficiency upgrade program to 320 low-income, mainly older households in the southeast of Melbourne. Greater cost savings were achieved by households that received both retrofits and behaviour change advice, rather than retrofits alone.⁷⁷

Funding types

The Victorian Government can offer a mix of funding types that meet the financial needs of households vulnerable to persistent energy hardship, including:

- fully-funded upgrades
- subsidised upgrades, including under the Victorian Energy Upgrades program
- rates-based financing for low-income homeowners
- no interest loans.

Households on very low incomes will likely require fully-funded support. In other cases, where people have the capacity to make some level of co-payment, subsidies and no interest loans can improve program uptake, as the Brotherhood of St Laurence found when delivering its hot water system upgrade program.⁷⁸

To better ensure government funding reaches households in need, the Victorian Energy Upgrades program should target low-income households. This could be achieved by introducing a separate upgrades target for low-income households, creating bonus certificates for targeted upgrades, or entirely focusing the upgrades program on low-income households. In 2018 the UK Government announced that its Energy Company Obligation scheme (which requires larger energy suppliers to deliver energy-efficiency measures) would become entirely focused on low-income, vulnerable and fuel-poor households.⁷⁹

It is important that community organisations are involved in the selection of funding types and can help people determine what is most affordable for them, particularly where loans are offered as part of a funding package. Loans have the potential to make some households more financially vulnerable if they are not appropriately targeted.



Enable energy-efficiency modifications

RECOMMENDATION 6

Allow renters to make minor energy-efficiency modifications without landlord approval.

To ensure government-funded energy-efficiency programs reach renters and reduce persistent energy hardship, the Victorian Government should facilitate rental housing modifications that improve energy affordability. To date, these programs have largely benefitted homeowners because of legal barriers to rental housing modifications. This is a wasted opportunity and distorts the allocation of government funding. Energy-efficiency improvements can be relatively minor and non-structural in nature but make a significant difference to energy affordability and thermal comfort. This includes draught-sealing, efficient lighting, window coverings, and efficient fixed heating and hot water appliances.

Under reforms to the *Residential Tenancies Act 1997*, residential rental providers/landlords will not be able to unreasonably refuse consent to modifications that are necessary to increase the thermal comfort of the home or reduce energy or water usage costs. Renters will also be able to make minor modifications without consent, a list of which will be prescribed by government.⁸⁰

Minor energy-efficiency modifications could be included in the prescribed modifications, such as basic draught-sealing that does not alter the structure of the home, window coverings, and minor window treatments that improve thermal performance. This would better allow renters to benefit from funded energy-efficiency upgrades and to promptly initiate their own improvements to reduce energy costs and improve thermal comfort.



Deliver energy support through health services

This report and other research shows a link between health conditions, energy consumption and energy hardship. Among households with persistent heating inability, the majority (60.4 per cent) include a person with a long-term health condition or disability, and almost half (48.3 per cent) include a person with physical limitations that often impact on their capacity to work. People with poor mental health experience much higher rates of persistent energy hardship than people with good mental health (14.6 per cent of people with poor mental health are in persistent payment difficulty, versus five per cent of people with good mental health).

Develop energy advice guidelines for primary healthcare practitioners

RECOMMENDATION 7

Develop energy advice guidelines for Victorian primary healthcare practitioners.

Households in persistent energy hardship are likely to have relatively frequent contact with healthcare providers, including where a health condition or disability creates particular energy needs. The healthcare sector can therefore provide a critical opportunity to reach people at risk of, or experiencing, persistent energy hardship.

Healthcare services can provide advice to people who may otherwise ‘fly under the radar’ for the following reasons:

1. The majority of households with persistent heating inability do not experience persistent payment difficulty, and may therefore not speak with services like energy retailers and financial counsellors about energy affordability issues. To tackle this hidden energy hardship, information needs to be delivered by other services that people are regularly using, such as healthcare.
2. People vulnerable to persistent energy hardship will not always self-identify to service providers. Sociocultural beliefs about appropriate levels of thermal comfort and energy use may prevent people accessing assistance that could improve health and wellbeing and energy affordability.⁸¹
3. Households with children often have limited time to contact energy retailers and other services about energy affordability problems, but are the main household type experiencing persistent payment difficulty. Sole-parent households are particularly vulnerable to this problem. As a major user of primary healthcare services (particularly general practitioners), households with children could benefit from healthcare providers delivering energy advice.

To our knowledge, health practitioners in Australia do not receive any guidance on whether to ask people if they can afford adequate energy for health and wellbeing, and the type of energy advice that could be offered. In a small-scale study of low-income older households in Victoria, there was “little evidence the medical profession recognised the cold-related vulnerability of householders”, despite most households having a long-term illness or disability. At the start of the study, only one of the six eligible households was receiving a Medical Cooling Concession. One person involved in the study suggested health practitioners should alert eligible patients to the Medical Cooling Concession and provide the necessary forms.⁸²

The Victorian Government can ‘make every contact count’ by developing energy advice guidelines for primary healthcare practitioners, drawing on similar strategies in the United Kingdom. This guidance would encourage practitioners to be alert to energy hardship risks and associated health risks, enquire about these issues in an appropriate way, and provide basic advice about energy concessions and Utility Relief Grants. Practitioners could also make referrals to community services that help people afford adequate energy and manage bill payments.

The UK introduced health-based guidance to address fuel poverty because of the very significant impact of cold homes on people’s health and wellbeing in the UK climate, including, in the most extreme circumstances, preventable death. There are similar reasons for health-based energy hardship measures in Victoria. Australia-wide, 6.5 per cent of deaths are attributable to cold temperatures, primarily arising from cardiovascular and respiratory disease.⁸³

While a much smaller proportion of deaths (0.45 per cent) are attributable to hot temperatures,⁸⁴ heat vulnerability is also a significant health and wellbeing issue as the climate changes and extreme heat events become more common. In Victoria, 374 deaths were attributable to the 2009 heatwave. Inadequate cooling of the body and dehydration can result in renal failure, cardiovascular problems, vomiting, seizures, delirium, damage to the heart and other organs, and coma. Older people, infants and people on low incomes are particularly vulnerable to extreme heat.⁸⁵ Within health settings, practitioners should therefore be guided to help people who cannot currently afford to heat or cool their homes.

In the UK, the impacts of cold homes and fuel poverty are increasingly recognised in government health policies. The National Health Service is an important partner in fuel poverty action at local and national levels,⁸⁶ and the National Institute for Health and Care Excellence ('NICE') recommends fuel poverty referral pathways be embedded in primary care. NICE has developed guidance for healthcare practitioners on reducing the health risks associated with cold homes, including preventable deaths. When a person is vulnerable to health problems associated with a cold home, practitioners are advised to ask the person at least once a year whether they have difficulty keeping warm at home and, where necessary, refer people to a single-point-of-contact health and housing referral service.⁸⁷

UK community organisations and local authorities are developing fuel poverty referral pathways with general practitioners and clinical commissioning groups.⁸⁸ Such schemes bring challenges, including the need to establish new relationships between primary healthcare providers and community organisations. Successful referral pathways have been developed where 'community link' workers are embedded in primary healthcare practices, simple referral processes are used, there are payments or local targets for fuel poverty referrals, and referral programs have long-term support.⁸⁹

Integrate energy assistance into My Aged Care and the NDIS

RECOMMENDATION 8

Integrate energy assistance into the My Aged Care Home Support program and the National Disability Insurance Scheme ('NDIS').

The Victorian Government should work with the Federal Government to investigate how energy assistance could be delivered through the Federal Government's My Aged Care Home Support program for older Australians and the NDIS. This would support the health and wellbeing of older people and people with disability, and reduce the incidence of persistent energy hardship among these groups.

This report shows older people are more vulnerable to persistent heating inability than persistent payment difficulty. These households may be rationing/avoiding heating and other energy use to afford bill payments, often to the detriment of health and wellbeing. An ageing population needs affordable energy due to more time spent in the home and the onset of health conditions requiring additional cooling, heating or lighting use. Particularly as the climate changes, older people will need advice on how to manage their energy needs in a low-cost, accessible and healthy way (for example, affordable and safe alternatives to air conditioner use).⁹⁰

People with disability are vulnerable to persistent energy hardship, particularly persistent heating inability. This is likely to be partly due to low incomes and higher than average rates of poverty among people with disability.⁹¹ People with disability can also face higher energy costs than other households because of additional energy requirements, including where people:

- need to charge communication and mobility devices such as electric wheelchairs on a regular basis
- have physical conditions requiring an increased level of heating or cooling
- spend more time in the home because of mobility restrictions, or
- use a large amount of energy for washing, cleaning and personal care.

Disability-related energy needs are non-discretionary and generally cannot be adjusted to take advantage of cheaper off-peak rates at certain times of day or days of the week.⁹³

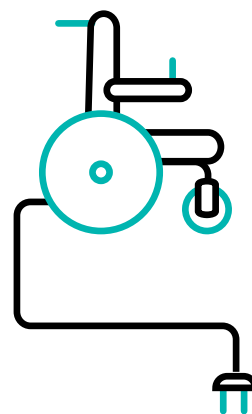
On top of low incomes and extra energy needs, people with disability are almost twice as likely as people without disability to live in very poor condition housing⁹⁴ that is expensive to heat and cool.

Both the NDIS and the My Aged Care Home Support program could be used to deliver energy assistance to people with disability and older people, including funded energy-efficiency upgrades where people have age or disability-related energy needs. Energy assistance could also include advice about switching to more affordable energy plans, and information to maximise the benefits of any efficiency improvements.

Delivering energy assistance through these existing programs would avoid duplication of government and community services to improve health and wellbeing among older people and people with disability. The scope of both the My Aged Care program and the NDIS would also enable assistance to reach people who do not self-identify with energy affordability problems, particularly older people who experience hidden energy hardship, i.e. those who manage energy bill payments by rationing/avoiding heating.

People with disability can also face higher energy costs than other households because of additional energy requirements, including where people:

- need to charge communication and mobility devices such as electric wheelchairs on a regular basis
- have physical conditions requiring an increased level of heating or cooling
- spend more time in the home because of mobility restrictions, or
- use a large amount of energy for washing, cleaning and personal care.⁹²



Develop an ‘Energy for Health’ concession

RECOMMENDATION 9

Develop an ‘Energy for Health’ concession to replace the current Medical Cooling Concession.

With an appropriate level of payment support, the Victorian Government can help people with chronic health conditions and disability avoid persistent energy hardship. Victoria currently has a Medical Cooling Concession, which is only available to people with health conditions that affect their body’s ability to thermo-regulate, or maintain a normal temperature. As part of any investigation of the energy support scheme for concession cardholders,⁹⁵ the Victorian Government should review the Medical Cooling Concession and develop an ‘Energy for Health’ concession to support the wellbeing of people with health and disability-related energy needs.

People could be eligible for the ‘Energy for Health’ concession where they have a condition that:

- is aggravated by temperature changes (this is the basis of the Queensland Medical Cooling and Heating Concession)
- affects the body’s ability to thermo-regulate/maintain a normal temperature
- creates intensive washing, cleaning or personal care needs
- requires increased electricity for charging and using communication, medical and mobility devices
- requires lengthy periods of time at home to manage or recover from the health condition.

This would mean the concession is based on a person's unavoidable energy needs, rather than a prescriptive and limited list of medical conditions.

Make energy pricing fair

Some people with jobs are struggling with bill payments on a persistent basis, particularly in the face of energy price increases far in excess of wage growth.⁹⁶ At the same time, people receiving income support remain especially vulnerable to prolonged hardship.

Regulation of the retail energy market should reflect these circumstances, to protect people on low wages and those receiving income support. There is now a solid body of evidence showing retail energy markets are dysfunctional.⁹⁷ This dysfunction is felt most by people on low incomes and those who struggle to secure decent energy deals due to low English literacy, limited or no internet access, and other forms of disadvantage. ACCC research shows the highest energy prices are paid by people on the lowest incomes.⁹⁸ To help correct these failings, the Victorian Government should investigate restrictions on excessive pricing across the entire market and introduce a targeted, low-cost energy offer for concession cardholders (i.e. income support recipients and some low wage-earners).

Investigate market-wide price regulation

RECOMMENDATION 10

Investigate regulation that constrains pricing at a reasonable level across the Victorian energy market.

While some people on low wages are able to access energy concessions if they meet the income thresholds for the Low Income Health Care Card, people who do not qualify for concessions require separate protection from excessive energy prices.

In Victoria, the Independent Review of the Electricity and Gas Retail Markets recommended the introduction of a 'Basic Service Offer' ('BSO'), which would comprise a regulated tariff that had to be offered by all retailers. The BSO would be unconditional (e.g. it could not require online or on-time payments to receive price benefits) and retailers would be free to make other offers available, priced above or below the BSO.⁹⁹ The BSO, on its face, would not impose a price ceiling and exclude higher, excessively priced deals from the market.

When considering the BSO, the Victorian Government should also investigate the merits of other forms of price regulation that could constrain energy pricing at a reasonable level across the market. The ACCC recommends replacing the 'standing offer' with a default market offer set at or below a maximum regulated price. In the ACCC's view, "[t]he default offer is unlikely to be one of the cheapest offers in the market, but will limit the ability of a retailer to price so far above cost that it detrimentally impacts on standing offer customers".¹⁰⁰

The Victorian Government should consider this option for the Victorian energy market and investigate whether the maximum regulated price could apply to all energy offers, not only the standing/default offer. More than 90 per cent of Victorian households are now on market offers, rather than standing offers.¹⁰¹

Engaging with the market is not necessarily a defence against high prices. People are particularly susceptible to ending up on inflated offers when they engage with the market through commission-based commercial comparator sites, 'tick-a-box' energy services when moving house, and high-pressure telemarketers and door-to-door energy sales. Any form of price regulation seeking to exclude the most egregious pricing should therefore constrain both market offer and standing offer pricing.

People in persistent energy hardship can be excluded from the cheapest offers in the market because of poor credit histories.



Introduce a low-cost energy offer for concession cardholders

RECOMMENDATION 11

Introduce a low-cost energy offer for concession cardholders.

Alongside price protections across the entire market, government should introduce a low-cost energy offer for concession cardholders, in recognition of the particular vulnerability to persistent energy hardship among this group.

Victoria's energy market includes some relatively low-priced, highly-competitive offers but these can be inaccessible to people in persistent energy hardship. In Victoria, approximately 80 per cent of energy offers have discounts.¹⁰² While discount offers are not necessarily the cheapest, these types of offers are unworkable for people who cannot meet discount conditions, such as receiving and paying bills online, and paying bills on time. Where people do opt for discount offers, they are forced to pay very high prices if conditions are not met. In 2016-17, the cost of not meeting discount conditions for an entire year averaged \$314 for electricity and \$189 for gas. These 'penalties' are only increasing. Compared with 2014-15, the cost of not meeting electricity discount conditions has risen by 63 per cent.¹⁰³

People in persistent energy hardship can also be excluded from the cheapest offers in the market because of poor credit histories. Credit checks are routinely conducted by energy retailers and an energy offer may be refused to a person because of their credit history, pushing them towards higher-priced offers. This is particularly likely to be a problem for people in persistent payment difficulty who have impaired credit histories because of unpaid bills.

Given the barriers to accessing the most competitively-priced offers, the Victorian Government should ensure a low-priced, non-conditional offer is available to concession cardholders, including low-waged workers eligible for the Low Income Health Care Card. This offer could take one of a number of forms, such as:

- an offer with a regulated maximum price that would have to be provided by all retailers, with restrictions on the types or level of costs that can be charged
- collective purchase on behalf of concession customers by an intermediary, whether from multiple retailers or a single retailer
- a government tender for a single retailer to supply a low-cost offer, similar to the concession deal arranged by the South Australian Government and supplied by Origin Energy, which includes a guaranteed discount, flexible payment options and no late payment, processing, paper bill, credit card or exit fees.¹⁰⁴

A good deal for people living in public housing

The Victorian Government could ensure the concession energy offer is provided to Victoria's public housing households. While the majority of people living in public housing are concession cardholders,¹⁰⁵ the offer could also be made available to public housing residents who do not receive income support, in recognition of low incomes among all these households.

Public housing residents are particularly at risk of energy hardship because of age and disability-related energy needs: 33 per cent are older persons aged 55 years and over, 22 per cent are children aged 0-14 years, and 43 per cent report a disability. Just over 40 per cent of public housing residents have been in the same tenancy for more than a decade, meaning they would not have been prompted to switch to a better energy offer when moving house, and may be stuck on relatively expensive deals.¹⁰⁶

⁴⁷ Australian Council of Social Service and Social Policy Research Centre, *Poverty in Australia 2016*, Australian Council of Social Service, 2016, 29.

⁴⁸ Australian Council of Social Service, *Raise the Rate: Everyone Benefits*, https://www.acoss.org.au/wp-content/uploads/2018/03/Raise-the-rate_fact-sheet_29032018.pdf.

⁴⁹ D Baker, *Missing out: Unclaimed government assistance and concession benefits*, Policy brief no. 14, Australia Institute, May 2010.

⁵⁰ D Baker, *Match making: Using data-matching to find people missing out on government assistance*, Policy brief no. 34, Australia Institute, April 2012.

⁵¹ Australian Competition and Consumer Commission, *Restoring electricity affordability and Australia's competitive advantage: Retail Electricity Pricing Inquiry – Final report*, June 2018; *Independent review of the electricity & gas retail markets in Victoria*, August 2017.

⁵² Ibid.

⁵³ Consumer Action Law Centre, 'Access to justice matters: make it fair and affordable', 2018, <https://consumeraction.org.au/wp-content/uploads/2018/04/Access-to-Justice-Platform-ONLINE.pdf>.

⁵⁴ Colmar Brunton for the Australian Competition and Consumer Commission, *Consumer outcomes in the national retail electricity market – Final report*, 14 June 2018, 21-23.

⁵⁵ Residential Tenancies Amendment Bill 2018 cl 52.

⁵⁶ Australian Bureau of Statistics, *Household energy consumption survey, Australia: Summary of results, 2012*, cat. no. 4670.0.

⁵⁷ Better Renting, *The energy efficiency of rental properties in the ACT*, https://www.betterrenting.org.au/energy_efficiency_report.

⁵⁸ Better Renting, *Frozen out: The burden of energy deficiency on people who rent*, https://www.betterrenting.org.au/frozen_out_energy_efficiency_report_renters.

⁵⁹ Victorian Auditor-General, *Access to public housing*, March 2012, ix.

⁶⁰ Department of Health and Human Services, *Rental report – June Quarter 2018*, 4, <https://dhhs.vic.gov.au/publications/rental-report>. The metropolitan trend vacancy rate for June 2018 was 1.8 per cent, compared with 1.9 per cent for March 2018 and 2.1 per cent for June 2017. The regional trend vacancy rate for June 2018 was 1.4 per cent, compared with 1.6 per cent for March 2018 and 2.3 per cent for June 2017.

⁶¹ Anglicare Australia, *Rental affordability snapshot 2018*, 2018.

⁶² Environment Victoria, *Bringing rental homes up to scratch: Efficiency standards to cut energy bills, reduce pollution and create jobs*, September 2017, 12.

⁶³ Ibid, 7; VCOSS member consultation.

⁶⁴ Queensland Council of Social Service, *Choice and control? The experience of renters in the energy market*, June 2017, 12-15.

⁶⁵ Environment Victoria, *Bringing rental homes up to scratch: Efficiency standards to cut energy bills, reduce pollution and create jobs*, September 2017.

⁶⁶ *Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015*.

⁶⁷ *Healthy Homes Guarantee Act 2017* (NZ); Tenancy Services, *Insulation requirements*, Ministry of Business, Innovation and Employment, New Zealand Government, <https://www.tenancy.govt.nz/assets/Uploads/Insulation-requirements.pdf>.

⁶⁸ *Residential Tenancies and Rooming Accommodation Act 2008* (Qld) s 17A; *Housing Improvement Act 2016* (SA) s 5.

⁶⁹ Scottish Government, *Energy Efficient Scotland*, May 2018, 36, <http://www.gov.scot/Resource/0053/00534980.pdf>.

⁷⁰ In Scotland, social housing is housing owned and managed by public authorities or housing associations.

⁷¹ Scottish Government, *Energy Efficient Scotland*, May 2018, 34, <http://www.gov.scot/Resource/0053/00534980.pdf>.

⁷² Ibid, 38-39.

⁷³ R Russell-Bennett, R Bedggood, C Glavas, T Swinton, R McAndrew, C O'Mahony, F Pervan and N Willand, *Power shift project one: Driving change – Identifying what caused low-income consumers to change behaviour*, Final report, Queensland University of Technology and Swinburne University of Technology, 2017.

⁷⁴ N Willand, C Maller and I Ridley, 'Understanding the contextual influences of the health outcomes of residential energy efficiency interventions: realist review', *Housing Studies* (2017) 1, 19.

- ⁷⁵ N Willand and R Horne, “They are grinding us into the ground” – The lived experience of energy (in)justice amongst low-income older households’, *Applied Energy* 226 (2018) 61, 68.
- ⁷⁶ N Willand, C Maller and I Ridley, ‘Understanding the contextual influences of the health outcomes of residential energy efficiency interventions: realist review’, *Housing Studies* (2017) 1, 19.
- ⁷⁷ M James and M Ambrose, ‘Retrofit or behaviour change? Which has the greater impact on energy consumption in low income households?’, *Procedia Engineering* 180 (2017) 1558.
- ⁷⁸ D Sullivan, *Home energy efficiency upgrade program: Final report*, Summary, Brotherhood of St Laurence, 2016.
- ⁷⁹ See UK Department for Business, Energy & Industrial Strategy, Energy Company Obligation: ECO3, 2018 to 2022, July 2018, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/727065/Energy_Company_Obligation_ECO3_2018-2022.pdf.
- ⁸⁰ Residential Tenancies Amendment Bill 2018 cl 49.
- ⁸¹ N Willand and R Horne, “They are grinding us into the ground” – The lived experience of energy (in)justice amongst low-income older households’, *Applied Energy* 226 (2018) 61, 67-68.
- ⁸² *Ibid*, 66, 68.
- ⁸³ A Gasparrini et al, ‘Mortality risk attributable to high and low ambient temperature: A multicountry observational study’, *The Lancet* 386, no. 9991 (2015) 369.
- ⁸⁴ *Ibid*.
- ⁸⁵ L Nicholls, H McCann, Y Strengers and K Bosomworth, *Electricity pricing, heatwaves and household vulnerability in Australia*, RMIT Centre for Urban Research, June 2017.
- ⁸⁶ UK Government, *Cutting the cost of keeping warm: A fuel poverty strategy for England*, March 2015.
- ⁸⁷ National Institute for Health and Care Excellence, ‘Preventing excess winter deaths and illness associated with cold homes’, Quality standard QS117, March 2016, <https://www.nice.org.uk/guidance/qs117>.
- ⁸⁸ Clinical commissioning groups are National Health Service bodies responsible for planning and commissioning healthcare services in their local area.
- ⁸⁹ W Eadson, T Gore and L Povey, *Evaluation of Royal College of GPs fuel poverty pilot*, Sheffield Hallam University Centre for Regional Economic and Social Research and Royal College of General Practitioners, May 2017.
- ⁹⁰ See L Romanach, N Hall and S Meikle, ‘Energy consumption in an ageing population: Exploring energy use and behaviour of older low-income Australians’, *Energy Procedia* 121 (2017) 246, 252.
- ⁹¹ Australian Council of Social Service and Social Policy Research Centre, *Poverty in Australia 2016*, Australian Council of Social Service, 2016, 34-35.
- ⁹² M George, C Graham and L Lennard, *The energy penalty: Disabled people and fuel poverty*, Centre for Consumers and Essential Services, University of Leicester, June 2013; Public Interest Advocacy Centre in collaboration with Physical Disability Council of New South Wales, *More power to you: Electricity and people with physical disability*, Public Interest Advocacy Centre, 2012.
- ⁹³ Public Interest Advocacy Centre in collaboration with Physical Disability Council of New South Wales, *More power to you: Electricity and people with physical disability*, Public Interest Advocacy Centre, 2012.
- ⁹⁴ E Baker, L Lester, R Bentley and A Beer, ‘Poor housing quality: prevalence and health effects’, *Journal of Prevention & Intervention in the Community* 44 (2016) 225.
- ⁹⁵ The Victorian Government supports recommendation 6C of the *Independent Review of Electricity & Gas Retail Markets in Victoria* to “conduct an extensive investigation into the energy support scheme for concession card holders and adjust accordingly so consumers gain the best possible outcome from the competitive market”: Department of Environment, Land, Water and Planning, *Victorian Government Interim Response – Bipartisan Independent Review of the Electricity and Gas Retail Markets in Victoria*, March 2018.
- ⁹⁶ Australian Competition and Consumer Commission, *Retail electricity pricing inquiry: Preliminary report*, 22 September 2017, 12-13.
- ⁹⁷ Australian Competition and Consumer Commission, *Restoring electricity affordability and Australia’s competitive advantage: Retail Electricity Pricing Inquiry – Final report*, June 2018; *Independent review of the electricity & gas retail markets in Victoria*, August 2017.
- ⁹⁸ Colmar Brunton for the Australian Competition and Consumer Commission, *Consumer outcomes in the national retail electricity market – Final report*, 14 June 2018, 21-23.
- ⁹⁹ *Independent review of the electricity & gas retail markets in Victoria*, August 2017, 53-55.
- ¹⁰⁰ Australian Competition and Consumer Commission, *Restoring electricity affordability and Australia’s competitive advantage: Retail Electricity Pricing Inquiry – Final report*, June 2018, 251-252.
- ¹⁰¹ Essential Services Commission, *Victorian energy market update, January to March 2018*, 28 June 2018, 4.
- ¹⁰² Essential Services Commission, *Victorian energy market report 2016-17*, 2017, 35.
- ¹⁰³ *Ibid*, 41.
- ¹⁰⁴ <https://www.sa.gov.au/topics/care-and-support/financial-support/concessions/energy-bill-concessions/energy-discount-offer>.
- ¹⁰⁵ Parliament of Victoria, Family and Community Development Committee, *Inquiry into the adequacy and future directions of public housing in Victoria*, September 2010, 234-235.
- ¹⁰⁶ Australian Institute of Health and Welfare, *Housing assistance in Australia 2017*, <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2017/contents/social-housing-tenants>.

Appendix

Tables 1, 2 and 3 summarise the demographic, health, and income and labour analysis of households experiencing persistent energy hardship.

Table 1: Demographic characteristics of respondents/households identified as experiencing persistent energy hardship

Demographic characteristic	Could not pay electricity, gas or phone bills on time 2-3 years out of 3 (%)	Was unable to heat the home 2-3 years out of 3 (%)
Gender		
Female	60.3	58.2
Male	39.7	41.8
Age		
≤ 24	10.2	10.4
25-34	25.9	17.4
35-44	23.5	14.1
45-54	21.6	16.9
55-64	12.3	23.0
65-74	4.7	12.4
75-84	0.7	5.8
85+	1.2	0.0
Education		
Up to Year 12	43.6	56.7
Some higher education	42.3	35.9
Bachelor or higher qualification	14.1	7.5
Aboriginal or Torres Strait Islander (ATSI)		
ATSI	6.3	4.4
Non-ATSI	93.7	95.6
Language		
English was first language	47.5	60.1
English not first language	52.5	39.9
Household type		
Couples, no child(ren)	20.1	26.3
Couples, with child(ren)	41.6	17.0
Singles, no child(ren)	15.4	35.1
Singles, with child(ren)	17.9	11.0
Group households	5.0	10.6
Housing tenure		
Own/mortgage/rent-buy scheme	40.4	32.8
Tenant (paying rent or living rent free)	59.6	67.2
Rental type		
Private	86.6	72.3
Government	10.6	22.3
Other	2.9	5.4

Humanitarian/refugee migration not included due to low numbers

Source: weighted data from the Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne; calculations by Associate Professor Karien Dekker

Table 2: Health characteristics of respondents/households experiencing persistent energy hardship

Physical or mental health characteristic	Could not pay electricity, gas or phone bills on time 2-3 years out of 3 (%)	Was unable to heat the home 2-3 years out of 3 (%)
At least 1 person with long term health condition/disability/impairment <i>in</i> <i>household</i> No long term health issue reported	36.4 63.6	60.4 39.6
Difficulty performing work/other activities No difficulty reported	38.3 61.7	51.4 48.6
Physical limitations impact work often Physical limitations impact work sometimes Physical limitations impact work never	33.2 16.8 50.0	48.3 15.5 36.1
Self-assessed health as Fair-Poor Self-assessed health as Excellent-Good	29.6 70.4	31.6 68.4
Feels down often Feels down now and then Feels down hardly ever	23.7 59.0 17.3	29.8 50.1 20.1
Mental health poor * Mental health medium Mental health good	6.5 55.1 38.4	11.5 69.7 18.8

* A self-assessment of mental health using the SF-36 scale (Ware, Snow and Kosinski, 1993, *SF – 36 Health Survey Manual and Interpretation Guide*, MA: The Health Institute, New England Medical Centre, Boston)

Source: weighted data from the Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne; calculations by Associate Professor Karien Dekker

Table 3: Income and labour force characteristics of respondents/households experiencing persistent energy hardship

Income or labour force characteristic	Could not pay electricity, gas or phone bills on time 2-3 years out of 3 (%)	Was unable to heat the home 2-3 years out of 3 (%)
Current labour force status – broad		
Employed	61.5	22.7
Unemployed	5.4	7.1
Not in labour force*	33.1	70.2
Australian Government allowances		
No support	71.1	63.6
Receives government support	28.9	36.4
Australian Government parenting payment		
No support	87.9	94.5
Receives parenting payment	12.1	5.5
Annual disposable income (not equivalised)		
Median	\$63,801	\$37,162
Std Deviation	\$55,097	\$26,118
Minimum	-\$39,012	\$2,430
Maximum	\$937,853	\$148,665
Annual disposable income (equivalised)		
0-20 percentile	27.4	50.2
21-40 percentile	30.0	28.0
41-60 percentile	20.5	11.7
61-80 percentile	17.3	7.4
81-100 percentile	4.9	2.8

* Not available and not searching for work (e.g. retired or caring for others)

Source: weighted data from the Household, Income and Labour Dynamics in Australia survey, Melbourne Institute, University of Melbourne; calculations by Associate Professor Karien Dekker

Regression models provide information on the association between the dependent variable (persistent energy hardship) and several independent variables (household and individual characteristics). The Exp(B) shows the change in the dependent variable when the independent variable is varied and all others are held fixed.

The model below (Table 4) shows the characteristics of households that experience persistent energy hardship, compared to those that can always pay electricity, gas and phone bills on time, and can always heat their home.

Table 4: Factors affecting persistent energy hardship (2-3 years out of 3; 2014-2016)

		Could not pay electricity, gas or phone bills on time 2-3 years out of 3		Was unable to heat the home 2-3 years out of 3	
		Sig.	Exp(B)	Sig.	Exp(B)
Intercept		.000		.000	
HF5 Sex	Male	.000	0.66	.000	0.818
	Female (=ref cat)	.	.	.	.
Age in 3 classes	<=30 years	.000	1.77	.000	0.855
	31-55 years	.000	3.723	.000	1.327
	>=56 years (=ref cat)	.	.	.	.
Education 3 classes	Year 12 or less	.000	2.591	.000	2.097
	Cert or adv dip	.000	3.180	.000	3.023
	Bachelor or higher (=ref cat)	.	.	.	.
Current labour force status - broad	Employed	.000	1.743	.000	0.886
	Unemployed	.000	1.192	.000	0.698
	Not in the labour force (=ref cat)	.	.	.	.
Household type in 5 classes	Couples without kids	.000	0.769	.000	0.307
	Couples with kids	.000	1.073	.000	0.479
	Singles with kids	.000	1.570	.000	1.144
	Group households	.000	0.896	.000	0.95
	Singles (=ref cat)	.	.	.	.

Own or rent	Tenant (paying rent or living rent free)	.000	2.805	.000	2.563
	Owens outright /mortgate/ rent-buy scheme (=ref cat)	.	.	.	.
Australian Government allowances	Receives government support	.000	1.609	.000	1.644
	No support (=ref cat)	.	.	.	.
Australian Government parenting payment	Receives child support	.000	2.724	.000	0.903
	No support (=ref cat)	.	.	.	.
Percentile group of equivalised income	0-20	.000	4.755	.000	6.600
	21-40	.000	4.869	.000	4.684
	41-60	.000	3.036	.000	2.227
	61-80	.000	2.531	.000	1.572
	81-100 (=ref cat)	.	.	.	.
Mental health	Poor mental health	.000	3.147	.000	6.046
	Medium mental health	.000	1.628	.000	2.165
	Good mental health (=ref cat)	.	.	.	.
Physical limitations impact on work	Often	.000	2.714	.000	2.847
	Sometimes	.000	1.778	.000	1.283
	Never (=ref cat)	.	.	.	.

vcoss.org.au

Victorian Council of Social Service

Level 8, 128 Exhibition Street
Melbourne, Victoria, 3000

vcoss@vcoss.org.au
03 9235 1000

[@vcoss](https://twitter.com/vcoss) [f/vcoss](https://www.facebook.com/vcoss)

