

A background network diagram consisting of thin teal lines connecting several dark teal circular nodes. The nodes are scattered across the page, with a larger dark teal circle in the center containing the main title.

Energy Consumer Sentiment Survey Findings

December 2016

Energy
Consumers
Australia

Energy Consumer Sentiment Survey, December 2016

Energy Consumers Australia tracks consumer and small business sentiment to inform energy market and policy development.

Background

The Energy Consumer Sentiment Survey is a long term project for Energy Consumers Australia. It is designed to provide information on household and small business consumer sentiment with a focus on three key areas of satisfaction, confidence and activity. As the survey will be undertaken every six months it will track changes in sentiment over time and detect trends which can inform energy market and policy development in the long term interests of consumers.

This is the second national survey. It took place between 25 August 2016 and 5 September 2016.

The responses to this survey may have been influenced by a number of “top-of-mind” events including the loss of Basslink in Tasmania (restored in June 2016), rising retail prices from 1 July 2016 in most states and territories and publicity about the impacts of wholesale prices particularly in South Australia (SA). The survey took place before the system black event in South Australia on 28 September 2016.

Changes from the previous survey are reported in the key findings documents for each state and the ACT.

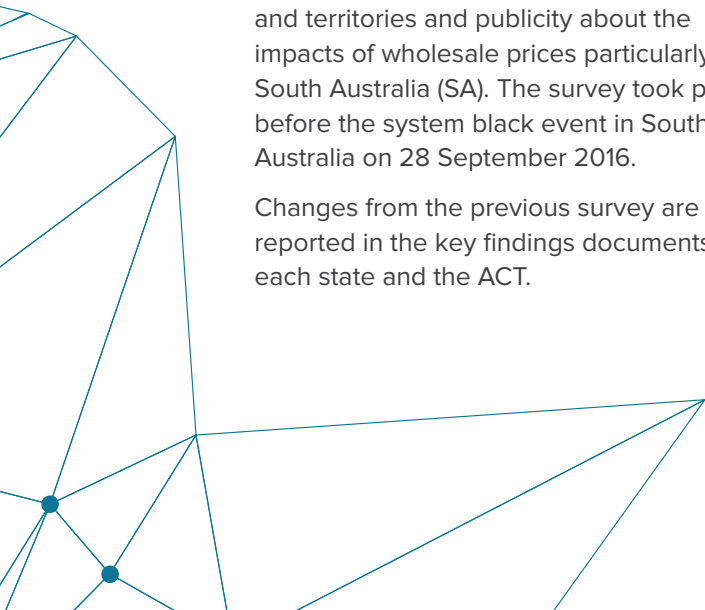
Consumer satisfaction

Consumers are telling us that overall they are satisfied with energy services. Households report relatively high levels of satisfaction with energy services. The proportion rating energy services 7 out of 10 or higher (a positive rating) ranged from 58 per cent in Tasmania to a high of 70 per cent in the Australian Capital Territory (ACT). The proportion of small businesses positively rating satisfaction with their energy services was 65 per cent.

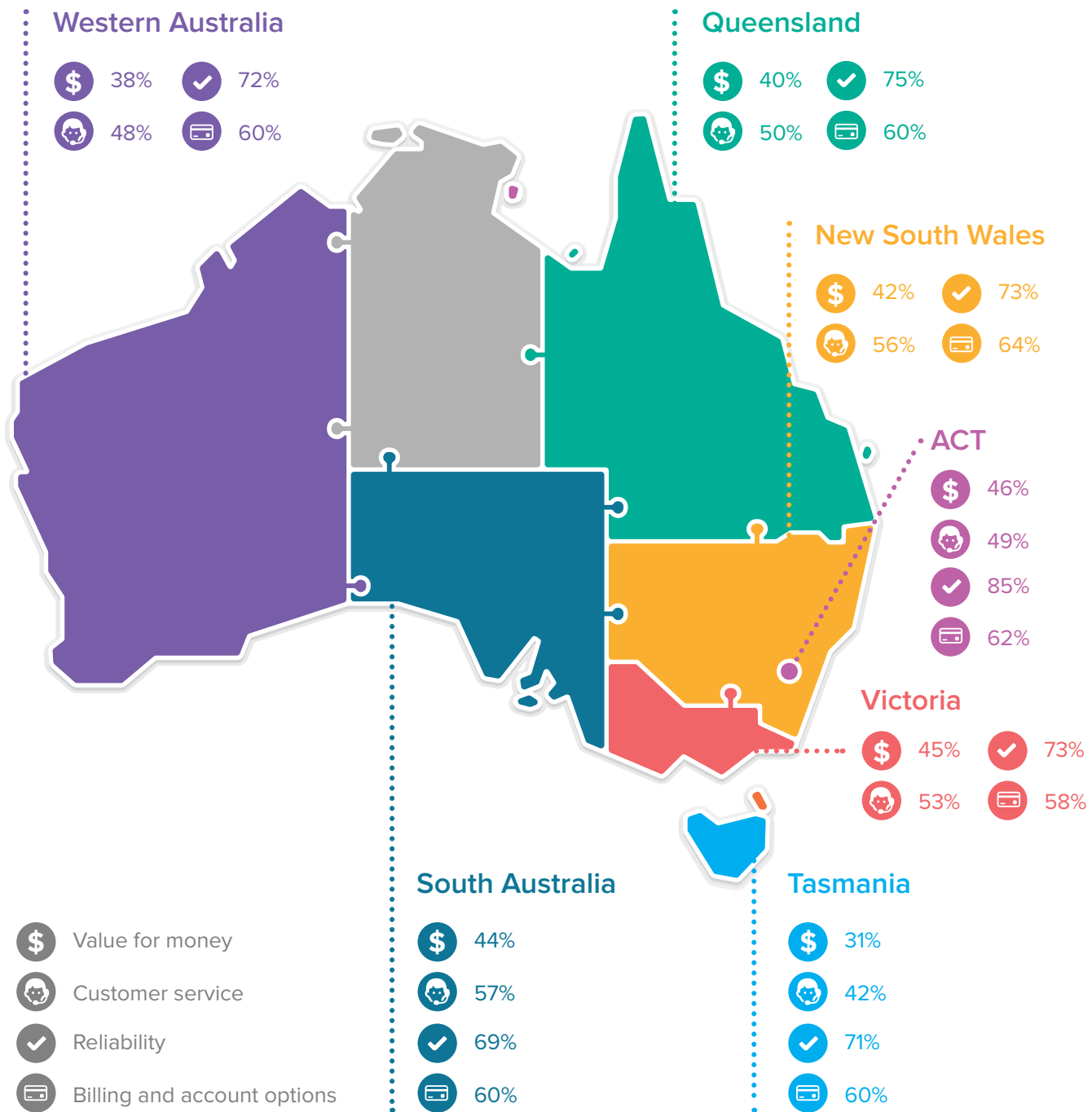
Consumers are telling us that they are least satisfied with the value for money of electricity services.

Consumers are relatively more satisfied with the value for money of their gas compared with their electricity services (except in the ACT where they are on par). The proportion of households positively rating the value for money of their gas services ranged from 46 per cent in the ACT to 66 per cent in Western Australia, and was 61 per cent among small business consumers.

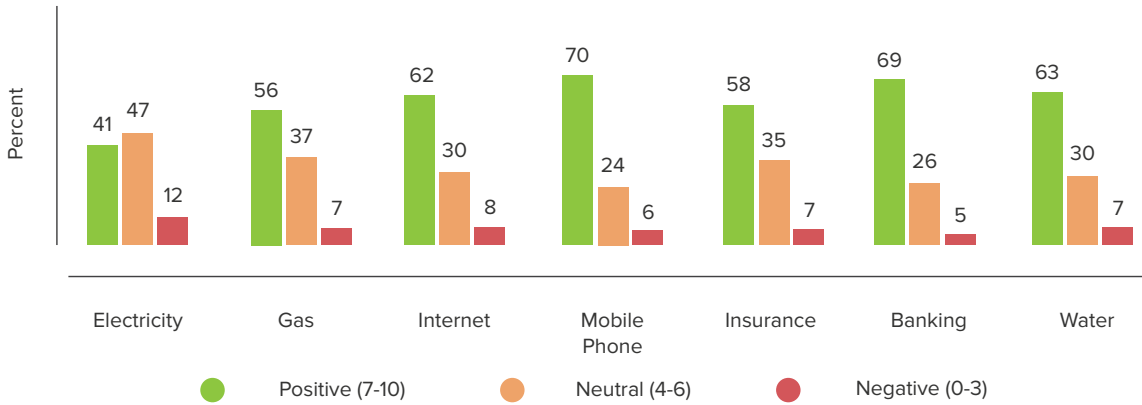
Satisfaction with the reliability of electricity services is particularly high among household consumers, although it is slightly lower for small businesses (69 per cent).



Satisfaction indicators - Electricity Households with a positive ranking (%)



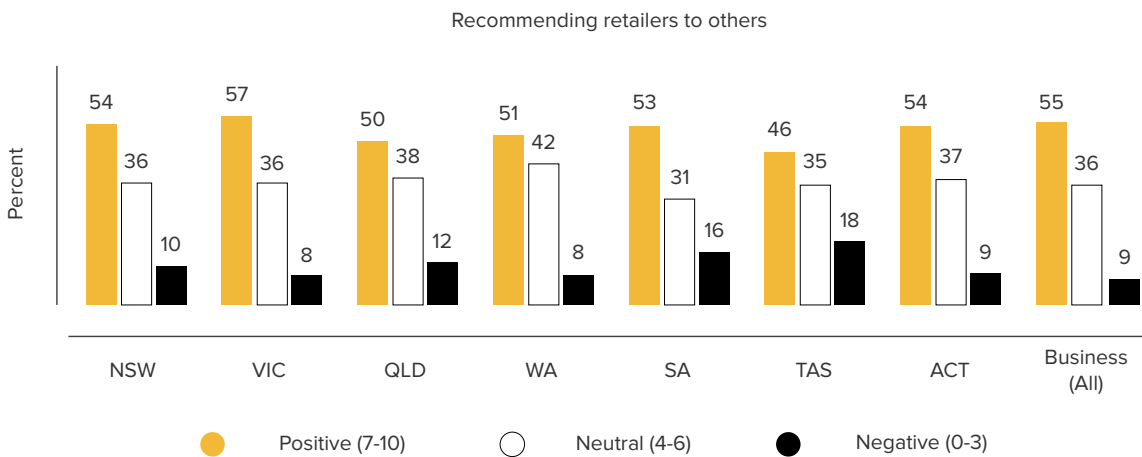
When compared with the value for money of a range of other services, households are telling us that the value for money of their electricity service (on a weighted national average basis) is significantly less than for their banking, water, mobile phone, insurance and internet services. Small business consumers are generally more satisfied with the value for money of their gas and telephone services while ranking electricity services as the least value for money.



How would you rate the overall value for money of the products and services provided by your service provider in the following areas, in the past 6 months? 0-10 scale, 0 = 'very poor', 10 = 'excellent'

Recommending retailers to others

Slightly more than half of households and small businesses (a weighted national average of 53 per cent and 55 per cent respectively) are likely to recommend their current electricity retailer to a friend or colleague, with a positive ranking of 7 out of 10 or higher. A higher proportion of all consumers (a national average of 64 per cent for households and small businesses) are likely to rank their current gas retailer positively. There is a strong correlation between this response and value for money, where consumers who said that they would recommend their electricity provider to others, also positively rated the value for money.



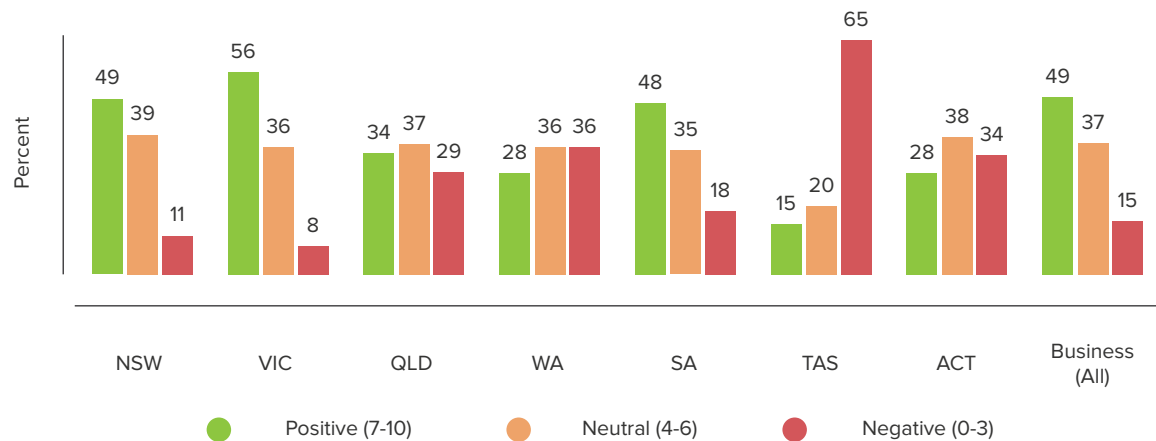
How likely is it that you would recommend your current electricity retailer to a friend or colleague? 0-10 scale, 0 = 'very poor', 10 = 'excellent'

Competition

Consumer satisfaction with the level of competition varies significantly between the states and territories.

Consumers were much more likely to be satisfied with the level of competition in Victoria, New South Wales and South Australian (where retail electricity prices are not regulated). In these states around half of households and small businesses were satisfied with the level of competition. Consumers in these states are also relatively likely to say the market is working in their interests and/or that it could provide value for money in the long term. Consumers in Queensland, Western Australia, Tasmania and the ACT are the least satisfied with the current level of competition. Consumers in these jurisdictions are the least likely to say that the market is working in their interests or that they expect better value for money in the long term.

Note that electricity prices in South East Queensland were deregulated from 1 July 2016 and gas prices in New South Wales are to be deregulated from 1 July 2017.

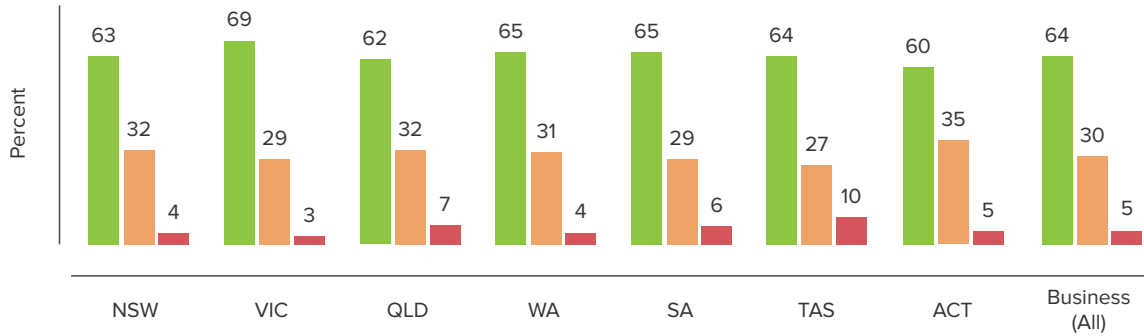


*How satisfied are you with the level of competition in the energy market in your area?
0-10 scale, 0 = 'not at all satisfied', 10 = 'very satisfied'*

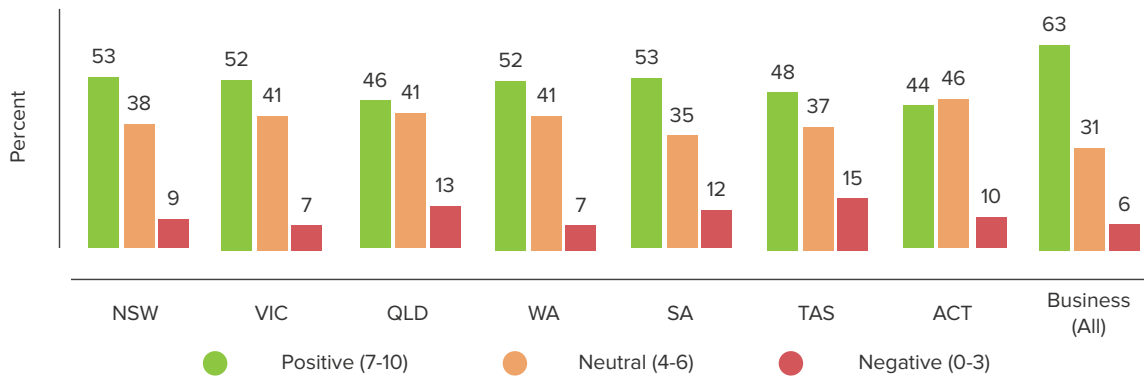


Consumer confidence

Consumers tell us that they are confident in their own abilities to choose the energy products and services that are right for them. However, they are less confident that information is available to help them make good decisions.

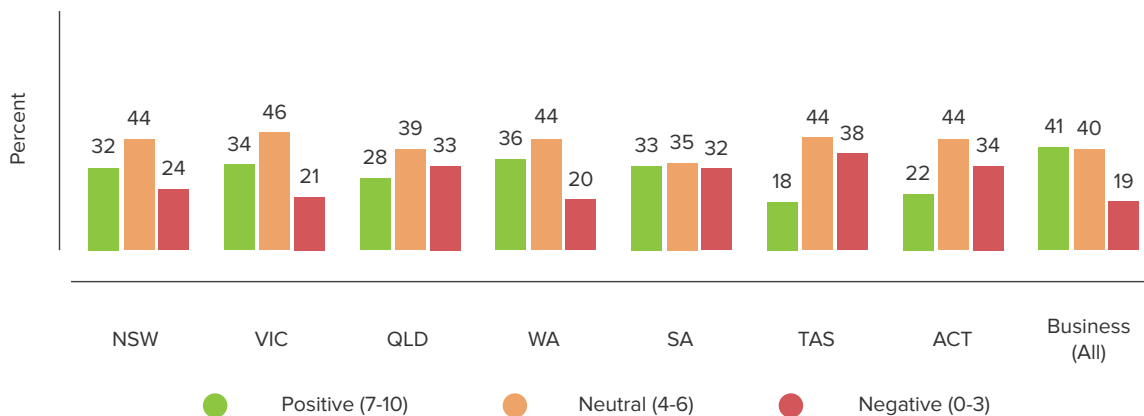


How confident do you feel in your ability to make choices about energy products? 0-10 scale, 0 = 'not at all confident', 10 = 'very confident'



How confident do you feel that there is enough easily understood information available for you to make decisions about energy products and services? 0-10 scale, 0 = 'not at all confident', 10 = 'very confident'

Less than one third of households (30 per cent nationally) and 41 per cent of small businesses are confident that the energy market is working in their long term interests.



How confident do you feel that the overall market is working in your long-term interests? By 'market' we mean the energy industry and energy regulators. 0-10 scale, 0 = 'not at all confident', 10 = 'very confident'

Further, most consumers do not expect the outcomes from the energy market to improve in the future. When asked whether they are confident the energy market will provide better value for money outcomes for them in 5 years time, few consumers gave a positive rating. The proportion of households reporting positive ratings range from 14 per cent in Tasmania, to 24 per cent in New South Wales, while 30 per cent of small businesses reported a positive ranking. On the other hand, nationally around half of all consumers are confident that the energy market will deliver improvements in reliability of power supply, although the proportions are lower in South Australia (43 per cent) and Tasmania (41 per cent).

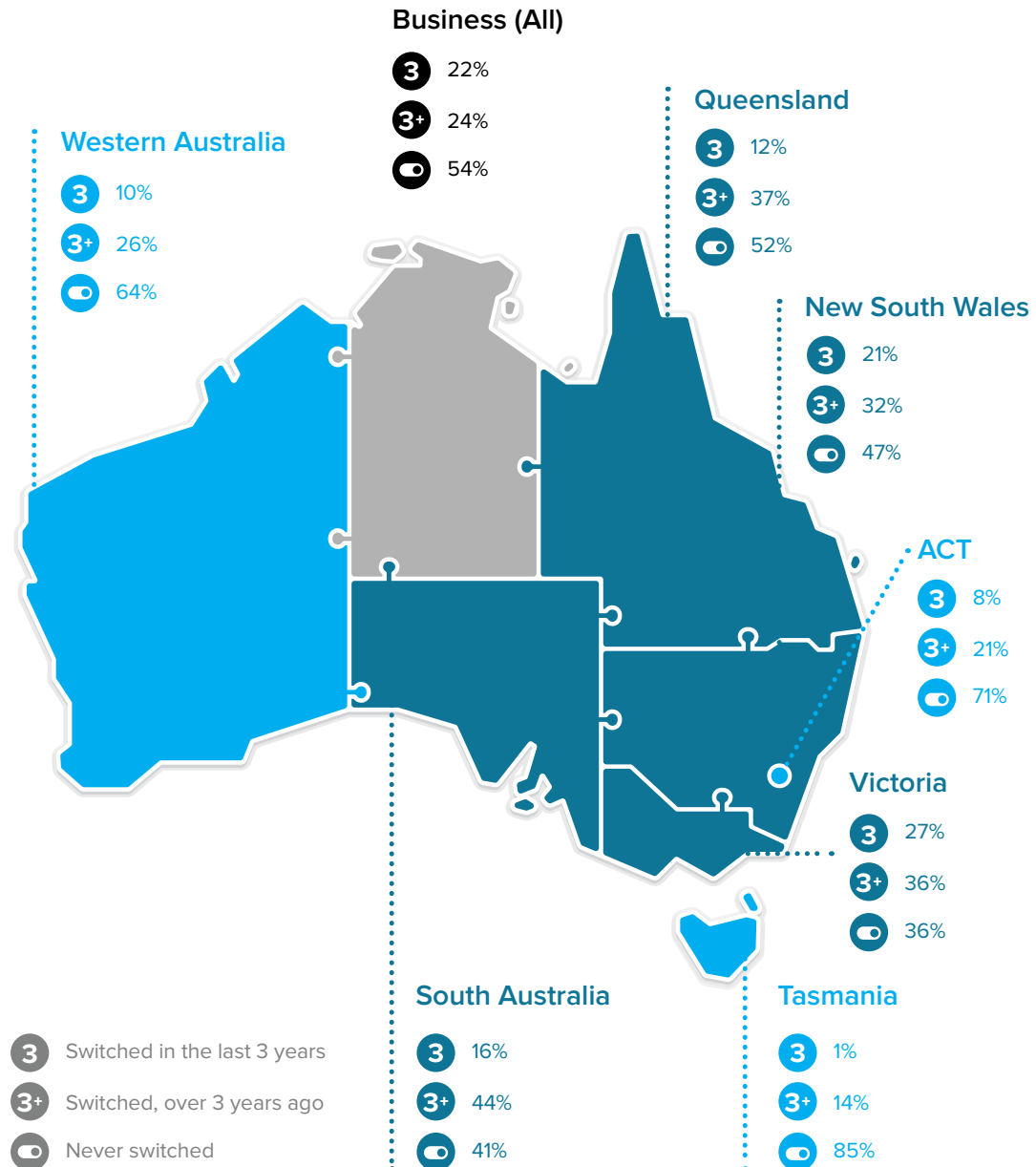


Consumer activity

Switching energy providers or plans

In Victoria, New South Wales and South Australia a majority of households considered switching their energy provider or plan in the last three years – 60 per cent, 57 per cent and 55 per cent respectively. Of those consumers that considered switching, 27 per cent of these consumers in Victoria, 21 per cent in New South Wales and 16 per cent in South Australia actually switched. For small businesses 61 per cent considered switching in the last three years, while 22 per cent actually switched.

A significant proportion of households and small businesses have never switched their energy provider or plan, with the highest rates in those markets where there is a limited number of retailers and a lack of competition. The proportion of consumers that have never switched energy providers or plans ranges from a low of 36 per cent in Victoria to a high of 85 per cent in Tasmania.



Uptake of energy management technologies

Consumers are looking to energy management technologies to manage their electricity costs. Most households and small businesses have invested in energy efficient lighting (between 68 – 83 per cent of households, 59 per cent of small businesses). Slightly less consumers have invested in energy efficient appliances (between 41 – 50 per cent of households, 38 per cent of small businesses).

Households have made significant investment in rooftop solar panels and solar hot water systems to manage their electricity costs, with the highest reported rates of uptake in Queensland, South Australia and Western Australia. The survey results suggest that the proportion of households and small businesses with rooftop solar and solar hot water systems could significantly increase in the next five years.

A significant proportion of consumers are telling us that they are confident that advances in technology will enable them to manage their energy costs in the next five years. The proportion of household consumers that are confident that technological advances in the next five years will enable them to manage energy costs ranges from a low of 43 per cent in South Australia, to a high of 52 per cent in Western Australia. Amongst small business the proportion is 51 per cent.

Energy Consumers Australia

What's next?

The survey data, together with a detailed final report (and questionnaire) are available from the ECA website www.energyconsumersaustralia.com.au

Energy Consumers Australia will next report on energy consumer sentiment in June 2017.

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