

JULY 2018



ENERGY

The lived experiences of Tasmanian consumers

OUR
VOICES
SERIES



“ Everyone has the right to a standard of living adequate for the health and well-being of themselves and their family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

UN Declaration of Human Rights, Article 25



Our vision is for
One Tasmania, free of
poverty and inequality
where everyone has
the same opportunity.

Disclaimer

This project was funded by Energy Consumers Australia Ltd (energyconsumersaustralia.com.au) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas. The views expressed in this document do not necessarily reflect the views of EnergyConsumers Australia.

A MESSAGE FROM TASSCOSS BOARD MEMBER JOHN STUBLEY

Poverty makes people resilient. Our cold climate and poverty make people resourceful.

Every day at Hobart City Mission I see people arrive looking for solutions to problems, searching for ways to improve their lives and the lives of their families. From time to time this means dropping by our Emergency Assistance service for groceries or, during Tasmania's frigid winter, warm blankets and adequate jackets to keep the cold at bay.

"People in poverty aren't looking for charity. They are looking for solutions."

And nowhere is this more obvious than in the ways Tasmanians are able to tackle their winter heating needs.

We hear this at Hobart City Mission every day. We see it in the families who move their lives and beds into the lounge room each winter so they only need to heat one room. We see it in the parents who go without meals to make sure their kids have warm winter clothing. And we see it in the tight budgeting done by a single parent who juggles casual work, medical bills and the needs of their child with their determination to pay the power bill.

When we listen to our clients' stories of survival on the lowest of incomes, we hear solutions that most of us don't need to even consider—solutions that are sometimes creative, often heartbreaking. We're cold; we turn on the heat. We need power during the dark nights of winter; we turn on a light.

The cost of energy in Tasmania as a proportion of income is increasing and becoming more and more burdensome for those of our family, friends and neighbours who can least afford it.

Tasmanians typically face a large electricity bill every three months as well as daily costs that are often hard to manage. Because energy is essential to meet people's basic needs for heating, cooking, refrigeration, hot water and communication technologies people can be forced to make sacrifices to stay connected.

This is where it pays to listen closely and openly; this is where we hear the success stories of people's resilience and skills.

Some are rightly proud of how they manage their energy use. Some manage with wise purchasing decisions, using resourceful and skillful means to navigate various discounts and rebates, along with balancing long benefits and short term costs. Others have found ways to adjust their household energy use to align with the cheapest costs.

Many people recognise the value of using energy frugally and efficiently, but for some, energy restrictions lead to compromised living conditions.

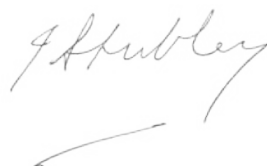
While some manage well, many Tasmanians continue to experience extreme difficulties meeting the cost of energy, especially during winter months when heating is essential. Some are forced to choose whether to heat or eat, and sacrifice social engagement or activities for children in order to maintain thermal wellbeing.

This is what we hear when we take the time to listen. This is where respect and solutions are built.

Hearing directly from our clients is essential to ensuring all the services Hobart City Mission provides, answer existing needs and work towards the longer term goal of eradicating those needs where possible—levelling the gulf between those who have it all in our State and those who are yet to grab hold of all that life can offer.

When you read this important piece of advocacy you will hear some of the voices of people who arrive at the doors of Hobart City Mission's Emergency Assistance service needing a hand up at a hard time. Each one of them has a voice.

Each one of them is a family member, friend or member of our community. And each one of them deserves to be heard.



John Stubley is CEO of Hobart City Mission.

COMPROMISING TO STAY CONNECTED

Tasmanians reduce their social engagements, curtail family activities as well as go without any food in order to pay for their electricity.

"We turn the heater down, cheaper food, go out less, restrict use of hot water, limit watering the garden, turn lights off earlier."

"We try to increase our income to suit."

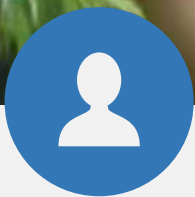
"I worry constantly about the power being cut off."

The cost of electricity can reduce people's quality of life directly and through the burden of financial worry.

While there are supports available, such as the Energy Hardship Fund, Aurora's Your Energy Support (YES) program, and emergency relief, when these resources are exhausted, and debts remain outstanding, people can still be left without the energy they need. Parents tell us of the fear that if the electricity is cut off, their children may be taken away from them. Keeping energy affordable is a critical issue for Tasmanians.



"We make payments every fortnight based on last year's usage plus 10%. Of course we would prefer to have a meal out rather than this."



CASE STUDY NAOMI'S STORY

Naomi is a single mother, with one child, on the Aurora standing offer. She receives a concession, but constantly feels the pressure of her electricity costs.

Naomi says “I’m always thinking of how to manage this bill.” At present, one Aurora quarterly bill of \$600 is due, and she has not paid anything off it yet. The next bill will come in a matter of weeks. Naomi knows she needs “to call Aurora to put something in place before the next one,” but she is yet to take this

step. “Other bills push in, things come up.” Naomi’s daughter is five, so her payments from Centrelink are reducing, but she finds that with her daughter in school, her overall costs have increased.

She puts her daughter’s needs before the bills because you have “got to sacrifice things for kids”. Winter bills are hard, then “everything piles up at Christmas. There are no easy times.”

RATIONING TO STAY WARM

"It is far too expensive to heat houses. It is especially difficult when we live in a cold climate and it is essential to heat the houses."

"I had a \$700 [gas] bill in winter. I would get up at 6am to put the heating on, but in an old draughty house it was too cold. The children just get sick."

"An electric blanket to put over knees. Lining out under house."

"In winter going to bed early with the electric blanket on. Wrap a blanket around me when watching TV."

"We adjust in winter. Warmer clothes, blanket over shoulders/body during the evening. Bed earlier when really cold."

"Get under a blanket on the couch, turn the heater down, limit use of hot water."

"I do not turn the heater on if I am home alone – I live alone too expensive. I have hot water bottle and blanket to watch TV."

"I used a hot water bottle in the winter and went to bed with 7 layers of bedding, to avoid using the heat pump to heat the room."

"I use a hot water bottle instead of a heater. Our shower in our share house runs out of hot water after 1 or 2 showers, and when there are 5 people living in the house you can often get caught having a cold shower. In winter particularly I go to public showers quite often."

"We heat only one room in winter and make sure to shut all the doors to keep the heat in. We sit on the couch with blankets and hot water bottles to keep warm."

"Only use one room in winter."

"All in one room."

"Our heating costs here are less than the cooling costs we had in outback Queensland."

"If other people's homes are like ours there would be a lot of places that are not energy efficient. Ours heats up in summer and cools in winter. A lot of our heat is 'lost'."

“We heat only one room in winter and make sure the doors are closed.”

Winter bills are a longstanding challenge for Tasmanian households. In 2011, TasCOSS heard that “Families with young children find it very difficult to heat their homes for the whole day. They tend to ‘ration’ the heating to those times of the day when it is coldest, early morning and evening.” Heating remains a challenge in 2017.

There are opportunities to target the improvement of housing material and to improve standards for rental properties. This would achieve improvements to people’s health and well-being as well as reducing heating costs.



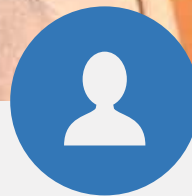
POWERLESS WHEN IT COMES TO POWER CHOICES

Renters

Rental tenants (private or public) can't always make changes to their homes they otherwise might to improve power usage and increase comfort.

One young person reported that their parents had thought about solar, but are renting. As in many other jurisdictions, renters don't have the right to make material changes to the property without the landlord's consent. And as Chrissie's story shows, landlord decisions and attitudes can have a financial impact on the renter that may outlast the tenancy.

“My electricity bills were between \$500 and \$700 each quarter. I struggled as a single parent with one child to make the payments even with the winter concession.”



CASE STUDY CHRISSIE'S STORY

“I had landlords who have an old water system and it was outside and it was big. My electricity bills were between \$500 and \$700 each quarter. I struggled as a single parent with one child to make the payments even with the winter concession. I haven't been able to get a full bill paid off and as a result I have a bill that is around the \$2000 mark now. I need to leave the place I have been renting for the past 4 and a bit years as this house has now been sold by my landlords. I am worried about getting a reconnection to the next property with the outstanding bill.”

New Ways to Balance Costs

"Recently purchased 12x solar panels to assist with cost of energy. A huge outlay for a person on an average wage but hope the panels will make a difference very soon."

"We try to be extra efficient. Reducing our carbon footprint is also extremely important to us. We also have a minimalist philosophy happily."

"Because we have solar our bills are in credit. When the feed in tariff expires we may get battery to save further electricity use. Our aim is to reduce emissions, set an example, not costs."

"Make it 120% renewable as soon as possible. Carbon emissions are another part of the energy story. They are another reason—apart from cost—for saving on energy."

A divide may be emerging between people who can access solar and other new technology options, and those who have to purchase all their electricity from the grid. Being a tenant is one barrier, but the up-front cost is also prohibitive for some people:

- People recognise the environmental side of energy decisions, although we heard about these less than about cost savings.
- Clearly not everyone can afford energy options that require up front investment or loan repayment. Identifying and advocating for ways to support people and cohorts that are missing out on government funded programs is important to ensure people are not left further behind.

Even with solar panels, winter bills can remain high, because solar availability does not coincide with Tasmania's peak energy use.



CASE STUDY ANDREW'S STORY

"Having installed solar panels 2 years ago we now are part time workers so do more washing/dishwasher use during sunny hours. Would like more payment for power we feed back into the system and/or incentives to assist with battery installation (our next investment!). Even with our approach to a cooler house over winter, solar panels & using clothes/blankets for extra warmth we pay \$2000 over the winter period to maintain comfort and control mould in the older parts of the house."



CASE STUDY ANYA'S STORY

Anya is in college, and lives independently, renting a room with family friends. Her rent includes the power bill, so fuel for her car is the main cost as she lives out of town. Long term, Anya wants her own place with solar power, and by then she hopes the cost might have come down.

REDUCING USE TO REDUCE COST

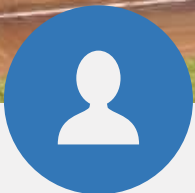
“Get under a blanket on the couch, turn the heater down, limit use of hot water.”

“Over 2 winter quarters [half the year] we go out less as the bills are going to be much higher and need payment within a short time frame once received.”

People’s experience with managing bills through behavior change and material change is diverse. Many people (most participants in our consultation) are aware that turning off lights and stand-by appliances can make a difference. And we know from other programs that for some people it is possible to reduce energy use and maintain comfort. However, when people live in homes that are hard—or impossible—to heat efficiently, and are limited to the use of inefficient appliances, there is little capacity to reduce energy costs. Behaviour change such as switching off lights is outweighed by the material environment. When struggling to cope financially, people take further steps, even to the extent of compromising wellbeing.

“Casey’s household can require up to \$90 power per week in winter. She knows she can run her home very frugally to spend only \$50 per week when other bills need to be paid.”





CASE STUDY CASEY'S STORY

Casey is a single parent with two children at home. Two years ago, her household income reduced significantly, when her youngest child turned eight, and her Centrelink income support changed from Parenting Payment to Newstart.

She uses the Aurora Pay As You Go system to manage her energy use as well as cost.

Casey worked out the intricacies of the APAYG time of use, and has developed a series of strategies to understand and manage electricity use. For example, Casey turns the hot water cylinder on and off at certain times to ensure it re-heats only during the cheapest part of TOU tariff.

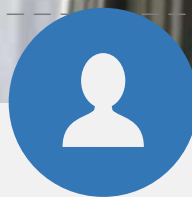
She imposes strict requirements on the children to recharge devices only overnight, and even removes light globes from the rooms where these are not needed—such as bedrooms.

Casey's household can require up to \$90 power per week in winter. She knows she can run her home very frugally to spend only \$50 per week when other bills need to be paid. For Casey APAYG allows real time monitoring of use and cost, and it **"definitely assists managing"**.

KEEPING WARM THROUGH HOUSING STRESS

Emergency relief providers often hear of the challenges households meet when circumstances suddenly change. When family members—or others—stay for a while, the original household member may face financial strife when increased energy bills arrive after a visitor has moved on. Managing energy use is not a ‘one size fits all’ approach, and a visiting person may have different needs—such as a new baby—or a different way of living, such as a family member from interstate who leaves doors open, or just not be used to the ‘time of use’ discipline that enables some households to keep costs in check.

Couch-surfers and visitors have their own struggles. Couch-surfing is a form of homelessness and as such inherently stressful. Knowing that your presence will be impacting financially on your hosts makes the experience more intense and stressful. Services report that some visitors and couch-surfers “basically exhaust their funds helping out in a form of pseudo board so when they find their own place they don’t have any left over money.”



CASE STUDIES ANTONIA'S STORY

Antonia is a single mother with a 12 year old living at home. In the past, she had gas heating which was “horrible” and cost \$700 in winter, on top of her electricity bill. Antonia considers herself ‘power conscious’, but she lives in an old draughty house, which is difficult to keep warm. This year, Antonia had a heat pump installed, and her adult daughter and baby came to stay during winter. The first bill covering the period with her daughter staying, and new heat pump installed is yet to arrive. Until now, she has kept up with electricity bills and hasn’t had to deal with Aurora, but she has already found energy costs hard to manage. She does not know what this next bill will amount to.



CASE STUDY EMILY'S STORY

Emily is a young person, living away from home, but not yet established in her own household. She is staying with friends (couch-surfing) while she makes efforts to find a rental property to share with her partner (who is currently in crisis accommodation). She tries to be conservative with energy as far as possible, seeing this as part of showing respect for the people she is staying with, not abuse their hospitality. “People say anything is fine, but it is a blurry line.”

ENERGY TOP-OF-MIND FOR TASMANIANS

"We need more competition in TAS, making it a more competitive marketplace and driving the prices down."

"I moved from the mainland. Horrified at the cost of the essential services here!!! ONE supplier is a monopoly!! Had a terrible experience with a previous house and the 'solar panel' installation that higher bills that what we had! He was found to be a rip-off artist but just disappeared when authorities came after him. The home owners were left with a mess and we were asked to move as a consequence. Make Hydro accountable for the charges!! Greater transparency of the system (which is ridiculously confusing!!!) The government needs to step in and scrutinise them."

"In Tasmania we do not have choice of providers to allow for comparative pricing. Often the majority of the invoice is or administration cost not usage. I would consider swapping to another provider if there was a viable second option."

"Re-integrate the electricity businesses [Hydro Tas, TasNetworks and Aurora] into a single entity."

"Should be a referendum if the government wants to sell public assets and essential services."

"Build small dams to lessen load on Hydro storage."

"I think that if we didn't sell so much then we would have enough to get through. The company should be looking into affordability for tas not profits by selling the power."

"I think we need a baseline tariff and a luxury tariff for energy use. Baseline tariff could be according to household size up to a certain amount of energy use. Any energy use above it should be charged at a higher level. This higher level charges can subsidise the lower baseline tariff."

"Government does not seem interested in lowering costs or helping consumers to lower costs and usage."

"The retailer needs to be providing options to customers."

"I would like to know the hard facts about price increases and exactly what the money goes to, and how to find cheaper providers, and how to save money and energy."

Perhaps in response to the frequent discussions about energy in the media, people are actively thinking about systemic energy issues. Opinions are diverse:

- Some see competition as a way of improving affordability while others see value in maintaining public ownership.
- Some people have specific suggestions about ways to improve Tasmania's energy system.
- There are different perceptions of who might be responsible for energy challenges, and
- People want information and recognise its value

TASCOSS MEMBERS AT THE FRONTLINE

The Energy Consumers Australia Consumer Sentiment Survey 2017 finds that “Tasmania still has the lowest satisfaction in value for money”.

Tasmanians recognise energy as an essential service that everyone needs, reinforcing our advocacy for a fair and inclusive energy system. Some people told us that while they might not find it difficult to pay for the energy they use in their own households, they are concerned that others in the community face serious hardship.

These comments validate TasCOSS’s commitment to continue to advocate for energy as an essential service.

“A discount for registered charities would be nice.”

“Since redesign/rebuild of place, architect was eco minded so things are in place. Panel heating is wired in, so on better tariff.”

“We applied for a grant for solar panels and were successful and these help us manage our heating costs, I think we have gone from \$3,000 bill during winter to now with the solar panels \$1,000.”

“The [] Centre has a limited budget and to manage the eight heat pumps we have at the centre of course we have to economise.”

“I am currently working and can manage my electricity, however many people on benefits have to go without essentials like food and clothing to pay their energy bills, even with cutting the power use to a minimum.”

“I am concerned about the cost of energy for the elderly and families who have to go without.”

“ I am currently working and can manage my electricity, however many people on benefits have to go without essentials like food and clothing to pay their energy bills, even with cutting the power use to a minimum.”

WHERE TO NEXT?



Having taken the time to listen, what are the next steps?

There is a clear need to continue advocacy for affordability, and safety nets when people are in immediate or impending financial strife. Tariff reform is slated to gradually align the currently discounted rate for wired in heating and hot water (Tariff 41) with the cost of lights and power (Tariff 31). While this change has a long horizon (up to 15 years), it may increase energy hardship in winter, because heating that is currently at a cheaper tariff will become more expensive. The trend to cost reflective pricing likewise may impose greater burdens on those who can least afford it, with the increase in supply charge an inflexible component of the bill.

Tasmanians who said they were receiving concessions almost universally reported struggling to pay bills so it is a priority to review the adequacy of the concessional framework, and to ensure it aligns with emergent cost reflective pricing and tariff alignment.

Currently, those entitled to a concession receive a payment approximately equal to the daily supply charge, a flat annual rate of \$484, paid per day.

This amount covers the daily supply charge for Tariff 31 and 41 and means that households receive the same concession, regardless of size, or use of electricity. A percentage-based concession would be one way to align the amount of concession with the energy use of the household. However, the introduction of any change that benefits some households would need to avoid pushing other people into hardship by reducing their current level of support for energy costs. TasCOSS will maintain a watching brief on concessions and reviews in other jurisdictions, aiming to identify and advocate for best practice in Tasmania.

We are still hearing from people about their struggles to stay warm. We note that the Government programs of TEELS and NILS subsidy in 2017 may see material improvements to houses and more efficient and effective appliances that will relieve energy poverty in winter. TasCOSS will continue to listen to the voices of Tasmanians on this issue and work with government, service providers and consumers to find solutions.

About TasCOSS

TasCOSS is the peak body for the community services sector in Tasmania. Our membership includes individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.



INTEGRITY
COMPASSION
INFLUENCE

→ tascoss.org.au
