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8 August 2013

Energy Market and Programs Division
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Review of the REES – Directions Paper

The Energy Supply Association of Australia (esaa) welcomes the opportunity to make a submission to the South Australian Department for Manufacturing, Innovation, Trade, Resources and Energy's (DMITRE) review of the Residential Energy Efficiency Scheme (REES).

The esaa is the peak industry body for the stationary energy sector in Australia and represents the policy positions of the Chief Executives of 36 electricity and downstream natural gas businesses. These businesses own and operate some $120 billion in assets, employ more than 51,000 people and contribute $16.5 billion directly to the nation's Gross Domestic Product.

Barriers to energy efficiency

The esaa supports greater efficiency and productivity across the Australian economy. This includes the use of energy itself. Energy efficiency is not an end in itself, but is worthwhile when the costs to achieve lower energy use are lower than the costs to produce and transport the energy saved.

In general, the users of energy should be best-placed to make that trade-off. There may be some barriers to their doing so, for example:

1. static, inefficient and non-cost reflective consumer pricing;
2. information asymmetries in consumer education;
3. capital constraints faced by financially vulnerable consumers;
4. split incentives (landlord/tenant) to install energy efficient products; and
5. bounded rationality (limited understanding/interest dictating product purchase).

In addition, the esaa notes that cost-reflective pricing is the only price-based barrier to energy efficiency. With this in mind, it makes little sense to try to address the remaining barriers to energy efficiency through a market-based white certificate scheme.

There are a series of other federal and state government measures that seek to address the remaining barriers to energy efficiency. For example, the Australian

Government's Home Energy Saver Scheme addresses informational gaps and provides no interest loans for low-income households, and on 3 July 2013, the Federal Government released details of $110 million worth of grants for energy efficiency projects as part of the Clean Energy Future package. There are ongoing developments in minimum performance standards for appliances and energy labelling which assist in both informational gaps and preventing households and businesses 'locking-in' energy inefficiency to some degree.

No justification for the REES

Targets for the REES are based on greenhouse gas emissions reductions. The esaa considers that with a carbon price now in place in Australia, it is no longer necessary or appropriate for the Scheme to target greenhouse gas emissions reductions. This is duplicative and is not complementary to the national carbon price. Additionally, emissions reductions policies are best addressed at a national or international level. It is inefficient for the South Australian Government to enact policies designed to reduce emissions when national level policies will provide the most efficient response.

A further change to be taken into account is that electricity consumption has begun to decline. This decoupling of electricity use from economic growth is unprecedented and may not continue indefinitely, but for the present it changes the societal benefits from energy efficiency. While demand was growing, energy efficiency could reasonably be assumed to lead to deferral of investment in generation and potentially network infrastructure (although the latter is largely driven by *peak* demand). Currently, that assumption does not hold. Energy efficiency is likely from a societal benefit to save only the marginal cost of the energy production. This is largely fuel cost plus carbon price for thermal plant. Accordingly, the private incentive for energy efficiency, i.e. the retail electricity price is likely to be *higher* than the societal benefit. This should not inhibit individual households and businesses from making the energy efficiency choices that suit them, but it removes the rationale for government intervention.

The esaa also has concerns with the mix of technologies contributing to reaching the target. There is a distinct lack of diversity in the REES with just two activities – lighting and shower heads – responsible for creating the vast majority of certificates. In 2012, standby power controllers (SPCs) entered the market and made up over half of the energy efficiency activities undertaken that year.[1] Under certain circumstances, this could be an efficient response, with the market finding the most cost-effective technologies to meet scheme compliance. But, given that both activities rely on deeming and providing customers with the product for free, the Association queries how effective these technologies really are in creating long-lasting behaviour change. Providing products for free undermines the chances of customers engaging actively and choosing cost-effective outcomes for themselves. This situation also provides an incentive for technology developers to focus on marketing and having their product approved for eligibility rather than encouraging meaningful action from consumers.

[1] ESCOSA, June 2013, *Residential Energy Efficiency Scheme Annual Report: Administration of the Scheme in 2012*

In addition, the esaa understands that concerns have been raised in other jurisdictions about whether many standby power controllers (SPCs) are still in use. While Pitt & Sherry's Evaluation of the REES assesses attitudes to SPCs, it does not ask whether these devices are still being used several months after installation. We contend that given these devices may represent a large proportion of certificates created recently, up-to-date studies should be carried out to assess whether these devices are still being used several months after their installation. It is important to gain robust information on the level of ongoing use of SPCs to be able to determine the efficacy of the REES scheme to date.

With a variety of programs already addressing the non-price barriers to energy efficiency, the deregulation of the South Australian retail electricity market from 1 February 2013, and the implementation of a carbon price in Australia, the esaa considers that the South Australian Government should sunset the REES at the end of 2014. The scheme is duplicative, non-complementary and fails to address the actual barriers to energy efficiency. The actual ongoing savings to those who participate are unclear, but the costs the scheme imposes on all users are not.

Scheme reform options in the event the scheme is retained

While the esaa's position is for the REES to sunset at the conclusion of its six-year implementation period at the end of 2014, DMITRE's Directions Paper appears to heavily favour retaining the scheme. In this case, the esaa recommends a number of changes to the REES to improve its efficiency and lower compliance costs.

DMITRE's proposal to reset the scheme objective "to reduce energy use, with a particular focus on low-income households," rather than to reduce greenhouse gas emissions is sensible given the introduction of a national carbon price. The Association considers that this proposed objective only provides half the story. It is crucial that any reductions in energy use are achieved in an economically and socially efficient manner. Reducing energy use could be achieved by simply turning off appliances. This does not necessarily represent a positive outcome for consumers who require energy for cooking, heating and air-conditioning. The Association considers that the revised scheme objective should be something similar to "reduce energy use in an economically and socially efficient manner." An associated change in the Scheme's metric to an energy-based measure is also proposed in the Directions Paper and would be appropriate under the circumstances.

The Directions Paper outlines the possibility of expanding the REES to cover small- and medium-sized enterprises (SMEs) as well as the residential sector. DMITRE identifies that by expanding the Scheme to SMEs, fewer activities may take place in the residential sector if the commercial sector offered a lower cost means of meeting targets. It seems that the Department sees this as a sub-optimal outcome. On the contrary, the esaa considers that this is exactly how a market should operate. Targets should be met from the lowest-cost source regardless of which sector they occur in. Trying to limit the sectors that are eligible for the scheme will likely result in higher compliance costs, which will flow on to higher retail electricity prices.

The possibility of harmonising the REES with other state-based schemes is also raised in the Directions Paper. The esaa considers that such an approach would provide benefits to both South Australia and other states as it would allow for targets to be met in the most cost-effective manner possible. This should result in lower overall costs for energy retailers and reduce the cost impact on households.

Currently, the REES has sub-targets for priority group households which are generally defined as a residential premises where a person holds a concession card or are experiencing hardship (as determined by ESCOSA). The esaa agrees that it is important to find ways to help low-income households or vulnerable consumers to lower their energy bills. In March 2013, the esaa released a report prepared by Deloitte that looked at whether households in need of help with energy bills were being adequately assisted by existing energy concessions and hardship policies.[2] The report identified young families, families who have just purchased their first home, low income singles and regional consumers not connected to the grid as new classes of vulnerable consumers overlooked by most concessions systems around the country. While energy concessions for SA households are beyond the remit of DMITRE's report, we contend that there are many lessons in this report that could help the Department to appropriately identify households in need of support. The report is attached to this submission.

Conclusion

The above suggestions for improving the REES should not be taken as support for the continuation of the Scheme. The Association considers that the South Australian Government should sunset the Scheme at the conclusion of its six-year implementation period at the end of 2014 for the reasons set out in the first half of this submission. The REES is duplicative, not complementary to Australia's carbon price and fails to adequately address the barriers to energy efficiency.

Any questions about our submission should be addressed to Ben Pryor, by email to ben.pryor@esaa.com.au or by telephone on (03) 9205 3103.

Yours sincerely

Kieran Donoghue
General Manager, Policy

[2] esaa, 2013, *Improving Energy Concessions and Hardship Payments Policies.* Available at: http://www.esaa.com.au/policy/improving_energy_concessions_and_hardship_payments

Energy Supply Association of Australia

Improving energy concessions and hardship payments policies

25 February 2013

Final Report

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25 February 2013

Andrew Dillon
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Dear Andrew,

We are pleased to submit our final report on the current status of energy concessions and hardship payments in Australia and the design of best practice mechanisms to protect vulnerable consumers.

Yours sincerely

Kumar Padisetti
Partner
Deloitte Corporate Finance Pty Limited

Contents

Executive summary

Electricity prices have increased significantly in recent years, and lowering customers' energy bills is now a key policy focus, both for Federal and State and Territory Governments.

Increases in energy bills clearly have the greatest impact on the most vulnerable members of society. When coupled with an inability to pay to improve the energy efficiency of their homes and appliances, these increases leave more and more customers vulnerable and in need of government assistance.

Our review of energy concessions and hardship policies has highlighted that the broad policy architecture supporting vulnerable energy consumers is in need of review and renewal. This report represents an early step in an industry led initiative to focus on the key issues associated with energy vulnerability. It will assist the ESAA to frame a dialogue on the most appropriate policy instruments to respond to energy vulnerability.

Deloitte was engaged to conduct a high-level study on ways to improve assistance for vulnerable Australian customers faced with energy price changes. In particular, our analysis addresses the ESAA's five key questions concerning:

- the range of measures currently in place in Australia
- an identification of vulnerable groups and how they might best be targeted
- the impact of deregulating energy markets on these groups
- how assistance is provided to vulnerable customers in international markets, and
- the optimal method(s) of targeting vulnerable customers in Australia.

Measures currently in place in Australia

Australia currently has no operational definition of 'vulnerable' energy customers. We have thus, for the purposes of this report defined it as *those that are at risk of experiencing genuine financial stress due to moderate increases in their energy bills.* Financial stress is a general term to describe the circumstances that surround those who are unable to fund their basic cost of living expenses.

Currently, energy concessions and hardship payments for vulnerable customers are provided by State and Territory Governments under the Australian Energy Market Agreement (2006). In general, concessions and hardship payments are structured in a similar fashion among the states, and eligibility is tied to Commonwealth benefits, with the exception of some seniors' benefits in Western Australia, the Northern Territory and Queensland. Of all states and territories, Victoria offers the most comprehensive suite of specific benefits, including targeting vulnerable groups who require benefits for particular reasons, such as air conditioning for the operation of medical equipment.

Vulnerable groups and how they might be targeted

We have identified four potentially vulnerable groups that may be at risk of 'falling between the cracks' in the current system. These groups are:

- **Family Formation Group** – this group is eligible for Family Tax Benefit Part A, but is not eligible for a Commonwealth Health Care Card and therefore not eligible for energy concessions. Typically, this group has large energy requirements and may include families with infants, or single parent families. This group could be targeted by granting energy concessions to all Family Tax Benefit Part A recipients;
- **Single renters with low income** – this group earns more than $25,000 per annum, and is therefore not eligible for assistance. Again, targeting this group is difficult, although they may benefit from education and other programs relating to energy efficiency, such as the No Income Loan Scheme (NILS);

- **Regional customers with low income not connected to the energy network** – this group may not be eligible for benefits as they exceed income thresholds, but often have higher energy costs than urban customers and are thus relatively exposed. Expanding the current non-mains utility grant schemes to a broader income bracket could help target this group more effectively;
- **New home buyers with low after-housing cost income** – this group may also exceed income thresholds before taking into account housing costs, but be considered very low income after these costs are removed. This group may also find it prohibitively expensive to change an inefficient appliance mix. It would be difficult to target this group precisely.

The impact of deregulation on vulnerable groups

The impact of retail energy price deregulation on vulnerable energy customers may fall unevenly. However, previous research we have conducted for the Victorian Department of Primary Industries concluded that time of use (TOU) and critical peak pricing (CPP) may actually benefit some vulnerable groups. By participating in TOU and CPP programs and responding to new price signals (where this is possible), vulnerable customers can reduce their electricity bills.

Introducing these pricing schemes on a voluntary basis, supported by effective education campaigns that target vulnerable customers in particular will reduce the risk of vulnerable customers finding themselves in greater financial difficulties due to the new pricing structures.

International experience

Internationally, the UK focuses on the concept of ‘fuel poverty’, that is, customers whose annual expenditure on energy bills is more than 10% of their total annual after-tax income. In contrast to Australia, UK customers typically experience spikes in their energy usage during the winter, and vulnerable customers are compensated for the corresponding increase in their costs through lump-sum transfers, some of which are available only to those on government benefit schemes, and others which are available to all energy consumers.

In the US, concessions payments are more commonly provided as percentage-based discounts or rebates. Some schemes, such as the Family Electric Rate Assistance Program, offer a discounted kWh rate to eligible families, allowing them to avoid incurring higher tier energy rates when their energy usage increases.

Price and income based hardship payments and concessions are common, however, a number of countries are also focusing on improving the energy efficiency of vulnerable households through home improvements and appliance upgrades. New Zealand’s ENERGYWISE program, and the Welsh Government’s Nest scheme are both examples of targeted energy efficiency programs.

International experience suggests that the programs which are more effective in targeting vulnerable customers are means-tested. Further, programs that offer percentage-based concessions rather than lump sum transfers are also effective, as these provide proportionally greater support to households with larger energy requirements.

The optimal methods of targeting vulnerable groups in Australia

Our review has concluded that the type and structure of energy concessions in Australia is generally appropriate, although some states provide more effective support to vulnerable energy customers than others.

We recommend that the State and Territory Governments (other than Victoria which already has such measures in place) consider adopting concessions as a percentage of customer bills, rather than a lump sum transfers, however, we acknowledge that this could have implications for concessions budgets. Further, we recommend that emphasis be placed on the effective identification of vulnerable customers who are currently missing out on concessions, through addressing the eligibility criteria at a state and territory level.

Our recommendations include:

- **Target the Family Formation Group** – we recommend an expansion of eligibility for energy concessions and rebates to Family Tax Benefit Part A recipients receiving at least the base rate. We consider that the concession rate could be applied in the context of the size of families, using the structure of Family Tax Benefit Part A as a means to identify households with greater energy needs. Recent research suggests large families are a group facing the greatest level of vulnerability to energy bills[1], and this approach could ensure more vulnerable customers are targeted for assistance. Percentage of bill based concessions would also proportionally better assist larger energy users.
- **Energy efficiency assistance measures** – continued focus on energy efficiency is an excellent means of targeting vulnerable customers over the long term. To target vulnerable groups more precisely, governments could pay particular attention to improving the energy efficiency of public housing. Governments could also consider providing energy efficiency improvements to customers who qualify for Family Tax Benefit Part A benefits, under the same eligibility criteria. This would support vulnerable customers to meet their long term energy needs.
- **Education and customer engagement** – new flexible pricing structures should not exclude vulnerable customers, as many are likely to benefit from these schemes. However, energy bill drivers are not well understood by vulnerable groups, and education programs to help customers better understand their energy use would be valuable.

In addition to these general recommendations, we have conducted a state-by-state analysis of the current energy concessions and hardship policies and made some recommendations for further quantitative research and analysis on potential improvements to the current arrangements.

[1] Simshauser, P., Nelson, T., (2012), *Energy market death spiral – rethinking customer hardship*

1 Introduction

1.1 Background

Due to substantial increases in electricity prices in recent years, lowering customer energy bills is at the forefront of both Australian and State and Territory Government policy agendas. The Prime Minister has recently announced the Government's intentions to implement reforms to lower energy bills, including by reducing the costs of meeting peak demand.

Electricity prices have been rising as a result of network capital expenditure to meet rising peak demand, environmental policies, the carbon tax and renewable energy schemes, as well as a cyclical increase in the replacement of electricity assets in some states. This rise in network capital expenditure and other costs combined with a reduction in units of energy sales has resulted in higher average fixed energy costs per user.

Increasing average house sizes in Australia have also undoubtedly contributed to increases in the average energy bills, as has the increase in low cost imported electrical appliances.

Increases in energy bills affect the wellbeing of the most vulnerable in society to the greatest degree, as those with a low, fixed income have limited ability to cope with cost of living increases. In addition, low income customers have lesser ability to invest in energy efficiency measures to reduce their costs over the long term. Bill increases can also raise the cost to government of providing energy concessions (where they are applied in proportion to bills) and hardship assistance programs, as more people fall into difficulty keeping up with their bills.

Recent analysis of the types of customers participating in electricity retailer hardship programs suggests that there are some groups in society that are vulnerable to financial stress caused by energy bill increases, however, they are not eligible for any energy concessions or hardship assistance.

This analysis by energy economist Paul Simshauser, titled 'Energy market death spiral – rethinking customer hardship' presented an analysis that suggested AGL's most vulnerable customers are those living in the biggest houses, with dependent children and consequently high energy use that is difficult to control. Simshauser noted that while rising incomes are generally keeping the percentage of income spent on energy relatively stable, vulnerable households suffer because energy prices are rising faster than concession payments which are only adjusted for CPI (except for Victoria's percentage based concessions), increasing the risk of vulnerable groups entering financial hardship. This suggests that the current concessions framework is failing to assist those who need it most. This supports the case for percentage based concessions, which automatically adjust in response to increases in prices.

The widespread introduction of smart meters is being considered across Australia. Victoria will have 2.5 million smart meters installed in small residential and business customer premises by the end of 2013. Smart meters facilitate new pricing structures which provide incentives for customers to lower their energy consumption at peak times. Time of Use (TOU) and Critical Peak Pricing (CPP) programs have the potential to help vulnerable customers to lower their energy bills from the current level, however, careful consideration needs to be given to ways to protect the vulnerable from bill shocks that could occur on TOU and CPP. Most recently, the Australian Government has announced its intentions to target energy bill increases through smart meters and TOU pricing.

Given the changes being considered in energy markets, and with deregulation of electricity prices also being debated by various state and territory governments, it is timely to review the current policy arrangements governing energy concessions and hardship assistance. By looking to international best-practice approaches and considering vulnerability in the context of broader policies to reduce peak demand and improve energy efficiency, improvements can be made that will enhance the efficiency of concessions and reduce the vulnerability of energy customers.

1.2 Scope of report

The ESAA engaged Deloitte to undertake a high-level desktop review of the current status of domestic and international energy concession and hardship frameworks available to assist vulnerable energy consumers. This report also discusses the likely impacts of the introduction of TOU, CPP, and direct load control pricing on vulnerable groups, and provides a general assessment as to how energy concession and hardship frameworks could be amended to provide more targeted and efficient support for vulnerable customers.

The scope of our work is to address the following five questions posed by the ESAA:

1. What are the range of measures currently in place across Australia to assist vulnerable households with energy costs? How are they defined and applied? How effective/equitable/efficient are they? What distortions, if any, do they create?

2. What other demographic or otherwise identifiable "groups" in the economy face genuine difficulties from rising energy costs? How could these groups be defined? Can they be identified and targeted for support? How would this work? What form(s) of assistance would be most beneficial? How would any measure like this avoid providing assistance to similar households not under financial stress?

3. What would the impacts be of deregulating energy markets and retail prices on vulnerable and hardship customers? In particular, what are the positive and negative consequences of measures like time of use pricing, critical peak pricing and direct load control on such households? Would such deregulation be a net positive or negative on these households? What steps could be taken to mitigate any negative effects?

4. How is energy bill assistance provided in other countries with similar competitive markets? What tends to work well? How do hardship management schemes, energy efficiency improvements and help with choosing the right tariff contribute?

5. Considering the above, what would be considered best practice assistance measures in the future to best target vulnerable customers and those who face genuine hardship from rising energy costs? How could these be applied, by whom and how much of any financial assistance should be paid as a discount off the power bill? What transitional arrangements should apply in each jurisdiction?

Quantitative analysis was not part of our scope of work, however, we consider a more detailed analysis of the average allowance provided by concessions and electricity bills among different vulnerable groups could provide a more detailed and considered analysis of current concession payments.

2 Current status of energy concessions in Australia

2.1 Vulnerability and principles for providing energy concessions

In Australia there is currently no operational definition of vulnerable energy consumers.[2] For the purposes of this report, we have defined vulnerable energy consumers as *those that are at risk of experiencing genuine financial stress due to moderate increases in their energy bills*. Typically, those on fixed low incomes are most at risk of financial stress when energy costs rise, having limited resources from which to fund higher charges.

As well as being a key input into all factors of the economy, energy is an essential service that the community is reliant on to sustain health and wellbeing. However, rising energy costs disproportionately affect groups in the community that have low incomes and/or a need for greater than normal energy usage to maintain living standards. These rises in energy costs have increased the number of individuals and families experiencing financial hardship in Australia.

Disconnection for non-payment has severe consequences for vulnerable consumers who often find themselves affected by poor credit history and problems compounded by having no access to energy. Dealing with those who are unable to (or choose not to) pay their energy bills is also a very expensive process for energy retailers who absorb associated bad debts. Ultimately these bad debt costs are passed onto all energy consumers.

The most comprehensive review of energy concessions and hardship issues in Australia to date was carried out by the Victorian Government in 2005. The Victorian Hardship Enquiry was established to assess the level and underlying causes of energy hardship and recommend means of mitigating it through changes to government policy, programs, regulations and retailer practices.[3]

The Victorian Hardship Enquiry's Main Report established the following core principles or reasons for supporting vulnerable energy customers: that energy should be provided on 'fair and reasonable' terms, that a legitimate inability to pay should not result in disconnection, and that there is a balance to be struck between consumer welfare and the commercial realities that energy companies face.[4]

2.2 Summary of current policies in Australia

In Australia, energy concessions (payments targeted at vulnerable customers to assist them to pay their energy bills) are predominately provided by state and territory governments and administered by energy retailers as an automatic deduction from energy bills.

In addition to state concessions, the Australian Government provides an energy concession – known as a Utilities Allowance – for those receiving the disability support pension, partner allowance or widow allowance. Further, the Australian Government's Household Assistance Package was recently introduced to assist households to help meet price rises due to the introduction of a price on carbon,

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[2] This was also a conclusion reached by the AEMC in its Power of Choice Draft Report, Appendix C, AEMC website, http://www.aemc.gov.au/media/docs/Appendices-c074249b-1185-40e6-9723-8cfee6a35d85-0.pdf, accessed on 3 December 2012

[3] Victorian Government, Committee of Enquiry into the Financial Hardship of Energy Consumers, *Main Report,* September 2005, p1

[4] Victorian Government, Committee of Enquiry into the Financial Hardship of Energy Consumers, *Main Report,* September 2005, p3

including rises in energy bills. This is a form of energy concession targeted at low income households. The package also provided for an increase in the tax free threshold and a number of permanent increases to regular government payments for families, seniors and individuals.

Across Australia, energy concessions are largely similar in terms of the type of assistance available, eligibility requirements, and the amount of support paid. Typically, those eligible for Commonwealth concession cards are eligible for energy concessions, with additional concessions available for those who need heating and cooling for medical reasons, or those on life support. South Australia and the Northern Territory do not offer specific ‘life support’ energy concessions, although South Australia does provide a rebate for users of dialysis machines.

In Ergon Energy’s network area of rural and regional Queensland, electricity bills are subsidised by the Queensland Government through what is known as Community Service Obligations (CSO). The CSO applies specifically to regional customers in recognition of a relatively high cost of supply compared to the urban areas of Brisbane and surrounds. It is not a typical energy concession, applying to 100% of customers of a particular retailer, and it targets only regional customers due to the unique structure of the Queensland retail market, which is served by one ‘urban’ provider (Energex) and one regional and rural provider (Ergon Energy). This subsidy is a form of social tariff, or a discounted tariff provided to vulnerable customers.

In Western Australia, the situation is similar where customers in regional Western Australia are subsidised by customers in the South West Interconnected System through the Tariff Equalisation Contribution.

Victoria currently has the widest range of energy concessions available, including a transfer fee waiver and an off peak concession. Victoria and the Northern Territory are the only jurisdictions to offer regular energy concessions on the basis of a percentage of the total energy bill rather than a fixed dollar amount.

In contrast to regular energy concessions, hardship assistance payments (emergency payments to customers already in financial stress) are provided on a temporary basis. Administration of hardship payments varies by jurisdiction. Hardship assistance is either directly provided by state governments or distributed in partnership with electricity retailers and charitable organisations such as St Vincent de Paul and the Salvation Army.

Hardship payments are more variable in nature among the states than regular concessions, with amounts paid on a case-by-case basis, as assessed by the relevant department. In some states, payment eligibility is assessed by community welfare organisations on the basis of circumstances rather than automatic eligibility as a result of holding a Commonwealth concession card. The ACT, Tasmania and the Northern Territory Governments do not offer direct emergency hardship payments, although retailers in these states do operate hardship programs which involve bill smoothing and payment plans, described further in Section 2.4.

However, the ACT does have a hardship program operated by the ACT Civil and Administrative Tribunal. This program provides an external avenue through which customers experiencing hardship may apply to be put onto a retailer’s payment plan or into a hardship program, with the assistance of the Tribunal. While this avenue does not result in direct payments to customers, the Tribunal does have the power to direct a retailer to discharge part or all of an outstanding energy bill, including any interest or fees incurred, in exceptional hardship circumstances.

A detailed summary of the current energy concessions and hardship payments available in each state, as well as Australian Government concessions, is provided in Appendix A.

2.3 Eligibility requirements

Eligibility for energy concessions is quite uniform among the states, relying on Commonwealth concession cards. However, there are some differences. For example, the criteria is somewhat modified for eligibility for seniors benefits in Queensland, Western Australia, and the Northern

Territory. Further, unlike other states, Health Care cardholders in Queensland do not automatically qualify for energy concessions, instead eligibility is aligned with the Commonwealth Pensioner Card which has a more limited distribution.

Commonwealth concession cards, consisting of the Pensioner Concession card, the Health Care Card, and the Department of Veteran Affairs (DVA) Gold card, grant the holder eligibility for the majority of concessions. However, some concessions have additional criteria, such as requirements for medical certificates to gain access to medical heating and cooling concessions.

Eligibility for a Commonwealth concession card depends upon the circumstances qualifying the individual for the concession, for example, unemployment, illness, widowed, or caring. Income testing applies to all Commonwealth concessions, which can be summarised as:

- Low income Health Care Card – maximum annual income of $25,272 for singles, $43,836 if single and supporting a child, or $43,836 for couples with no children. Each additional child adds $1,768 to the maximum income limit.
- Age Pension, Bereavement Allowance, Carer Payment, Disability Support Pension – maximum income of $44,127 for singles and $67,537 for couples
- Newstart (unemployment concession), Sickness Allowance, Widow Allowance – maximum income of $23,773 for singles, $25,523 for singles supporting children and $43,394 for couples.
- Youth Allowance (Job Seeker): maximum income of $13,728 for singles, $32,942 for singles supporting children, $43,264 for couples without children, $46,678 couples with children.[5]
- DVA Gold Card: maximum income of $9,854 for singles, and $17,129 for couples.

Assets tests also apply to these allowances, as set out in Table 2-1.

Table 2-1 Allowable assets for payment of allowances and the parenting payment, and maximum payment of pensions

Family Situation	For Homeowners (does not include principal home)	For Non-Homeowners
Single	$192,500	$332,000
Couple (combined)	$273,000	$412,500
Illness separated (couple combined)	$273,000	$412,500
One partner eligible (combined assets)	$273,000	$412,500

Note: pensions reduce by $39 per annum for every $1,000 of assets in excess of the above amounts.
Source: Australian Government Department of Human Services

More detail on eligibility for Commonwealth concession cards is provided in Appendix A.

Queensland, the Northern Territory and Western Australia also provide energy concessions to holders of a Seniors Card, which is not means tested. Queensland provides Seniors Cards to individuals who are either between 60 and 65 years and a Commonwealth concession card holder, or are over 65 years and working less than 35 hours per week. The Northern Territory provides energy concessions to all females over 60 and males over 65, while Western Australia provides Seniors Cards to all individuals over 60 years who are working less than 25 hours per week.

Unlike other states, Health Care cardholders in Queensland do not automatically qualify for energy concessions, instead eligibility is aligned with the Commonwealth Pensioner Card which has a more limited distribution.

[5] Australian Govt. Dept. of Human Services website: http://www.humanservices.gov.au/customer/enablers/centrelink/youth-allowance/payment-rates : accessed on 3 December 2012

Eligibility for the NSW Family Energy Rebate does not depend upon Commonwealth concession cards. Instead, families must be receiving either Family Tax Benefit Part A or Family Tax Benefit Part B in order to be eligible.

Family Tax Benefit Part A is subject to an income test which varies according to the number and age of children, as depicted in Table 2-2.

Table 2-2 Family Tax Benefit Part A: current maximum adjusted taxable income limit

Number of children aged 0–12 years	Number of children of 13–15 years or secondary students of 16–19 years			
	Nil	**1**	**2**	**3**
Nil		$101 458	$112 603	$146 530
1	$101 458	$112 396	$139 887	$173 813
2	$112 396	$133 244	$167 170	$201 097
3	$126 601	$160 527	$194 454	$228 381

Source: Australian Government Department of Human Services

Family Tax Benefit Part B is available to families where the primary earner’s income is less than $150,000 and the secondary earner’s income is less than $25,623 per annum if the youngest child is less than 5 years of age, or $19,929 per annum if the youngest child is 5-18 years of age.

To receive the NSW Family Energy Rebate, applications must be sent to NSW Trade & Investment every year. Payment is credited to an electricity bill after eligibility and receipt of a Family Tax Benefit for the previous financial year has been confirmed by a lodged tax return. We note that this process is complex and the requirement that applicants have already lodged their tax return could prevent some vulnerable customers from accessing the rebate.

2.4 Retailer hardship programs

In addition to the State and Australian Government energy concessions and hardship assistance payments outlined above, retailers maintain their own hardship programs. While assessing these retailer programs is not within the scope of this report, it is important to note that vulnerable energy customers are provided with a range of assistance by their retailers, including offers of bill smoothing and various payment plans.

The National Energy Customer Framework (NECF) is a package of regulations which has been developed by Australian and State Governments, although it is yet to be enacted in most states. The NECF contains legislative requirements for retailers to implement customer hardship policies. These set out the conditions in which a customer may be disconnected for non-payment, and also require retailers to waive late payment fees for customers in hardship.

3 International approaches to energy concessions and hardship policies

The UK is a leader in the development and implementation of programs targeted at reducing the causes of energy vulnerability. This section discusses the UK experience, and draws on evidence from the US and New Zealand.

In the UK, over the past few years, there has been a significant Government focus on measuring and addressing 'fuel poverty', more so than in Australia. Fuel poverty is a major issue in the UK due to cold weather during the winter months. Each year approximately 27,000 people die from an inability to keep themselves warm[6]. Currently, if households spend more than 10% of their total incomes on household fuel use, they are generally deemed to be 'fuel poor',[7] although other definitions claim a household to be fuel poor if it is unable to maintain an 'adequate level' of warmth within the dwelling.[8] The 10% threshold was determined in the 1980s, when average household energy expenditure was just 5% of income. Now, with rising energy costs, more customers are approaching and exceeding that threshold, drawing the attention of Government policy makers.

In the UK, vulnerable customers are defined separately from 'fuel poor' customers. According to the 2001 Fuel Poverty Strategy, 'vulnerable customers' are households containing children, and those who are sick, disabled or elderly. It is estimated that 80% of those in fuel poverty are also vulnerable households.[9] UK government bodies have targeted the removal of these vulnerable households from fuel poverty by 2010, and all by 2016. While progress has been made, many vulnerable households still remain in fuel poverty.

The 2012 Fuel Poverty Review commissioned by the UK Department of Energy and Climate Change (DECC)[10] suggests there are two streams of vulnerable customers: those in fuel poverty with disproportionately high energy requirements, and those with greater exposure to extreme temperatures. There is often some overlap between these groups. Due to the periods of extreme cold in some parts of the UK, the focus is on the latter, although assistance is provided for both groups.

In contrast with the UK, parts of the US concentrate more heavily on assisting those in fuel poverty with high energy requirements, despite experiencing similar fluctuations in temperature in certain parts of the country.

Internationally, energy concessions take a variety of forms:

- Lump-sum payments (more common in the UK)
- Concessions payments made as a proportion of the customer's total energy bill (less common in the UK and more common in the US)
- Targeted specific concessions (medical cooling, payments for people aged over 60)
- Rebates for energy efficiency measures (means-tested).

[6] Hills, J., (2012), *Getting the measure of fuel poverty – Final Report of the Fuel Poverty Review*, p7
[7] UK Department of Energy & Climate Change, 2012
[8] AGL, (2010), *The Boomerang Paradox*
[9] Owen, G., (2010), *Review of the UK fuel poverty measure – Report for Ofgem*, pg 8
[10] Hills, J., (2012), *Getting the measure of fuel poverty, Final Report of the Fuel Poverty Review*

3.1 Energy bill assistance (income and price based policies)

Income and price based energy bill assistance aims to improve the ability of vulnerable customers to pay their energy bills, without attempting to lower the bills themselves. Internationally, this assistance can be grouped generally into two categories:

- **Price based policies** are a form of social tariff, allowing customers to access lower tariffs. That is, they provide support to vulnerable customers by lowering the median bill, without impacting upon household income. This would lower the fuel poverty gap (the amount by which fuel poor customers fall below the fuel poverty threshold) for some, although fuel poor households not covered by the scheme (those falling between the cracks) may face a relatively high fuel poverty gap. Rebates are also categorised as price-based policies, as they are generally applied directly to a customer's energy bill.
- **Income based policies** aim to increase vulnerable customers' incomes, reduce their fuel poverty gap, and pushing some households out of fuel poverty altogether. Policies of this nature, if targeted at the vulnerable, theoretically improve the position of those in fuel poverty relative to those who are not, creating a more equitable distribution overall. Most policies are means-tested, but some are not.

Some examples of international income and price-based energy bill assistance are given below.

3.1.1 UK

Warm Home Discount (WHD) Scheme

The WHD Scheme came into effect on 1 April 2011, and will provide £1.13b to fuel poor customers over the four years to 2015. Retailers are expected to fund the rebate, recouping these outlays through higher retail prices. Under the Scheme, an annual rebate is provided to vulnerable customers in or at risk of fuel poverty. The rebate for 2011-12 was £120. This will increase to £130 in 2012-13 and £140 by the end of the scheme

The Scheme is divided into four groups, namely the Core Group, the Broader Group, Legacy Spend and Industry Initiatives. The Department of Energy and Climate Change (DECC) is currently coordinating the Core Group, Ofgem the remaining three.

The Core group and Broader group are the two major components of the scheme. Eligibility for these groups is as follows:

- **Core group** – this group is comprised of poorer pensioner households identified by the Department of Work and Pensions (DWP). The DWP shares information about recipients of Pension Credits with retailers. Eligible Core group members receive an automatic annual rebate on their energy bill, funded by energy suppliers
- **Broader group** – suppliers are also required to provide annual rebates to these customers, but for the Broader group, they set the eligibility criteria themselves, in line with WHD regulations. Customers must apply to be a member of this group and they must receive certain additional benefits to be eligible. For example, retailer npower's customers are considered part of the Broader Group if they receive any of:
    - Income support/Income based jobseeker's allowance/income related employment and support allowance; and **one** of
    - Child tax credit/disability premium/Disability Living Allowance/Long Term Incapacity Benefit.

Winter Fuel Payments

This scheme offers annual tax-free transfers of between £100-300 to eligible customers. The amount available depends on whether the customer meets certain additional criteria. For example, eligible customers aged 80 or over on a Pension Credit will receive £300, whereas an eligible customer living with someone who also qualifies will receive just £100. These payments are made directly into the customer's nominated bank account, without restriction on how they are spent.

Administered by the DWP, customers are eligible if they are recipients of State pensions or another social security benefit (excluding Housing Benefit, Council Tax Benefit and Child Benefit). More generally, they are eligible if they were born on or before 5 July 1951 (date changes every year) and normally live in the UK throughout the coldest week in September[11].

Cold Weather Payments

Monitored by the DWP, this scheme offers £25 to vulnerable customers for each seven day period of "very cold weather" between 1 November and 31 March. Customers are generally eligible if they receive benefits including:

- Pension Credit
- Income Support
- Jobseeker's Allowance (assuming they meet sub-criteria such as receiving a Child Tax Credit)
- Employment and Support Allowance (assuming they meet sub-criteria such as receiving a severe or enhanced disability premium)

Benefits are paid automatically into the same customer account as the one in which they receive their benefit payments. No application is required by the customer.

3.1.2 USA

A range of different, typically state-based schemes exist in the US. Some examples of these schemes are discussed below.

California Alternate Rates for Energy (CARE)

CARE is administered by the California Public Utilities Commission (CPUC). Under the scheme, eligible customers receive a 20% discount on their monthly electric and natural gas bills, rather than adjusted energy rates *per se*.

Customers are generally eligible if their total household income is no more than $22,340 for a household of one person. For each additional occupant in the house, the income threshold increases by $7,920. Customers must apply directly to their energy provider, and may also be eligible if they are enrolled in some nominated public assistance programs, including Medicaid/Medi-Cal, Supplemental Security Income, and Temporary Assistance for Needy Families.

Family Electric Rate Assistance Program (FERA)

Targeting vulnerable families with high energy usage requirements, the FERA plan offers a discounted rate for households (usually of three or more occupants) on their monthly electricity bills. For example, in California, San Diego Gas & Electricity allows eligible families to be billed at tier 2 rates when their usage reaches tier 3. This scheme allows eligible families to continue to use energy, without incurring the higher rates associated with being in a higher tier consumption band.

Low Income Home Energy Assistance Program (LIHEAP)

LIHEAP is a federal program providing one-off financial assistance to eligible low income households. There are also provisions for emergency funding under this scheme. LIHEAP funding is available to all States and distributed on a formulaic needs-identified basis. Factors that are incorporated in the formula include changes in temperature, fuel source, prices and the number of low income households in each state. This is re-assessed each year.

Eligibility often depends on income levels, and customers considered in poverty are generally eligible. For example, Californian residents with less than or equal to 60% of the State median income are

[11] This was the week of 17-23 September in 2012

eligible for 2012. The annual income threshold increases by $7,552 per household occupant. Funding is often provided on a first-come first-served basis.

Texas Comprehensive Energy Assistance Program (CEAP)

Administered by the Texas Department of Housing and Community Assistance, CEAP is a utility assistance program providing financial assistance to low income households through the payment of up to four of a given vulnerable household's highest bills during the year. This assistance may also be available to other customers in extenuating circumstances, including household crises or periods of supply shortage. Customers must be Texas residents and annual income before tax must not exceed $21,660 if one person lives in the household plus no more than an extra $7,480 for each additional occupant.

Consumers are required to apply directly to the CEAP service providers in their county

Lite Up Texas Program

Administered by the Public Utility Commission of Texas, the Program provides discounts of 10% off the rate for the Provider of Last Resort. This translates to approximately 10% off average electricity charges on customer electricity bills. The program is available to eligible customers in each of the months from May to September.

A customer is eligible if they are receiving Medicaid and the Supplemental Nutrition Assistance Program. If the customer does not receive these benefits, they can still qualify if their household income is at or below 125% of the federal poverty guidelines.

3.2 Energy efficiency policies

Energy efficiency based policies do not generally impact upon income, although they reduce the fuel poverty gap through reducing household energy costs.

3.2.1 UK

Community Energy Saving Programme (CESP)

The CESP is overseen by Ofgem, delivering energy savings to the most deprived areas in the UK. Consumer energy savings come in the form of set 'measures', rather than monetary bill concessions. Gas and electricity providers are responsible for providing these measures to customers, at their expense, in the most disadvantaged areas in the UK. These measures include:

- Insulation
- Heating
- District heating (upgrade/connection to)
- Microgeneration

To the end of June 2012, 122,737 CESP measures had been installed, of which 45.1% were heating, and 43.3% insulation.

The CESP contributes to UK government Fuel Poverty Strategy. In England, the lowest 10% of areas ranked in Indices of Multiple Deprivation (IMD) qualify for assistance under the CESP. In Wales and Scotland, the bottom 15% are eligible. Box 3-1 provides details on the IMD.

Box 3-1Index of Multiple Deprivation (IMD)

The IMD is a UK measure of equality, designed to identify the most deprived areas across the region. It is used widely to analyse patterns of deprivation, and identify areas that would benefit from funding or other programs and policy attention more generally. Deprivation categories included in the IMD are:

- Income
- Employment
- Health and disability
- Education, skills and training
- Barriers to housing and services
- Crime
- Living environment

The IMD is a composite measure which includes all these components, but is most heavily weighted toward income and employment.

Warm Front Scheme

Funding of up to £3,500 is available to UK customers to help improve in-home heating or insulation. Payments are made directly to approved contractors performing the works, rather than to the homeowner, and can be used to pay for insulation, draught proofing, gas, and electric or oil heating.

Additionally, grants for the replacement of heating systems with oil or alternative technology are available up to £6,000. The difference between contract quotes and grant contribution must be paid by the owner. To be eligible, the property must be in England, owned or rented with the owner's permission, and poorly insulated or without a functioning central heating system. A Warm Front surveyor audits the home to ascertain its requirements, and if eligible, a Warm Front approved company then carries out the work.

Nest

Nest is an initiative of the Welsh Government, offering free expert advice, as well as a full home energy assessment and free home improvements for the most energy inefficient homes. Although it is unclear whether the scheme caps its funding for these improvements, home improvements available free under the scheme include:

- New central heating boilers
- Insulation for a hot water cylinder
- Loft, cavity, wall and solid wall insulation
- Draught proofing for doors and windows
- Renewable energy technologies such as air source heat pumps

Applicants are eligible for home improvements if they:

- Own the home or rent it and have approval from the owner
- Live in a home rated as energy inefficient and someone in the home receives a means-tested benefit such as the Child Tax Credit, Council tax benefit, housing benefit, or income based Jobseeker's Allowance.

Renewable Heat Premium Payment (RHPP)

This scheme is the precursor to the UK Renewable Heat Incentive (RHI), which provides financial incentives to households to invest in renewable heat technologies. The RHPP is a one off grant designed to assist with the cost of installing renewable heat technology in the home.

For example, the RHPP solar thermal hot water rebate is £300, whereas £850 is available for the installation of an air to water heat pump.

All England, Scotland and Wales residents are eligible, except those who have already received funding under phase 1, and properties must also meet certain criteria. For example, the property must be owned by the applicant, and the property must have loft insulation to 250mm and cavity wall insulation where applicable.

Currently, the RHPP scheme is in phase 2, due to end in March 2013.

3.2.2 USA

Energy Savings Assistance Package

This Package offers free "weatherization" services to low-income households who meet the California Alternate Rates for Energy income guidelines discussed earlier in this chapter. Retailers are funded to procure the services of contractors who perform these works on behalf of eligible applicants.

Administered and overseen by the CPUC, weatherization services include the installation of attic insulation, energy efficient refrigerators, energy efficient furnaces, weatherstripping, caulking and low-flow showerheads.

Texas Weatherization Assistance Programme (WAP)

The WAP helps fund the weatherization of the homes of low-income elderly and disabled adults and families. Customers must be Texas residents, and meet the income requirements of the Texas Comprehensive Energy Assistance Program discussed earlier in this chapter. Activities include insulation, storm windows, caulking, and other related activities. The program is administered through contracts with non-profit agencies and local governments.

3.2.3 New Zealand

ENERGYWISE: Warm Up New Zealand: Heat Smart

Administered by the Energy Efficiency and Conservation Authority, customers receive 33% of the total cost of ceiling and under floor insulation in funding (capped at $1,300) from the New Zealand Government. Under the Government's 2012 Budget commitment, the program aims to retrofit 230,000 homes, at a total cost of $NZ 347 million.

The program targets homeowners and landlords with houses built before 2000. Community Services Cardholders can receive 60% off the total cost of insulation.

ENERGYWISE: Clean Air Funding

Also administered by the Energy Efficiency and Conservation Authority, this program provides one off funding of $2,000 for holders of Community Services Cards, and $1,000 for all other householders to help cover some of the costs of removing inefficient open fires or non-compliant wood burners, and to have efficient heating installed in its place. Homes must meet certain inefficiency and emissions standards in order to be eligible for this program.

3.3 Tariff selection assistance

Tariff selection services available to customers in deregulated international electricity markets often pay particular attention to time of use price comparisons available internationally. They are designed to assist customers to better understand the concept of time of use pricing, and the benefits of retail competition and load shifting.

Internationally, governments recognise the importance of educating vulnerable customers about tariff structures and tariff choice. It is also a relatively low cost form of support for vulnerable customers designed to assist them to choose the lowest tariff for their usage level and profile and/or to reduce their usage. Some examples of tariff selection assistance are as follows.

Texas Electric Choice

This service provides information about Smart Meters to customers, allowing them to monitor their usage, manage costs and calculate the carbon footprint associated with their energy use. The service also provides information on the benefits of switching retailer, and makes real-time retail offer comparisons

PA Power Switch

Operated by the Pennsylvania Public Utility Commission, customers enter their kWh usage into an online comparator. Based on current rates, a load profile is then calculated using a peak/off- peak usage average, to generate a consolidated energy bill for the customer. Customers compare the chargeable rate per kWh of their default provider with the rates of competitors. The comparator also provides details about any additional features which are part of the tariff structure.

Hydro One

Hydro One is a Canadian energy provider, offering customers an online portal in which they can view their electricity usage based on their time of use data. Hydro One also used this data to develop 19 average load profiles to identify common characteristics of certain customer groups.

Additionally, its joint development of the "10 Smart Meter Lane" online calculator is a clever interactive tool using the average energy efficiency of household appliances, and allowing users to select their appliance mix, together with their usage times, to view their consumption. The calculator then makes load shifting suggestions to minimise the customer's bill.[12]

Baltimore Gas and Electricity

BGE runs a Smart Energy Savers Program which provides comprehensive information to its customers about energy efficiency. Within this program is the Home*Energy*Calculator. This online service requires customers to enter their account details, and uses their usage data to compare it to similar homes in the area. The calculator requires customers to answer a series of detailed household characteristic questions, and helps customers to identify the major contributors to their energy bills, as well as the ways their energy bills have changed from previous periods.

3.4 Assessment of international policies to support vulnerable customers

Internationally, the focus of energy concessions and hardship programs has largely been on absolute vulnerability, rather than factors specific to energy use (except for targeted concessions such as medical cooling concessions). As noted throughout the 2010 Ofgem Review of the UK fuel poverty scheme[13], much of the discussion around fuel poverty concerns those who are fuel poor but not income poor.

The 2012 UK Fuel Poverty Review advocates for the adjustment of the definition of 'fuel poverty' to incorporate both high fuel costs as well as low income. Using this system, it becomes easier to identify the most vulnerable and as such, develop priorities for assistance.

Currently, little work has been done regarding concessions specifically tailored to address customers left vulnerable as a result of time of use (TOU) tariffs or other flexible pricing programs such as Critical Peak Pricing (CPP). A range of education services exist - both internationally and

[12] See https://www.ieso.ca/house/
[13] Owen, G., (2010), *Review of the UK fuel poverty measure – Report for Ofgem*

domestically - informing customers about smart metering and the benefits of time of use pricing and load shifting, although with the introduction of smart meters still very much in its infancy, time of use-targeted concessions payments are yet to emerge as forms of assistance to vulnerable customers. Measures to address the impact of TOU and CPP on vulnerable customers are discussed in Chapter 5.

Table 3-1 contains our assessment of international price and income based energy concession and hardship schemes, while Table 3-2 contains our assessment of other international schemes focused on alleviating energy vulnerability.

Table 3-1Price and income based schemes

Scheme	Assessment of effectiveness
Warm Home Discount (UK)	This scheme has been proven to work relatively effectively, with around 70% of Core group recipients actually defined as fuel poor under the current measure.[14] That is, the grouping of recipients into core and broader segments is an effective means of identifying suitable recipients. Because it provides benefits only to low income customers, the scheme is not regressive in the way that some energy efficiency obligation schemes can be, and although its effects are likely to be temporary only, the scheme is expected to reduce the breadth and depth of fuel poverty as it progresses.
Winter Fuel Payments (UK)	The WFP scheme is not means-tested (elderly customers are automatically eligible), and payments are made as an open cash transfers. There is no customer obligation to spend any of this on energy. However, the Institute for Fiscal Studies found that 41% of recipients actually do use it for energy when the benefit is earmarked as a transfer to assist with energy bills (compared to just 3% when it is marked as income alone).[15] One major concern is that this measure is blunt, and fails to target vulnerable groups alone. In fact, only 26% of WFP recipients are fuel poor under the current measure.[16] That is, this policy assists some vulnerable customers, but also delivers benefits to a number of non-vulnerable customers as well.
Cold Weather Payment (UK)	This policy targets low-income households quite effectively, as it is restricted only to customers receiving certain benefits. Many of these households are also likely to be vulnerable to rising energy bills. From a targeting perspective, this scheme is viewed as a more precise measure than the Winter Fuel Payments scheme. However, it is difficult to predict the number of days of extreme weather on which payments must be made to vulnerable customers, and as such, budgeting can be difficult and imprecise.
CARE (USA)	The CARE program offers eligible customers a 20% discount off their energy bills. Being means-tested, this scheme targets vulnerable customers, and the percentage concession structure provides an arguably more equitable distribution across all vulnerable customer groups than a lump sum payment does.

[14] Hills, J., (2012), *Getting the measure of fuel poverty – Final Report of the Fuel Poverty Review*, p114
[15] Beatty, T, Blow, L, Crossley, T, O'Dea, C, (2011). *Cash by Any Other Name? Evidence on Labelling from the UK Winter Fuel Payment. London: Institute for Fiscal Studies*
[16] Hills, J., (2012), *Getting the measure of fuel poverty – Final Report of the Fuel Poverty Review*, p113

Scheme	Assessment of effectiveness
	Lump sum payments can potentially offer relatively less support to larger families (with higher energy bills) than smaller consumers. That is, a system in which each customer receives the same amount may fail to adequately capture differences in customer circumstances.
FERA (USA)	The FERA program targets eligible families facing high energy costs attributable to high usage. Its eligibility structure means vulnerable households are targeted relatively effectively. The scheme flattens high-usage energy price spikes, allowing vulnerable families the 'breathing room' to continue to pay their energy bills. However, as the benefit only commences once consumption exceeds a certain level, it can encourage (or fail to discourage) greater energy use by households.

Table 3-2 Other schemes

Scheme	Assessment of effectiveness
Energy efficiency schemes (New Zealand's ENERGYWISE programs, as well as the Energy Savings Assistance Package in the USA, and the Texas WAP)	These schemes do not necessarily target vulnerable customers, just inefficient or 'dirty' homes, a cohort which contains a disproportionately high number of vulnerable customers. Some vulnerability targeting is available through the 60% concessions discount, and overall, it must be noted that this scheme has some positive equity implications, as it increases the total benefit pool available to low-income customers. Measures of this nature are generally of greater effectiveness in the longer term. They do not increase the incomes of the vulnerable. However, they do reduce total energy costs, although customers may find it takes some time before their energy efficiency savings recoup the initial cost of investment in energy efficiency technology, and may in fact find that any initial outlay actually increases their fuel poverty gap in the short term. Over time, however, vulnerable customers should see their fuel poverty gap reduced. Customer education programs outlining the long term benefits are useful complements to schemes of this nature, and will maximise customer uptake.
CESP (UK)	Another energy efficiency measure, the CESP uses an effective method of targeting the disadvantaged using the Index of Multiple Deprivation (IMD). Although this measure captures more customers than the fuel poor in isolation, a large proportion of recipients eligible under the IMD measure would likely be vulnerable to energy bill increases as well, given the weighting placed on income and employment measures in the IMD rankings, both factors which are useful in identifying vulnerable customer groups.

Scheme	Assessment of effectiveness
Provision of advice and home energy assessments	The Nest program is an effective scheme, educating (without cost) homeowners about the energy efficiency of their homes, then providing free home improvements to improve the efficiency of the most inefficient homes. The result is lower energy bills in the long term, without the significant initial outlay in purchasing energy efficiency improvements in the short term. As such, vulnerable customers are likely to find that over time, this scheme assists in reducing their fuel poverty gap.

4 Assessment of current Australian policies

We have not conducted a quantitative analysis of the success or failure of current concessions and hardship payments, or the absolute value of energy concessions paid to customers. However, after reviewing the type, structure and availability of current payments, we have identified a number of key areas where current policies could be improved.

4.1 Criteria for assessing concessions

In 2008, in response to a request from COAG, the Ministerial Council on Energy (MCE, now the Standing Council on Energy and Resources, SCER) released a paper that outlined a national framework for energy community service obligations (CSOs).[17] CSOs are defined as services that governments require energy businesses to provide to sections of the community to fulfil Government social policy objectives, including energy concessions and hardship assistance. The national framework aimed to provide a best-practice guide to the development of a consistent, efficient and transparent approach among states.

This national framework is articulated in a set of principles which are summarised below:

1. CSOs should only be provided by governments where they are not commercial or efficient for the market to provide
2. Obligations for CSOs should be clearly specified by government in publicly available documents
3. CSOs should be delivered transparently
4. CSOs should be directly funded by government, wherever possible
5. CSOs should be designed to achieve their social policy objectives in a cost effective manner
6. Cross subsidies between consumers should not be used to deliver CSOs
7. CSOs should not materially impede competition in energy markets
8. CSOs should target identified sections of the community and minimise the impacts on general consumption patterns
9. CSOs should be reviewed regularly.[18]

In our view, these principles provide a good, although very high level framework for concessions and hardship policies. In considering our recommendations on concessions and hardship payments going forward, we have built on these principles with a set of criteria against which our suggested changes have been compared. Concessions and hardship schemes should:

- provide incentives which are aligned with (or contribute to) Government and industry objectives, for example, lowering peak demand
- avoid imposing significant costs on government or on industry in identifying vulnerable customers, to maximise the funds available
- be easy for consumers to understand and participate in.

[17] MCE, (2008), *Energy Community Service Obligations - National Framework*
[18] Ibid.

4.2 Types of payments available

Broadly speaking, there are two categories of energy concessions available: ongoing payments (or bill rebates) and emergency payments. Both provide assistance, but address different issues.

Ongoing payments seek to ensure equitable access to energy regardless of socio-economic circumstances or special needs, as well as to prevent vulnerable households from experiencing financial stress.

Emergency payments aim to provide temporary assistance to households that are experiencing financial stress. Amongst other things, these payments seek to prevent households from entering a ‘debt spiral’ which can lead to significant financial and social problems.

For example, the NSW Energy Accounts Payment Assistance Scheme (EAPA) is operated by retailers and community welfare organisations, with multiples of $30 vouchers for energy rebates distributed by welfare organisations to customers experiencing hardship. In 2010, the EAPA was reviewed by the NSW Government and recommendations were made by stakeholders to improve administration of the scheme and communications between welfare organisations and retailers.[19]

The type of energy concession payments available to consumers vary significantly between states and territories. Victoria, Western Australia and Tasmania are the only states to offer concessions for energy bills driven by weather conditions. The Tasmanian Government provides a Heating Allowance from May until September, Victoria provides a Winter Energy Concession for gas from May-October. Western Australia has an air-conditioning rebate available for regions with extremely hot weather conditions between December and March.

The following table summarises the concessions available in each state and territory, by type.

[19] NSW Government Industry & Investment, (2010), *Review of the Energy Accounts Payment Assistance (EAPA) Scheme – Consultation Paper*, p14

Table 4-1 State by State comparison of concession availability

State	Basic concession payments (linked to eligibility for Commonwealth Concessions Cards or Seniors Cards)	Non mains concessions	Life support	Medical cooling	Other
Victoria	Annual electricity concession – 17.5% discount on bill Winter energy concession - 17.5% off mains gas May to October Off peak concession for customers with controlled load hot water or slab heating – 13% discount on off peak tariff	Yes – varied amounts according to level of bills	Varies with machine, based on estimate average usage	17.5% in addition to other concessions	Service to property charge concession (low users) Electricity transfer fee waiver
NSW	Low income rebate - $215 p.a. Family energy rebate - $75 p.a. or $35 p.a. when combined with low income rebate	-	Life support rebate (see Appendix A)	$215 p.a.	-
Queensland	Electricity rebate - $230.46 p.a. Reticulated gas rebate - $64.23 p.a.	-	Life support - $39.12 /month	$230.46 p.a.	-
South Australia	Customer concession scheme - $165 p.a.	-	-	Medical heating and cooling concession - $165 p.a.	Home Dialysis Electricity Concession - $165 p.a.
Tasmania	Energy concession – $1.235 per day up to $450.78 p.a.	-	Varies with machine, c/day (see Appendix A)	$56 p.a.	Heating Allowance - $56 p.a.
ACT	Energy concession -$292.82 p.a. Utilities concession - $82 p.a.	-	$121.87 pa	-	-
Northern Territory	Pensioner and Carer Concession Scheme - $1.201 per day and $0.058 per kWh	-	-	-	-
Western Australia	Dependent child rebate – varied with number of children, fixed c/day Cost of living assistance - $200 p.a.	-	Varies with machine, $/annum (see Appendix A)	$545 p.a.	Air conditioning rebate $43.73 per month

Note: see Appendix A for more details on these schemes and eligibility requirements

In conclusion, the range of energy concessions and hardship assistance that is available is highly varied among the states, although the broad categories of payments are similar (ongoing or emergency).

Due to the variability in seasonal energy use, concessions targeting seasonal bills are likely to provide the biggest positive impact on vulnerable customers, although ongoing regular payments are also important to maintain consistency and assist long term budgeting. Indeed, the application of percentage based concessions rather than lump sum payments automatically adjust to the size of seasonal bills.

We consider seasonal or weather related concessions are an excellent mechanism to target vulnerability at times that support is more crucially needed – bill shock caused by basic heating and cooling needs should be targeted as a priority. The introduction of (non-penalised) monthly billing, facilitated by smart meters, will aid vulnerable customers who find it difficult to budget.

It is appropriate to provide extra concession payments to special needs energy users such as consumers on life support, or in need of additional energy for medical reasons. These groups are heavy energy users who are unable to reduce usage without significantly diminishing their wellbeing. We consider that the current process of requiring a customer to submit medical certificates or equivalent is likely to be the best way to identify these particular groups of vulnerable customers.

4.3 Structure of payments

4.3.1 Concession payments

Internationally, there is no one form of concession considered to be the single optimal, best-practice structure. However, concessions can commonly be grouped as price and income measures. Within these categories, concessions may be provided as a percentage discounts from energy bills, or lump sum transfers.

Currently, the structure of concessions in most Australian States resembles closely that of the UK, which favours fixed lump sum transfers over percentage-based concessions. Percentage based concessions, such as those that apply in Victoria, are more prevalent in the USA. Both approaches have their benefits and costs.

Percentage based concessions proportionally assist vulnerable customers with greater energy usage, which is an equitable structure that provides more compensation to vulnerable households as their energy bill increases. As noted above, percentage based concessions also assist vulnerable households to manage large seasonal bills. However, percentage based concessions are more difficult to control from a government budgeting perspective, and when applied to a TOU or CPP tariff, could reduce cost reflective price signals.

Lump-sum payments are more controllable from a budgeting perspective, however, a lump sum transfer, if provided equally to all eligible recipients, provides larger benefits to eligible customers with relatively small energy bills. As noted above, Simshauser’s recent study on vulnerable customers suggests that larger energy users are more likely to face hardship and disconnection, which suggests that the effective weighting of benefit to smaller users under a lump sum concession leaves the most vulnerable households more exposed.

In our view, percentage based concessions are likely to be more effective at reducing the financial difficulties faced by vulnerable customers.

4.3.1.1 Hardship payments

Hardship payments are often provided by assessing customers on a case by case basis, and we consider the current range of hardship programs available in Australia to be suitably flexible. However, this structure can at times be reliant on the discretion of assessors, and lack transparency.

In our view, a flexible approach is appropriate, as hardship circumstances tend to be unique to the individual households and thus require a degree of flexibility in assessment in order to appropriately manage their hardship.

In Victoria, the Utility Relief Grant Scheme provides hardship support to customers who may not be currently eligible for a Commonwealth concession card, but who are participating in a retailer's hardship program and are able to demonstrate circumstances of financial hardship. We consider that this flexibility to provide emergency payments to those who are not necessarily Commonwealth concession card holders is an excellent approach that should be considered in other states.

It should also be noted that most customers are able to manage temporary financial shocks, but for customers experiencing genuine hardship, abrupt changes in income or expenditure are the most difficult to deal with. On average, hardship customers are more often exposed to sudden changes in income, which are of more importance than absolute levels of income when assessing which customer groups are in fact experiencing hardship.

4.4 Availability of concessions

Measuring the distribution and depth of hardship is difficult, and current policies leave some vulnerable customers exposed to 'falling between the cracks' in the system. Customers experiencing hardship fall in a range of income groups, although they are more heavily concentrated in low income brackets. Age is suggested by Ofgem as a useful predictor of vulnerable customer groups in the UK, and it is logical that the same could be said for Australia as well. That is, the elderly and families with infants are likely to be disproportionately vulnerable on average.[20]

As reported in the 2012 Final Report of the Fuel Poverty Review, vulnerable UK customers also showed a number of other characteristics.

They often:

- Live in remote or rural areas
- Are not on the energy grid – households off the grid in remote areas had the highest average fuel poverty gap of all vulnerable groups, at about £800.
- Live in old, energy inefficient properties – 38% of properties built before 1945 comprise two-thirds of the aggregate fuel poverty gap

However, it must be noted that no factor alone was effective in capturing vulnerable customers. As such, it is useful to consider all factors in conjunction in attempting to identify vulnerable groups.

After reviewing the current suite of energy concessions and hardship assistance payments available to Australian energy consumers, we have identified that there are certain groups of customers who are not eligible for any concession or hardship payments, yet who may be vulnerable to financial stress as a result of rising energy bills.

Table 4-2 outlines the groups of customers who are potentially missing out on support.

[20] Ofgem, (2012), *Proposals for a new Consumer Vulnerability Strategy,* p.6

Table 4-2: Potentially vulnerable groups currently excluded from concessions and hardship assistance

Vulnerable group	Characteristics	Can they be targeted?	What kind of assistance would best support them?
Family Formation Group	Eligible for Family Tax Benefit Part A but earning more than $47,000, therefore not eligible for Health Care Card and energy concessions (except in NSW) Typically families with uncontrollable energy use and low income. May include families with infants (heating/cooling needs) or teenagers (computers/games etc.). Includes single parents and single income families	Yes – through aligning energy concessions with Family Tax Benefit Part A (as well as the Health Care Card), could target this group NSW makes a family energy rebate available to all recipients of Family Tax Benefits Part A and Part B, however this group is not eligible for other energy concessions (except for recipients of the maximum Family Tax Benefit payment)	Energy efficiency programs, means tested on the basis of disposable income after housing costs Education on energy efficiency On-going bill concessions, adjusted for the number of people (including children) in the house Utility Hardship relief (emergency payments)
Single renters with low income	Not eligible for any assistance because earning more than $25,000. Limited control over energy efficiency and use	Difficult	Energy efficiency programs related to appliance selection and use, means tested on the basis of disposable income after housing costs Education on energy efficiency
Regional people with low income off the grid/gas networks.	Families not eligible for any assistance because earning more than $47,000 and singles earning more than $25,000 (but still considered low income). Non-mains energy (electricity and gas), therefore higher energy costs than other customers, meaning a greater incidence of potential vulnerability and hardship than those on the grid	Yes, through expanding non-mains utility concessions and grant schemes to a broader income bracket	Expanded utility non-mains concessions and grants
New home buyers with very low income after housing costs	Families not eligible for any assistance because earning more than $47,000 and singles earning more than $25,000 (but still considered low income after housing). Potentially unable to change appliance mix (appliances on credit)	Difficult; often have significant assets and reasonable income but little left after mortgage and credit repayments	Energy efficiency programs related to appliance selection and use, means tested on the basis of disposable income after housing costs Education on energy efficiency

In conclusion, given the difficulty we see in identifying most of these groups without significant expense, we consider that applying means tested energy efficiency measures in conjunction with better community engagement and education on energy use would best target the majority of those currently missing out on concessions. We discuss energy efficiency measures further in the next section.

For low income regional customers with non-mains energy who are not eligible for Commonwealth concessions, we consider there is some potential for this group to be targeted by expanding the existing non-mains utility concessions. At present, customers must provide proof of their Commonwealth concession as well as their non-mains utility costs for assessment. Given the requirement for these customers to be submitting information for assessment, increasing the income bracket by some proportion needed to effectively capture those vulnerable is a feasible option. Where customers do have a Commonwealth concession card, the proof of eligibility process would not need to change.

Simshauser has demonstrated that customers at the 'family formation' stage have a significantly higher incidence of financial stress. In particular, energy costs per person are highest for families with children, which often have a large number of appliances and thus high energy costs. [21]

Our research suggests the Family Formation Group is one of the vulnerable groups potentially left most exposed to falling between the cracks in the current system and missing out on vital support. In addition, we consider this group is able to be targeted effectively using current information collected by the tax system. As discussed further in Chapter 6, our recommendation to adjust eligibility based on Family Tax Benefit Part A would directly target this group.

4.5 Energy Efficiency Measures

"Green" energy audit schemes were nominated as effective additions to energy efficiency measures in the 2005 Victorian hardship review. The Committee undertaking the review noted that it was "*impressed by the strong evidence of the usefulness and effectiveness of energy and audit refit programs".* [22] Expansion of the scope of current energy audit programs was included as one of the review's 20 recommendations.

While it was beyond the scope of this review to conduct a detailed analysis of the many energy efficiency programs in Australia, we note that the majority of energy efficiency measures applied here are not means-tested, unlike in the UK and the USA.

Exceptions to this are the South Australian Residential Energy Efficiency Scheme (REES) and Energy Efficiency Fund Initiative and the Australian Government's recently created Home Energy Saver Scheme.

The REES is operated by the Essential Services Commission of South Australia (ESCOSA). This scheme requires energy retailers to conduct energy audits for low-income households to help identify practical ways to improve energy efficiency. Retailers must meet a target of 35% of their activities being undertaken for low income households who are eligible for a Commonwealth Concessions Card. Examples of energy efficiency activities include the installation of energy efficient showerheads, ceiling insulation, or drought proofing products, and upgrading heating and cooling systems or water heaters. Energy companies are required to keep a record of the concession card status and housing type of all customers for which audits and efficiency activities are conducted.[23]

Submissions on a recent review of the REES have revealed some resistance among retailers towards the scheme. While the majority of issues raised relate to the need to move towards national

[21] Simshauser, P., Nelson, T., (2012), *Energy market death spiral – rethinking customer hardship,* Pg 17
[22] Committee of Inquiry Into the Financial Hardship of Energy Consumers, (2005), *Main Report, pxii*
[23] ESCOSA – website: http://www.escosa.sa.gov.au/library/111130-REESCode04.pdf : accessed on 4 December 2012

consistency in energy efficiency programs, problems associated with targeting low income households were also raised. While the scheme requires retailers to target 35% of their activities towards low income households, such customers represent less than 30% of the customer base in South Australia.[24] In our view, the issues raised in relation to the REES are related to the impact that the level of the determined target is having on retailers, rather than the fact that the scheme targets low income customers themselves. In addition, we note that linking this scheme to Family Tax Benefit Part A in the method described in this paper could help to ensure that households with the greatest potential for energy efficiency savings receive the greatest benefits.

The South Australian Energy Efficiency Fund Initiative provides grants totalling $243,750 to not-for-profit organisations for energy efficiency projects to households facing financial stress. Grants will be provided following consideration of applications made to ESCOSA between 7 September and 19 November 2012.[25] The target beneficiaries are broader than concession card holders, and include all households who have been or are at risk of disconnection, the bottom two quintiles of income earners, those requiring high energy use due to extreme regional climatic conditions, and 'particularly disadvantaged groups' such as Indigenous Australians, new arrivals, and people with disabilities. [26]

The Home Energy Saver Scheme (HESS), which is part of the Australian Government's Clean Energy Package, is delivered through not for profit organisations that provide general financial counselling services. HESS provides funding for these organisations to work with households to improve their energy management practices and engage with the energy market, including information about easy and affordable ways to use less energy in the home, rebates and assistance and other schemes.

Of particular relevance, the No Interest Loan Scheme (NILS) is available to assist Commonwealth concession card holders to purchase energy efficient white goods, assuming they do not have an existing energy debt. Up to $1200 is available, with the average provision around $800. The Australian Government has recently provided funds to increase the number of NILS loans specifically for the purchase of energy efficient whitegoods, through the HESS.[27]

We consider that means tested energy efficiency programs are an excellent way to target assistance at those most vulnerable in the community as well as improve education and awareness on energy use. We note the increasing international focus on means tested energy efficiency programs, which are aligned with general government policies on energy efficiency. Energy efficiency programs offer long term gains to address the core drivers of energy vulnerability, in contrast to short term concessions payment measures. However, we consider both approaches need to operate in tandem. We consider that the implementation and design of means tested energy efficiency schemes should be undertaken in conjunction with changes to general energy concessions, noting that vulnerable groups who are currently missing out on Commonwealth Concessions Cards should also be considered in the context of energy efficiency schemes.

We note that energy efficiency programs targeted at changing the fabric of customer homes are likely to be difficult to implement in rental properties. Appliance based schemes are needed to assist those without the means to change the fundamental features of their homes.

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[24] AGL, Submission REES Review Issues Paper, 13 November 2012, p. 9. Available at: http://www.dmitre.sa.gov.au/energy/rees_review . Accessed 14 December 2012.

[25] ESCOSA – website: http://www.escosa.sa.gov.au/projects/184/energy-efficiency-fund-initiative-eefi-scheme-.aspx : accessed on 4 December 2012

[26] ESCOSA – website: http://www.escosa.sa.gov.au/library/120907-EEFI_ApplicationGuidelines.pdf : accessed on 4 December 2012

[27] Public Interest Advocacy Centre, (2012), *Equitable access to the essential: PIAC submission to the Senate Select Committee on Electricity Prices*, p6

5 New pricing structures and vulnerability

5.1 Deregulation and new pricing structures

Deregulation of retail energy markets has been on the long term agenda of all levels of government since the signing of the Australian Energy Market Agreement by the Commonwealth of Australian Governments in 2004. However to date, Victoria and South Australia are the only states to have removed retail price regulation, ceasing energy price controls in January 2009 and February 2013, respectively. All other Australian states continue to control retail energy prices through varying methodologies, commonly determining price caps that apply to Standing Offers (or base tariffs), effectively setting a maximum price with which the other unregulated Market Offers compete.

While it is beyond the scope of this study to estimate the impact that deregulation could have on energy prices and customer bills, economic theory suggests that where competition is effective and regulation is appropriate, over the long term, prices will become efficient, reflecting production costs as closely as possible. Deregulation will also encourage new entry into the market, further enhancing retail competition.

The introduction of smart meters and TOU pricing reflects the latest push for deregulation of retail energy prices.

Smart meters record a customer's energy consumption in 30 minute intervals, instead of three monthly intervals as is the case with traditional accumulation meters. This interval data enables retailers (and networks) to charge energy prices that vary according to the underlying costs of supply at different times of the day. This variable pricing creates incentives for consumers to be more efficient in their energy use by shifting discretionary consumption to low cost times, thereby lowering the overall cost of supplying energy. In particular, peak demand is a key contributor to rising energy bills and providing incentives for customers to shift their usage away from peak times could lower the need to deliver peak energy, reducing the need to augment energy networks to meet demand.

Victoria is leading the way with a mandatory rollout of Advanced Metering Infrastructure (AMI) due to be completed at the end of 2013. TOU pricing (also known as 'flexible pricing' in Victoria) is planned for introduction on a voluntary basis to small Victorian electricity customers from 1 July 2013.

NSW electricity distributors, particularly Ausgrid, have also installed a significant number of interval meters under their own meter replacement programs (both with and without wireless communication of consumption data) enabling TOU pricing. Some of these developments are related to network pricing trials, such as the Smart Grid Smart City Project. In Smart Grid Smart City, Ausgrid and its retail consortium partner EnergyAustralia are trialling various pricing structures for around 20,000 customers in Sydney and Newcastle. One of the tariff products being trialled involves 'pay as you go' arrangements which are designed specifically to assist customers facing household budget difficulties.

TOU pricing is also available for some customers in other states and has been available to large commercial and industrial customers for some years.

TOU tariffs are typically implemented as three part tariffs, with peak, off peak and shoulder rates varying in set intervals each day. Critical Peak Pricing (CPP) offers a more extreme incentive to avoid consumption at the most critical seasonal periods, increasing prices substantially for a short period of time (a few hours) up to five times a year. In these events, an alert is often sent to a customer via phone, text message or email, to advise 48 to 24 hours in advance of a CPP event.

Critical Peak Rebates operate in a similar way to CPP, although instead of a penalty for customers who consume energy during peak periods, a discount is applied to the bills of those customers who do not. In the US, for example, Critical Peak Rebates are being introduced on the back of customer support for the scheme.

An example of a TOU pricing structure being considered in Victoria is presented in Table 5-1.

Table 5-1: Time of Use pricing example

Period	Rate	Times
Peak	36.94 c/kWh	3 pm to 9pm weekdays
Shoulder	21.55 c/kWh	7am to 3pm & 9pm to 10pm weekdays; 7am to 10pm weekends
Off peak	12.31 c/kWh	All other times
Critical Peak	184.7 c/kWh (5 times peak rate)	4 or 6 times per season, depending on weather and demand conditions. Notice sent 48 hours in advance

Source: Deloitte, *Department of Primary Industries – Advanced Metering Infrastructure Customer Impacts Study – Stage 2 Final Report*, July 2012, p. 36.

At present, TOU and CPP pricing structures are only made available to customers who have the appropriate metering technology (smart meters or interval meters) and only on a voluntary basis. In our view, it is unlikely that mandatory introduction of TOU and CPP will occur in the near future, and accordingly we have focused on the likely implications of these tariffs being voluntary for vulnerable customers. We note that should these new flexible pricing structures be introduced on a mandatory basis to all customers, the implications for those vulnerable to energy bill increases could be quite different.

In addition to TOU and CPP, Direct Load Control (DLC) is increasingly being considered as a means to lower peak demand. Customers would (voluntarily) choose to allow an energy company to remotely control certain appliances (such as an air conditioner or swimming pool pump) in their home, using either a smart meter in-home network or existing technologies such as ripple control. For example, air conditioners could be cycled on and off without customers noticing any difference in comfort level. DLC of electric storage hot water has been in operation in Australia for over 30 years, with load control devices (time clocks) being used by distributors to stagger the hot water energy load throughout the night.

Increasingly, DLC of air conditioning is being considered as a means to lower peak demand through cycling the compressor more often with minimal impact on cooling effectiveness. Customers may receive a payment or rebate for participating in a DLC program, however, it is unlikely that they would be penalised for not participating.

5.2 Impact on vulnerable customers

In Chapter 4 we have identified groups of energy customers who we consider are vulnerable to energy bill increases but who are currently not eligible for energy concessions or hardship payments. In considering the impact of new pricing structures on vulnerable customers, it is important to consider what would make a customer likely to receive a higher bill under a TOU or CPP program.

We consider the following customers are likely to experience bill increases under TOU or CPP:

1. Those who use large amounts of energy at peak times, and who have no or very limited options to reduce their peak power use. In particular, customers with specific cooling and heating requirements for their home are most at risk, such as customers with infants, the elderly and the sick.

2. Those who use inefficient appliances at peak times, and who cannot afford to change their appliances in the short term, and cannot reduce peak load.
3. Those who have high peak usage and are do not understand the new flexible tariff structures and therefore do not lower their energy use at peak times.
4. For CPP, those who are unable to receive the CPP notices (due to having no access to phone, text messages or email) and therefore cannot respond during the CPP events. This is an opportunity exclusion issue.
5. For DLC, those without air conditioning or other appropriate controllable appliances, who therefore cannot participate. This is also an opportunity exclusion issue.

While these specific types of customers are likely to face higher bills if they choose to participate in TOU or CPP, it is important to note that many vulnerable households that are able to respond to peak price incentives will be given an opportunity to actually lower their current energy bills through TOU and CPP programs. Deloitte recently conducted a detailed quantitative assessment into the impact of TOU and CPP on vulnerable customers for the Victorian Department of Primary Industries (DPI).[28] This study involved collecting half hourly consumption data and linking load profiles to various vulnerable customer groups to understand how their energy bills could be affected by the proposed new pricing structures.

Our overall conclusion from the Customer Impact Study was that, on average, most customers (including vulnerable customers) will face only slight increases or decreases in their energy costs as a result of TOU pricing.

However, the impact of TOU pricing does vary widely across the customer base. Customers who are able to respond to the price signals and shift or lower their peak consumption have an opportunity under TOU pricing to significantly reduce their energy bills from the current status quo. Accordingly, in our view, customers should be given an opportunity to participate in the new tariffs and benefit.

For example, customers currently facing high bills but who have no way of changing their appliances or improving energy efficiency (because they cannot afford to buy new appliances or cannot change the fabric of their homes) but who have an ability to defer peak consumption could see their bills lowered on TOU. Focus group sessions with vulnerable customers which were conducted as part of the Customer Impact Study confirmed that some customers would like an opportunity to participate in peak load reduction tariffs and thereby receive a rebate or discount on their bills.

However, due to the factors listed above which could mean vulnerable customers become worse off under new pricing structures, it is important that appropriate protections are put in place.

5.3 Possible steps to mitigate negative effects

The introduction of TOU and CPP programs need to be supported by appropriate protections for vulnerable customers to avoid the compounding impact they could have on vulnerability and hardship.

As we have discussed in Chapter 3, we have not identified any energy concessions or hardship programs in place internationally that are specifically designed to protect vulnerable customers participating in TOU and CPP programs. This is because smart metering rollouts and flexible pricing are in their infancy, particularly where competitive retail markets are operating.

We have identified five core measures that could assist vulnerable customers in the introduction of TOU and CPP programs:

1. **Voluntary introduction of TOU and CPP programs –** As we have noted, some customers are likely to be negatively impacted by TOU and CPP pricing, particularly those who cannot respond to the pricing signals. Providing customers with the choice to remain on flat tariffs will avoid significant bill shock for some vulnerable customers.

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[28] Department of Primary Industries, (2012), *Advanced Metering Infrastructure Customer Impacts Study-Stage 2*

2. **Information** – The challenge of effectively communicating the economics of peak demand and TOU pricing to the community should not be underestimated. To date, electricity has been a low-involvement, homogenous product for most consumers, although fierce retail competition in some jurisdictions has increased general awareness of energy market issues. Government and retailers can assist in this area by conducting community engagement programs and raising the level of awareness of peak demand. Customer engagement can be assisted by:

    a. Tariff comparisons websites, using load profile data to demonstrate to customers the likely impact of switching from a flat tariff to a TOU or CPP tariff on their bills, with and without behavioural change. Some Victorian retailers and distributors are also offering innovative website tools to assist customers to understand peak demand and better control their energy usage.

    b. In home displays, which provide basic information on energy usage in the home are a good tool for customers who are unable or unlikely to access website portals. They provide information to customers on how much energy is being used in the home in real time, and how this is affecting their energy bills. Either subsidising or supporting the introduction of in-home displays for vulnerable customers (in conjunction with a smart meter rollout) is a measure that Government could implement to assist vulnerable customers to understand and participate in TOU programs.

3. **Opt out options** – Some vulnerable customers may voluntarily switch over to new TOU or CPP pricing structures only to find that they are not able to reduce their energy bills and instead face a bill shock. Providing a mechanism for these customers to return to flat rate tariffs without penalty could reduce the negative impacts of bill shock. The Victorian Government has taken steps to address this issue already in its recent announcement that customers will be able to switch to and from TOU pricing without penalty.

4. **Energy efficiency schemes -** By providing vulnerable customers with assistance and incentives to improve energy efficiency, Government can contribute to the long term reduction of their energy bills and the overall efficiency of the energy supply system.

5. **Technology** – Customers transitioning onto flexible pricing could be greatly assisted by simple electronic timers for their appliances, or devices such as standby power controllers which automatically switch appliances off at the wall after a certain period. These devices can assist customers to better control their energy use at peak times and therefore lower their energy bills. Providing subsidies or incentives for vulnerable customers to purchase these devices, as well as information on how to best use the device in conjunction with a TOU or CPP tariff, could assist vulnerable customers to manage their bills and avoid bill shock.

6 Improving assistance for vulnerable energy customers

After reviewing and assessing the network of concessions and hardship assistance that currently applies in Australia, as well as conducting a high level review of some international protections for vulnerable energy customers, this section presents our recommendations for the ways in which these measures could be improved going forward.

Broadly, given we consider the type and structure of energy concessions in Australia are appropriate (although clearly varied among the states), we recommend that emphasis be placed on the effective identification of vulnerable consumers who are currently missing out on concessions, through addressing the eligibility criteria at a Commonwealth level.

It has been estimated that currently, among AGL's customer base, only 18% of vulnerable energy customers that are eventually disconnected are concession card holders.[29] This suggests that there are many energy customers who are encountering hardship but are either not eligible for government support, or do not apply for it.

The following sections set out our concluding recommendations.

6.1.1 Percentage-based concessions

Concessions can be applied in a number of ways, the two most common of which are lump sum transfers, and payments based on a percentage of a customer's energy bill. Broadly, we consider that percentage-based concessions are more effective in supporting vulnerable energy customers, because they protect those vulnerable users with high energy requirements, where lump sum payments may not do so as effectively.

For vulnerable users with relatively low energy requirements, a lump sum transfer may represent a large proportion of their total energy bill, and therefore be extremely effective in addressing their vulnerability. However, the same transfer would not be as effective for a larger energy user. As such, lump sum transfers are prone to create a distortion in benefits that percentage-based concessions are not.

We note that applying percentage based concessions could lead to reductions in concessions for some customers and budgetary issues for state governments. In the detailed design of concessions, policymakers could include caps and floors to ameliorate these problems.

[29] Simshauser, P., Nelson, T., (2012), *Energy market death spiral – rethinking customer hardship*, p15

6.1.2 State by state comparison and recommendations

Our research has compiled a comprehensive picture of the current status of energy concessions and hardship policies in each Australian state and territory. Table 6-1 compares the availability and effectiveness of concessions schemes, by state and territory, as well as some potential adjustments that could be made to improve arrangements. These adjustments would need to be comprehensively evaluated, including with detailed quantitative analysis, prior to being considered for implementation.

Table 6-1 State by State comparison of concession and hardship payment availability

State	Description of existing schemes	Potential improvements to general concessions	Potential improvements to hardship payments
Victoria	Victoria has the most comprehensive concessions coverage, with the most effective structure, predominately provided as a percentage of customer bills. This provides a significant benefit to high usage vulnerable households. However, at $500 per fuel type, Victoria’s maximum hardship payment is modest compared to some other states.	Our general recommendation on linking eligibility for energy concessions to the Family Tax Benefit Part A (discussed in more detail below) applies to Victoria and all other states and territories. We have identified that regional low income customers who are not connected to energy networks but are not eligible for Commonwealth Concession Cards may be vulnerable. Further quantitative research into widening the eligibility for the Utility Non-Mains Grant should be conducted by the Victorian Government	While we have noted that the hardship payment available in Victoria is lower than other states, quantitative research using data from multiple states is needed to determine whether the maximum available hardship payment should be increased.
NSW	NSW offers fixed concession payments and a narrower range of available concessions, however we understand that per customer hardship payments are offered on a more flexible basis, where nominated community welfare organisations are able to distribute multiple energy vouchers based on assessed need and the level of outstanding energy bills (up to a maximum of $480 per customer per annum). Flexibility in the structure of hardship payments is appropriate, given the varied circumstances of hardship.	NSW could consider introducing percentage based concessions to proportionally better assist customers with higher energy use.	As for Victoria, given the maximum annual hardship payments are capped at $480 per customer which is lower than some other states, further quantitative research could be undertaken to identify whether this should be increased.
Queensland	In Queensland, eligible consumers have access to fixed electricity and reticulated gas rebates which, when combined are comparatively generous, as well as a large maximum hardship payment. These concessions are in addition to the general Ergon Energy Community Service Obligation or social tariffs, as	As for NSW, the introduction of percentage based concessions could better assist larger energy users. We recommend expanding the eligibility criteria to include Health Care cardholders under the age of	N/A

State	Description of existing schemes	Potential improvements to general concessions	Potential improvements to hardship payments
	discussed earlier. Despite all holders of the non-means tested Seniors Card having access to energy concessions, Queensland has some of the stricter eligibility requirements in Australia due to its reliance on the Commonwealth Pensioner Card for eligibility, rather than the more widely distributed Health Care Card. As such, Queensland customers under 60 experiencing hardship may miss out on support.	60. Research needs to be conducted to determine whether providing energy rebates on the basis of non-means tested Seniors Card is appropriate.	
South Australia	South Australia has a comparably narrow concession and hardship framework, and does not provide a specific life support concession. Concessions are of relatively low value, which is especially significant when considering that energy bills are relatively high in South Australia, driven by its extreme peak demand periods.	As for NSW and Queensland, the introduction of percentage based concessions (in line with Victoria) could improve assistance to high energy users. We note that aligning the concession with Victoria's payments would require an increase in total concessions paid by Government and therefore would have budgetary impacts.	The cap on South Australia's hardship payments of $400 per customer per annum should be reviewed (as for Victoria and NSW).
Tasmania	Narrow range of available energy concessions, however the basic concession payments are relatively high, compared to other states and territories.	Percentage based concessions could improve the allocation of support for higher energy users. The structure of concessions could be reviewed, with a view to applying more targeted assistance that is more reflective of the circumstances of vulnerability or drivers of high bills (for example, life support machines).	While retailer Aurora does provide a hardship assistance program (as all retailers are required to do), direct hardship payments should be considered in the context of reviewing the broader structure of concessions payments.
ACT	Similar to Tasmania, the range of concessions is narrow in the ACT. The value of payments is also low compared to other states, however, this possibly reflects a lower degree of vulnerability and hardship in the ACT, generated by high median incomes. The ACT does not have a direct hardship payment system, however, as discussed above in Section 2.2, the ACT Civil and Administrative Tribunal operates a program whereby customers experiencing severe hardship may apply for assistance which could result in the Tribunal requiring a retailer to discharge all or part of an account owing, which is equivalent to direct	As above for Tasmania, as well as shifting to percentage based concessions, the structure of energy concessions in the ACT could be reviewed.	The level of concession payments in the ACT should be reviewed in the context of vulnerability of ACT residents – i.e. given the payments are lower than other states, the concessions should be tested to determine whether the payments are sufficient to ongoing assistance to vulnerable customers.

State	Description of existing schemes	Potential improvements to general concessions	Potential improvements to hardship payments
	payments.		
Northern Territory	Only a basic concession payment, however this payment can be comparatively generous, depending on the size of the customer bill, with combined daily rate and consumption concessions available. This payment also has a broad eligibility, available to Commonwealth Concession Card holders, all senior citizens, and war veterans who are up to five years below eligibility for the Commonwealth Age Pension. However, concessions are largely granted on a case by case basis, and there is arguably a reliance on the discretion of assessors that may compromise the effectiveness of the system.	Percentage based concessions could improve the allocation of support for higher energy users. As above, more targeted concessions could be considered, however, the current flexibility and broad eligibility offsets the basic structure. Introducing life support and medical cooling concessions should be considered. In addition, research needs to be conducted to determine whether providing energy rebates on the basis of non-means tested Seniors Card is appropriate.	Quantitative research should be conducted to identify whether restructuring the currently generous concession (which could be up to 100% of bills for some low users) to include a hardship payment scheme would better assist the most vulnerable customers.
Western Australia	Fixed cost of living payment to assist with energy bills, as well as a dependent child rebate, which increases the concession available for each extra child. In our opinion, these schemes are well structured, although we note that the general concession (Cost of Living Assistance) is provided to holders of a WA Seniors Card which is not means tested. Hardship payments in Western Australia are particularly generous, and can be up to $1,880 depending on the customer's address. Using climate zones to determine the maximum hardship payments is appropriate.	As for other states except Victoria, introducing percentage based concessions could improve the allocation of support for higher energy users. As for Queensland and the Northern Territory, research needs to be conducted to determine whether providing energy rebates on the basis of non-means tested Seniors Card is appropriate.	N/A

6.1.3 Targeting the Family Formation Group

Energy concessions are ongoing support payments made to customers who are deemed to be vulnerable on an ongoing basis. Currently, concessions delivered on the basis of absolute income vulnerability are the cheapest and easiest ways to target vulnerability, but may not be structured to capture all those vulnerable.

Currently only families receiving the maximum Family Tax Benefit Part A payment (family income of $47,815 or less) are entitled to a Health Care Card, and by extension, energy concessions and rebates, with the exception of the NSW Family Energy Rebate. Families with marginally higher incomes receive a reduced Family Tax Benefit Part A payment and therefore have no access to energy rebates, despite being relatively low income earners and high cost energy users. [30]

We recommend an expansion of eligibility for energy concessions and rebates to Family Tax Benefit Part A recipients receiving at least the base rate relevant to the size of their families. At present, only recipients receiving the maximum payment are eligible for energy concessions. In line with Simshauser's suggestion, increasing this eligibility pool to all Family Tax Benefit Part A recipients would ensure more vulnerable customers are targeted for assistance. In addition, we recommend governments provide energy efficiency improvements to customers eligible under Family Tax Benefit Part A. This is discussed in greater detail in Section 6.1.4.

To further protect vulnerable high-use customers, fixed concessions payments could be structured in tiers, adjusting with household size to ensure their basic energy requirements can be afforded. We note that this approach can be onerous to administer and that in general concessions based on a percentage of bills would automatically adjust to better serve higher energy users without the need for a tiered structure. However, we acknowledge that this has budgeting implications for government and therefore could be accompanied by maximum payment caps.

If fixed payments are preferred, given that research suggests that household size is a major indicator of vulnerability, we consider that general energy concession payments can be structured to take into account family size. For example, the fixed bill rebate could vary with the number of additional dependants within a concession card holder's family. This would operate in a similar manner to WA's Dependent Child Rebate. In order to avoid complex ex-post assessments of eligibility (such as those involved in the NSW Family Energy Rebate) and ensure those most vulnerable receive assistance at the time they need it, a new card system could be introduced. For example, families could qualify for a certain 'family assistance' card, based on their category of Family Tax Benefit Part A. Cards and the associated fixed energy benefits available to families could vary with family characteristics such the number of household occupants and dependants.

The age of dependants may also be a relevant consideration. For example, extra funding could be allocated to vulnerable customers, in order to account for higher electricity use in caring for infants. We understand that this information on the number and age of dependants living within eligible families is collected by the ATO and therefore we expect this would not be onerous to apply. This requires further consideration and analysis, although this is beyond the scope of our review.

We suggest that instead of cutting out at $47,816, the annual income constraint on receiving energy concessions and rebates for Family Tax Benefit Part A recipients would be equivalent to the higher income thresholds within the Family Tax Benefit Part A scheme, as shown in Table 6-2.

[30] Simshauser, P., Nelson, T., (2012), Energy market death spiral – rethinking customer hardship, Pg 25

Table 6-2 Proposed annual income threshold for eligibility for Family Tax Benefit Part A

Number of children aged 0–12 years \ Number of children of 13–15 years or secondary students of 16–19 years	Nil	1	2	3
Nil	n/a	$69 496	$91 177	n/a
1	$62 853	$84 534	n/a	n/a
2	$77 891	$99 572	n/a	n/a
3	$92 929	n/a	n/a	n/a

Source: Australian Government Department of Human Services

Note: Income limits may need to be higher for those eligible for rent assistance or other such benefits.

Some advantages of this proposal include:

- It would provide energy concessions and rebates to a larger group of low income vulnerable customers who evidence suggests are those who are currently missing out on concessions
- Administration of the scheme would be relatively simple if the payments are made through the tax system:
  - The scheme delineates groups using existing tax system definitions
  - Centrelink already gathers information from the Australian Taxation Office on Family Tax Benefit Part A recipients in order to provide Health Care Cards to those receiving the maximum payment. Therefore a new benefits category could be established to cover those earning between $47,816 and the income threshold for the base rate payment, according to the amount of children in the family.

We note that the scheme would be more complex if the payments are made via energy bills, particularly if fixed payments are provided that vary with the number of dependent children as opposed to percentage based concessions.

6.1.4 Energy efficiency assistance measures

As we have discussed above, introducing means testing to energy efficiency programs such as those operating in South Australia is an excellent way to target energy bills over the long term, as well as improve the efficiency of the energy supply system for all users.

In addition, we note that improvements in the energy efficiency of public housing has been suggested by consumer welfare organisations as a highly efficient way to target those most vulnerable, as well as reduce the concessions payment budget burden (where they are applied as a percentage).[31] Many public housing occupants are vulnerable customers. Government funding for improvements to the energy efficiency of public housing would reduce vulnerable customer reliance on government benefits, and their fuel poverty gap over time.

Governments may wish to consider, in addition to providing energy concessions to vulnerable groups (as discussed in section 6.1.3), providing energy efficiency improvements to customers who qualify for Family Tax Benefit Part A benefits. That is, energy concessions and energy efficiency improvements would both be provided based on the same eligibility criteria. This would support

[31] Public Interest Advocacy Centre, (2012), *Equitable access to the essential: PIAC submission to the Senate Select Committee on Electricity Prices*, Pg 6

vulnerable customers to meet both their short term and long term energy needs. In line with the recommendations of the Victorian hardship review, governments may also consider broadening further the scope of existing energy audit schemes, to better target vulnerable customers who qualify as experiencing hardship.

We also recommend that in order to ensure funding for energy audits has the greatest impact on energy efficiency, low income high energy usage households should be the focus of the audits.

6.1.5 Education and customer engagement

As discussed in Chapter 5, the introduction of new flexible pricing structures should not exclude vulnerable customers, as it is likely that many vulnerable customers could benefit from participating in TOU or CPP programs. The Victorian Government has already taken steps to ensure this, through announcing that its Flexible Pricing schemes will be voluntary.

However, the current level of engagement and understanding of the drivers of energy bills is quite low, particularly among those most vulnerable energy customers. To avoid the risk of bill shock, a comprehensive education and awareness campaign, combined with energy efficiency advice needs to be conducted.

We have previously made recommendations to governments on community and consumer engagement in relation to smart meter rollouts and Flexible Pricing, in particular to the Victorian Government.[32] In our view, the government is best placed to provide the majority of independent advice, education and engagement around peak demand, energy efficiency and the broad concepts and objectives of flexible pricing.

The key messages that need to be communicated to vulnerable customers to avoid the risk of bill shock and adverse reaction include:

- Drivers of energy use in the home and how to save on energy bills
- The purpose of new flexible pricing structures
- How the new pricing structures operate, including examples.

These key messages could be delivered through various forms of media, including mail outs and internet websites. Price comparator websites can provide customers with an excellent source of advice on new tariff structures. We note that the AER's Energy Made Easy site provides customers with a tool to compare bills under different tariff structures which can assist vulnerable customers to understand the implications of different retail offers.[33]

We note that the Home Energy Saver Scheme's (HESS) (discussed in Chapter 4.5) aim of increasing awareness of the breadth of energy concessions and hardship support among particularly vulnerable, low income customers is a particularly commendable approach to reducing hardship. Awareness of and participation in the existing energy concession and hardship schemes is an important first step towards reducing hardship, particularly given those customers who are disconnected for non-payment are often not in possession of concession cards and therefore do not receive energy concessions, although may be actually eligible to do so.[34]

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[32] Deloitte, Department of Treasury and Finance – Advanced Metering Infrastructure Cost Benefit Analysis Final Report, August 2011, p. 117 and Deloitte, Department of Primary Industries- Advanced Metering Infrastructure Customer Impacts Study- Stage 2 Final Report, July 2012, p. 106.
[33] AER website – Energy Made Easy - http://www.energymadeeasy.gov.au/ . Last accessed 10 January 2012, 1pm.
[34] Simshauser, P., Nelson, T., (2012), *Energy market death spiral – rethinking customer hardship*, Pg 15.

6.2 Implementation of energy concessions policies

Despite the shift towards national energy market regulation implemented through the National Electricity Law and National Gas Law, consistent with the Australian Energy Market Agreement, we consider that state and territory government departments are best placed to manage and distribute energy concessions.

This is because the issues associated with vulnerability and hardship are complex and require flexibility in management, which state governments are arguably better placed to deliver. Weather related energy concessions provide an example of where state governments have structured assistance towards the specific drivers of high energy bills. These concessions could be implemented at a Federal level, however they are likely to be more targeted and relevant if managed at a state level. We also note that given the current level of variability in the number and scope of concessions available at a state level, states with a strong focus on addressing energy vulnerability should be able to continue to develop their targeted concessions frameworks, and those without such a focus should be encouraged to expand their concessions schemes.

The high level principles underpinning the national framework for energy CSOs established by the MCE in 2008 are a reasonable approach to ensuring good economic policy and consistency across the state measures.[35] Although, we note that it is not clear how these principles have been applied and adhered to in practice.

It could also be argued that some of our recommendations (including our recommendation to use Family Tax Benefit Part A eligibility for basic energy concessions) would, from a data collection and minimising handling costs perspective, be better implemented by the Australian Tax Office liaising directly with retailers. We note these recommendations could have implications for customer privacy which need to be considered in more detail, particularly in relation to information based on tax benefits.

We recognise that these recommended concession policy changes are likely to impose costs on Government and industry, both for implementation and rebate funding. An option that should be debated is a ‘shared responsibility’ model, whereby retailers could fund implementation and administration costs of the new concessions, supported by Government funding of concession rebates.

Further research and analysis of current tax data collection and retailer processes is needed to best design the implementation of our recommendations and identify the parties best responsible for bearing the costs

[35] MCE, (2008), *Energy Community Service Obligations - National Framework*

7 Limitation of our work

General use restriction

This report is prepared solely for the use of the Energy Supply Association of Australia. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of assessing the current status of energy concessions and hardship payments in Australia. You should not refer to or use our name or the advice for any other purpose.

Appendix A – Detailed summaries of Australian concessions and eligibility requirements

Table 7-1: Australian energy concessions and hardship policies, 2012

Department/ Agency Responsible	Name of Scheme	Details
Victoria – Energy Concessions		
Department of Human Services (DHS)	Annual Electricity Concession[36]	17.5% discount on household electricity bills.[37] Eligibility: Commonwealth concession card
DHS	Winter Energy Concession[38]	17.5% discount on mains gas bills between 1 May and 31 October annually.[39] Eligibility: Commonwealth concession card

[36] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/energy/annual-electricity-concession : accessed on: 26 November 2012

[37] The concession does not apply to the first $171.60 due to coverage of this amount by the Commonwealth Government carbon price Household Assistance Package. In the event that the Commonwealth Government's compensation package is insufficient, the Victorian Government will ensure concessions will be made available to cover the additional cost.

[38] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/energy/winter-energy-concession: accessed on: 26 November 2012

[39] The concession does not apply to the first $62.40 due to coverage of this amount by the Commonwealth Government carbon price Household Assistance Package. In the event that the Commonwealth Government's compensation package is insufficient, the Victorian Government will ensure concessions will be made available to cover the additional cost.

Department/ Agency Responsible	Name of Scheme	Details
DHS	Off peak concession[40]	13% discount on the off-peak tariff of electricity bills for households with separately metered electric hot water or slab heating. Not available in relation to the flexible or time-of-use tariffs enabled by a smart electricity meter or similar technology. We note that this scheme was introduced in response to large increases in off peak prices in the early 2000s. Eligibility: Commonwealth concession card
DHS	Electricity Transfer Fee Waiver[41]	Provides a full waiver of the fee that is normally payable to electricity retailers when there is a change of occupancy at a property. Eligibility: Commonwealth concession card
DHS	Service to property charge concession[42]	Provides a reduction on the (fixed cents/day) supply charge for concession households with low electricity consumption. The concession is applied if the cost of electricity used is less than the supply (or service) charge. The service charge is then reduced to the same price as the electricity usage cost. Eligibility: Commonwealth concession card
DHS	Non-Mains Energy Concession[43]	Provides a rebate for those who are not connected to mains gas and use LPG for domestic heating or cooking, and/or are individually metered for electricity but who pay a caravan park or accommodation proprietor. Participants are required to make a claim annually and retain receipts of LPG purchases or payments made to a non-mains energy provider.[44] The Non-Mains Energy Concession rebate payments for 2012 are: • $43 rebate for eligible cardholders who spend from $100 to $242.99; • $128 rebate for eligible cardholders who spend from $243 to $729.99; • $213 rebate for eligible cardholders who spend from $730 to $1,214.99; • $304 rebate for eligible cardholders who spend $1,215 or more Eligibility: Commonwealth concession card, non-mains gas receipts

[40] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/energy/off-peak-electricity-concession: accessed on: 26 November

[41] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/energy/electricity-transfer-fee-waiver: accessed on: 26 November

[42] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/energy/service-to-property-charge-concession: accessed on: 26 November 2012

[43] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/energy/non-mains-energy: accessed on: 26 November 2012

[44] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/__data/assets/pdf_file/0010/616438/concessions_non_mains_energy_concession_application_form_2012.pdf : accessed on 26 November 2012

Department/ Agency Responsible	Name of Scheme	Details
DHS	Medical cooling concession[45]	17.5% discount off electricity costs over a six month period from 1 November to 30 April for concession cardholders with multiple sclerosis and other qualifying medical conditions such as Parkinson's disease, fibromyalgia and motor neuron disease. The Medical Cooling Concession is provided in addition to the Annual Electricity Concession (combined discount of 35%). Eligibility: Commonwealth concession card, application form including signed doctor's statement confirming eligible medical condition.[46]
DHS	Life support concession[47]	The Life Support Concession provides a quarterly discount on electricity and/or water bills where a household member uses an eligible life support machine. This concession is available all year round. For electricity bills, the discount is equal to the cost of 1,880 kilowatt hours (470 kilowatt hours per quarter) of electricity used each year, calculated using the general domestic tariff of their electricity retailer. Eligibility: Commonwealth concession card and a qualifying machine that uses at least 1,880 kilowatts, certified as being installed in the patients home by a signed statement by a hospital worker, nurse, or doctor. [48] Currently approved machines are: • Intermittent peritoneal dialysis machines (electricity) • Oxygen concentrators (electricity) • Haemodialysis machines (electricity and water).

[45] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/energy/medical-cooling-concession: accessed on: 26 November 2012

[46] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/__data/assets/pdf_file/0020/616403/medical-cooling-concession-march2012.pdf: accessed on: 26 November 2012

[47] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/energy/life-support-machine-electricity-concession: accessed on: 26 November 2012

[48] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/__data/assets/pdf_file/0007/616381/life-support-concession-machine-notification-2011-form.pdf: accessed on: 26 November 2012

Department/ Agency Responsible	**Name of Scheme**	**Details**
Victoria – Hardship assistance		

DHS	Utility Relief Grant and Non-Mains Utility Relief Grant schemes[49]	Grants are generally capped at 6 months of usage up to a maximum of $500, although larger grants are possible in exceptional circumstances.[50]
		Applicants are restricted to applying once every 2 years.
		Eligibility:
		• Commonwealth concession card holder; or
		• A registered member of their utility's hardship program; and
		  • Have the ability to demonstrate that unexpected hardship has left the individual seriously short of money, unable to pay utility bills without assistance, and at risk disconnection or non-supply, and meet one of the following criteria:
		  • A significant increase in usage, for example due to a faulty appliance;
		  • A recent decrease in income, for example loss of employment or illness;
		  • High unexpected expenses on essential items, for example funerals or essential repairs/replacement of essential items;
		  • The cost of shelter is more than 30% of the household income; or
		  • The cost of utility usage is more than 10% of the household income.

New South Wales – Energy concessions		
NSW department of Trade & Investment (DTI)	Low Income Household rebate[51]	$215 per year made as instalments on each electricity bill. Same rate applies regardless of whether customer has electricity and/or gas. Eligibility: Commonwealth concession card

[49] Dept. of Human Services – website: available at: http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/hardship/utility-relief-and-non-mains-utility-grant-scheme: accessed on: 26 November 2012

[50] Dept. of Human Services – website: available at: http://www.ewov.com.au/__data/assets/pdf_file/0017/4760/vic-utility_relief_grant_scheme_guidelines.pdf accessed on: 30 November 2012

[51] NSW Dept. of Trade & Investment – website: http://www.trade.nsw.gov.au/energy/customers/rebates: accessed on: 26 November 2012

Department/ Agency Responsible	Name of Scheme	Details
DTI	Family Energy Rebate[52]	$75 per year made as a credit on eligible applicants' electricity bills. $35 if also receiving the Low Income Household Rebate. Eligibility: Have received and are eligible for Family Tax Benefit Part A or Part B. Applications must be sent to NSW Trade & Investment every year
DTI	Life Support Rebate[53]	Life Support Rebate paid in addition to any other energy rebate to which applicant may be entitled. Eligibility: Requires a signed statement by a medical practitioner to certify the patient requires the use of life support equipment. [54] The list of equipment eligible includes the following (daily payment amounts): • PAP devices ($0.16, $0.32 for 24 hour usage) • Enteral feeding pump ($0.20) • phototherapy equipment ($1.66) • home dialysis ($0.69) • respirator ($1.66) • oxygen concentrator ($0.83, $1.40 for 24 hour usage) • total parenteral nutrition machine ($0.38) • external heart pump machine ($0.05)
DTI	Medical Energy Rebate[55]	Payment of $215 a year from 1 July 2012, increasing to $235 per year from 1 July 2014. May be paid in addition to other energy concessions. Eligibility: Commonwealth concession card and a medically diagnosed inability to self-regulate body temperature when exposed to extremes (hot or cold) of environmental temperatures. It may be associated with certain medical conditions such as Parkinson's disease and multiple sclerosis. Applicants are required to provide a signed statement by a medical practitioner as well as consent to release any medical records of relevance to the claim. [56]

[52] Ibid.
[53] NSW Dept. of Trade & Investment – website: http://www.trade.nsw.gov.au/energy/customers/help: accessed on: 26 November 2012
[54] NSW Dept. of Trade & Investment – website: http://www.trade.nsw.gov.au/__data/assets/pdf_file/0020/300755/NSW-Life-Support-Electricity-Rebate-Application-Form.pdf: accessed on: 26 November 2012
[55] NSW Dept. of Trade & Investment – website: http://www.trade.nsw.gov.au/energy/customers/rebates/life-support-rebates-questions: accessed on: 26 November 2012

Department/ Agency Responsible	Name of Scheme	Details
New South Wales – Hardship assistance		
DTI	Energy Accounts Payment Assistance Scheme[57]	Paid as $30 voucher(s) as deemed necessary[58], administered by community welfare organisations (CWO) such as the Salvation Army or St Vincent de Paul. Capped at $240 per bill, or $480 per annum. Eligibility: The CWO assesses the customer's situation and determines each case based on individual circumstances.
Queensland – Energy concessions		
Dept. of Communities, Child Safety and Disability Services (DCCDS)	Electricity Rebate[59]	$230.46 per year. Administered by electricity retailer. Eligibility: Pensioner concessions card, Department of Veterans Affairs cardholder, or Queensland Government Seniors card. Applicants must also declare that no other persons except casual visitors share the residence with them. Card holders who live in caravan parks or multi-unit residential buildings may be eligible for the electricity rebate if: • Electricity is paid on the basis of individually metered consumption, and • The owner/proprietor is prepared to seek the electricity rebate on behalf of the resident.
Department of Energy and Water Supply (DEWS)	Reticulated Natural Gas Rebate[60]	$64.23 per year. Administered by reticulated natural gas retailer Eligibility: Commonwealth concession card or Queensland Government Seniors Card. Applicants must also declare that no other persons except casual visitors share the residence with them. Card holders who live in caravan parks or multi-unit residential buildings may be eligible for the reticulated natural gas rebate if: • Reticulated natural gas is paid on the basis of individually metered consumption, and • The owner/proprietor is prepared to seek the reticulated natural gas rebate on behalf of the resident.

[56] NSW Dept. of Trade & Investment – website: http://www.trade.nsw.gov.au/__data/assets/pdf_file/0014/312062/application-for-nsw-medical-energy-rebate.pdf: accessed on: 26 November 2012

[57] NSW Dept. of Trade & Investment – website: http://www.trade.nsw.gov.au/energy/customers/rebates/life-support-rebates-questions: accessed on: 26 November 2012

[58] NSW department of Trade & Investment, phone call to energy information line, 3 December 2012

[59] QLD Dept. of Communities, Child Safety and Disability Services – website: http://www.communities.qld.gov.au/communityservices/community-support/queensland-government-concessions/reducing-the-cost-of-living/search-concession-schemes/all-concession-schemes/electricity: accessed on: 26 November 2012

[60] QLD Dept. of Communities, Child Safety and Disability Services – website: http://www.deedi.qld.gov.au/documents/energy/rebates-and-concessions-factsheet.pdf: accessed on: 26 November 2012

Department/ Agency Responsible	Name of Scheme	Details
DEWS	Medical Cooling and Heating Electricity Concession Scheme[61]	$230.46 per year. The rebate is paid on a quarterly basis, directly into the eligible applicants' nominated bank account. All applicants must re-apply for the concession every two years, although those with a recognised permanent medical condition will only be required to confirm their concession card status.[62] Eligibility: Commonwealth concession card or Queensland Government Seniors Card, and: • Have a qualifying medical condition requiring cooling or heating to prevent the decline of the individual's symptoms (requires Medical Certification form to be completed by a medical practitioner) • Be residing at their principal place of residence which has an air-conditioning unit. • Be financially responsible for the payment
DCCDS	Electricity Life Support Concession Scheme[63]	$39.12 per month is paid for oxygen concentrators and $26.20 per month for kidney dialysis machines. Periodic renewal of a patient's application is only necessary upon request by the Department. [64] Eligibility: Commonwealth concession card or Queensland Government Seniors Card, and the: • Oxygen concentrator must be provided rent-free by Queensland Health to patients who hold an eligible concession card and meet the eligibility criteria of the Medical Aids Subsidy Scheme • Kidney dialysis machine must be provided rent-free by Queensland Health to patients based on clinical needs and supplied through Queensland hospitals.

[61] Ibid.
[62] QLD Dept. of Communities, Child Safety and Disability Services – website: http://www.communities.qld.gov.au/resources/communityservices/community/government-concessions/every-dollar-counts/heating-cooling-brochure.pdf: accessed on: 26 November 2012
[63] QLD Dept. of Communities, Child Safety and Disability Services – website: http://www.communities.qld.gov.au/resources/communityservices/community/communities-concessions/electricity-life-support-info.pdf : accessed on 26 November 2012
[64] Ibid.

Department/ Agency Responsible	Name of Scheme	Details
Queensland – Hardship assistance		
DEWS	Home Energy Emergency Assistance Scheme[65]	One-off emergency assistance to customers experiencing a crisis or unforeseen emergency that limits their ability to pay their home energy bill. The scheme can provide up to $720 per eligible household per year. Assistance can be provided for a maximum of two consecutive years. Administered by the energy retailer. Eligibility: Commonwealth concession card or Queensland Government Seniors Card, and have a base income of no more than the Commonwealth Government's maximum income rate for part-time pensioners, or be registered in an energy retailer's hardship program.
South Australia – Energy concessions		
Department for Communities and Social Inclusion (DCSI)	Customer Concession Scheme for Energy[66]	$165 discount per year on household energy bills, to assist with electricity and gas payments (including LPG bottled gas). Administered by the DCSI. Eligibility: Commonwealth concession card
DCSI	Medical heating and cooling concession[67]	$165 per year available in addition to the Customer Concession Scheme for Energy concession. For non-permanent medical conditions the application is required to be renewed every two years. [68] Eligibility: Commonwealth concession card, and • Have (or be a parent/guardian of a child with) a qualifying medical condition requiring cooling or heating to prevent a severe exacerbation of their condition; • Provide certification from their medical specialist or General Practitioner that the medical condition is severely exacerbated by hot or cold weather; • Reside at the address on the application form and use an air conditioning unit at that address to meet their medical heating and cooling requirements; • Be financially responsible for the full or part payment of the energy bill.

[65] QLD Dept. of Communities, Child Safety and Disability Services – website: http://www.deedi.qld.gov.au/energy/rebates-and-concessions.htm : accessed on 26 November 2012
[66] SA Dept. for Communities and Social Inclusion – website: http://www.dcsi.sa.gov.au/pub/tabId/209/itemId/348/moduleId/795/Energy-bills.aspx: accessed on 26 November 2012
[67] SA Dept. for Communities and Social Inclusion – website: http://www.dcsi.sa.gov.au/pub/tabId/164/itemId/3391/Medical-Heating-and-Cooling-Concession.aspx : accessed on 26 November 2012
[68] Ibid.

Department/ Agency Responsible	Name of Scheme	Details
SA Health	Home Dialysis Electricity Concession	$165 per year for all home dialysis patients. Applications must be made directly to SA Health. Eligibility: any person undergoing dialysis treatment, provided that the concession has been approved by SA Health
South Australia – Hardship assistance		
DCSI	Emergency financial assistance[69]	Payment of up to $400[70], assessed on a case by case basis to assist customers experiencing financial hardship with emergency financial assistance.
Tasmania – Energy concessions		
Dept. of Health and Human Services (DHHS)	Electricity Rebate[71]	$1.235 per day up to a maximum of $450.78 per year. Eligibility: Commonwealth concession card
DHHS	Heating Allowance[72]	$56 a year to eligible pensioners to assist with heating costs. Two payments of $28 made in May and September. Eligibility: Commonwealth concession card. For a single pensioner, must not have more than $1,750 in cash assets; for married/de facto pensioner must not have more than $2,750 in cash assets.

[69] SA Dept. for Communities and Social Inclusion – website: http://www.dcsi.sa.gov.au/pub/Home/Emergencies/Emergencyfinancialassistance/tabid/280/Default.aspx: accessed on 26 November 2012
[70] SA Department for Communities and Social Inclusion (DCSI), phone call to concessions hotline, 3 December 2012
[71] TAS Dept. of Health and Human Services – website: http://www.concessions.tas.gov.au/concessions/electricity_and_heating: accessed on 26 November 2012
[72] Ibid.

Department/ Agency Responsible	Name of Scheme	Details
DHHS	Life support machine rebate[73]	The approved life support systems and per-day discounts, current as at 1 July 2012 are as follows: • Oxygen concentrator, 42.1811 cents per day • Peritoneal dialysis machine, 31.2958 cents per day • Haemo-dialysis machine, 31.2958 cents per day • Chronic positive pressure and airways regulator, 14.9675 cents per day • Respirator (iron lung), 55.788 cents per day • OXCP (oxygen concentrator, chronic positive pressure and airways regulator), 57.1486 cents per day • Phototherapy, 79.4888 cents per day Eligibility: available to people who: • Are eligible on medical grounds and have a life support machine installed; or • Live with someone who uses a life support machine.
Australian Capital Territory – Energy concessions		
Department of Community Services (DCS)	Energy Concession and Utilities Concession[74]	The maximum electricity concession is $292.82 per year which can be combined with the utility concession which provides up to an additional $82 per year to offset basic utility costs, including water bills Combined rebate applied to bill of 48.38 cents per day from 1 November to 31 May, and 177.93 cents per day from 1 June to 31 October. Eligibility: Commonwealth concession card
DCS	Life Support Rebate[75]	0.3258 cents per day up to a maximum of $121.87 per annum. Eligibility: Use of electrically-operated life support equipment as prescribed by an ACT medical practitioner necessary in the treatment of a life-threatening condition. A signed letter from a medical practitioner is required. [76]

[73] TAS Dept. of Health and Human Services – website: http://www.concessions.tas.gov.au/concessions/electricity_and_heating: accessed on 26 November 2012
[74] ACT Dept. of Community Services – website: http://www.dhcs.act.gov.au/wac/concessions/energy_concession: accessed on 26 November 2012
[75] ACT Dept. of Community Services – website: http://www.dhcs.act.gov.au/wac/concessions/life_support: accessed on 26 November 2012
[76] ACT Dept. of Community Services – website: http://www.assistance.act.gov.au/adult/utilities/life_support_rebate: accessed on 26 November 2012

Department/ Agency Responsible	Name of Scheme	Details
Australian Capital Territory – Hardship assistance		
ACT Civil and Administrative Tribunal	Energy and Water Hardship Assistance[77]	The ACT Civil and Administrative Tribunal operates a Hardship Assistance Program whereby customers experiencing hardship can apply for assistance. The Tribunal has the power to direct a retailer to discharge all or part of an account owing where it considers that customer hardship circumstances are severe. It also provides assistance obtaining access to retailer payment plans and hardship programs and advice on managing household costs. Eligibility: By application to the Tribunal
Northern Territory – Energy concessions		
Northern Territory Pensioner and Carer Concession Scheme (NTPCCS)	Pensioner and Carer Concession Scheme[78]	A daily rate concession of $1.201 per day as well as a consumption concession of 0.058 per kilowatt hour.[79] Eligibility: Northern Territory Pensioner & Carer Concession Card; available to : • Commonwealth concession card holders • Non-Pensioner aged war service veterans (for females 55 years and over and men 60 years and over) • All senior citizens (females 60 years and over and males 65 years and over)
Western Australia – Energy concessions		

[77] ACT Civil and Administrative Tribunal – website: http://www.acat.act.gov.au/energy_water/energy_water : accessed on 22 February 2013
[78] Northern Territory Pensioner and Carer Concession Scheme – website: http://www.health.nt.gov.au/library/scripts/objectifyMedia.aspx?file=pdf/71/09.pdf&siteID=1&str_title=Concession%20Information%20A4%20Pen%20Con%20Form.pdf: accessed on 26 November 2012
[79] Northern Territory Pensioner and Carer Concession Scheme, phone call to information line, 4 December 2012. We understand that this has increased slightly from January 2013, however the new concession rates are not available on the NT Government website.

Department/ Agency Responsible	Name of Scheme	Details
Department of Finance	Dependent Child Rebate – Electricity[80]	Rebate is calculated daily, according to the number of dependent children listed on the applicant's concession card. It is applied by reducing the amount owing on the electricity account. • 1 child: 61.3 cents/day • 2 children: 77.89 cents/day • 3 children: 94.48 cents/day • 4 children: 111.07 cents/day Eligibility: Commonwealth concession card, dependent children
Department of Treasury	Cost of Living Assistance[81]	$200 per year, can be received in addition to the Dependent Child Rebate. Administered by energy retailers. Eligibility: Commonwealth concession card or Western Australian Government Seniors Card
Department of Finance	Air-conditioning rebate[82]	$43.73/month for eligible locations (regions with extreme weather conditions) for summer months Eligibility: WA Seniors Card; and either: • Commonwealth Seniors Health Card; or • Pensioners Concession Card (Centrelink) You also are also eligible if you: • are a permanent caravan resident with the required concession cards • receive the Dependent Child Rebate

[80] WA Department of Finance – website http://www.concessions.wa.gov.au/Concessions/Pages/Dependent-Child-Rebate---Electricity.aspx: accessed on 30 November 2012
[81] WA Treasury – website: http://www.treasury.wa.gov.au/cms/uploadedFiles/State_Budget/Budget_2012_13/2012-13_budget_factsheet_cola_and_electricity_tariffs.pdf: accessed on 26 November 2012
[82] WA Department of Finance – website http://www.finance.wa.gov.au/cms/content.aspx?id=1691: accessed on 4 December 2012

Department/ Agency Responsible	Name of Scheme	Details
Department of Finance	Thermoregulatory Dysfunction Energy Subsidy Scheme[83]	$545 per annum paid in advance to participants. Eligibility: Commonwealth concession card; and must be the patient or guardian/primary caregiver of a person who has a qualifying condition: Primary Qualifying conditions • Autonomic system dysfunction. (Medical conditions in which the autonomic system has been damaged e.g. severe spinal cord injury, stroke, brain injury and neurodegenerative disorders) • Loss of skin integrity or loss of sweating capacity. (e.g. significant burns greater than 20%, severe inflammatory skin conditions and some rare forms of disordered sweating) • Objective reduction of physiological functioning at extremes of environmental temperatures. (e.g. advanced multiple sclerosis) • Hypersensitivity to extremes of environmental temperature leading to increased pain or other discomfort or an increased risk of complications. (e.g. complex regional pain syndrome and advanced peripheral vascular disease) Secondary Qualifying Criteria • Severe immobility (e.g. such as occurs with quadriplegia or the loss of three limbs) • Demonstrated significant loss of autonomic regulation of sweating, heart rate or blood pressure • Demonstrated loss of physiological function or significant aggravation of clinical condition at extremes of environmental temperature
Department of Treasury	Life Support Rebate[84]	In some cases the subsidy is available retrospectively from 1 January 2005. Eligibility: Commonwealth concession card and a signed statement by a medical practitioner to certify the patient requires the use of life support equipment. The list of equipment eligible includes the following (annual payment amounts): • Ventilator (VPAP or BPAP only) ($348)

[83] WA Department of Finance – website http://www.finance.wa.gov.au/cms/content.aspx?id=1691: accessed on 30 November 2012
[84] WA Department of Finance – website http://www.finance.wa.gov.au/cms/uploadedFiles/_State_Revenue/Other_Schemes/Life_Support_Equipment_Information_Sheet.pdf?n=8629 : accessed on 4 December 2012

Department/ Agency Responsible	Name of Scheme	Details

		• Oxygen Concentrator:
		  • Standard Capacity (adult) ($664);
		  • Standard Capacity (child) ($995);
		  • High Capacity "New Life Intensity" (adult) ($958)
		• Feeding Pump ($118)
		• Suction Pump ($158)
		• Apnoea Monitor (for children only) ($199)
		• Nebuliser (for children only - used everyday for 1-2 hours per day) ($38)
		• Heart Pump ($313)
		• Machine Assisted Peritoneal Dialysis Equipment (cycler or heater) ($73)

Department/ Agency Responsible	Name of Scheme	Details
Western Australia – Hardship assistance		

Department for Child Protection	Hardship Utilities Grant Scheme[85]	Grant paid directly by energy retailers. As of September 2012 the maximum grants are:
		• South of 26S (Geographical area South of Carnarvon):
		  • Normal grant = \$495.00
		  • Exceptional Circumstances grant = \$790.00
		  • Additional grant = \$225.00
		• North of the 26S (Carnarvon and geographical area North of Carnarvon)
		  • Normal grant = \$820.00
		  • Exceptional Circumstances grant = \$1,180.00
		  • Additional grant = \$375.00
		Exceptional circumstances comprise of unexpected crisis situations from which expenses are incurred that will severely impact an individual's or family's wellbeing, for example as a result of domestic violence, mental health issues, relationship breakdown, or death.
		Additional grants are for recipients of the maximum normal grant who require additional assistance but are ineligible for the exceptional circumstances grant. To receive this grant a genuine commitment to engage with financial councillors must be demonstrated.
		Eligibility: Assessed by HUGS service provider.

[85] WA Dept. for Child Protection – website: http://www.dcp.wa.gov.au/servicescommunity/Pages/HardshipUtilitiesGrantScheme(HUGS).aspx: accessed on 26 November 2012

Department/ Agency Responsible	Name of Scheme	Details
Australian Government – Energy concessions		
Department of Human Services (DHS)	Utilities Allowance[86]	Paid in four installments per year (March, June, September and December). Payments are adjusted on 20 March and 20 September each year in line with CPI. These payment rates are effective from 20 September 2012: Single customers - $564.00 per annum, paid at the rate of $141.00 per quarter. Couple combined - $564.00 per annum, paid at the rate of $70.50 per quarter for each eligible member of a couple. Eligibility: a recipient is also receiving at least one of: • Disability Support Pension and are aged under 21 with no dependent children • Partner Allowance • Widow Allowance
DHS	The Household Assistance Package (Carbon tax compensation)[87]	'Clean Energy Advance': A one-off, tax-exempt payment was made to pensioners, other income support recipients, families receiving Family Tax Benefit payments, and Seniors Supplement recipients, between May and June 2012 to assist them to adjust to the introduction of the carbon tax. Payment rates vary with taxable income levels. As an ongoing support measure, the Household Assistance Package consists of increases to regular concessions payments and tax cuts for low income Australians. With the exception of the 'Essential Medical Equipment Assistance Payment' these payments are to assist households with general cost of living increases (including energy bills). The Essential Medical Equipment Payment is an annual payment of $140 to provide assistance to individuals with essential medical equipment with paying increased home energy costs.

[86] Australian Government DHS – website: http://www.humanservices.gov.au/customer/services/centrelink/utilities-allowance: accessed on 26 November 2012
[87] Australian Government DHS – website: http://www.humanservices.gov.au/customer/subjects/clean-energy-future: accessed on 26 November 2012

Table 7-2Commonwealth concession card eligibility

Health Care Card[88]	Pensioner Concession Card[89]	DVA Gold [90]
Automatically issued to recipients of any of the following payments: **New Start Allowance** **Sickness Allowance** **Youth Allowance (job seekers only)** **Partner Allowance** **Parenting Payment (partnered)** **Widow Allowance** **Special Benefit** **Carer Payment for short-term or episodic care under six months** **Exceptional Circumstances Relief Payment for farmers** **Family Tax Benefit Part A (maximum rate only)** **Mobility Allowance (if not receiving Disability Support Pension)** **Carer Allowance (caring for a child under 16 years) (the Health Care Card is for the child in care only)** **NB: Heath Care Cards may be able to be kept for six months after recipient has returned to work** **Foster Child Health Care Card: Issued in the name of the child being cared for; eligible to any person caring for a child that is not their natural or adopted child, including relatives.** **Ex-Carer Allowance (child)**	**Automatically issued to recipients of any of the following payments:** Age Pension Bereavement Allowance Carer Payment Disability Support Pension Newstart Allowance or Youth Allowance (job seeker) if you are single, caring for a dependent child, and looking for work Parenting Payment (single) **Individual may be eligible if aged over 60 and for more than nine months have been receiving:** Newstart Allowance Parenting Payment (partnered) Partner Allowance Sickness Allowance Special Benefit Widow Allowance **You may also get a Pensioner Concession Card if you have a partial capacity to work and you are**	**Available, subject to income and asset limits, to Australian Veterans and ex-mariners who are:** • Ex-prisoners of war • World War 1 veterans, nurses, or mariners • Veterans receiving a disability pension at 100% or more of the general rate; • Intermediate rate pensioners; • Extreme Disablement Adjustment (EDA) pensioners; • Special Rate pensioners: i.e. T&PI & 'Blinded' veterans; • Veterans receiving a disability pension at or above 50% of the general rate and receiving any amount of service pension; • Veterans receiving a disability pension including an additional amount for specific service related amputations or blindness in one eye; • Veterans receiving a service pension and whose income and assets are below certain prescribed limits; • World War 2 returned servicewomen of Australia's defence force who have 'qualifying service' as defined under the VEA; • War Widows/Widowers and eligible dependants of a deceased veteran, whose death has been accepted as war-caused; • All veterans of Australia's defence force, including Australian mariners, who are aged 70 years and over and who have qualifying service as a result of their service during World War 2; • As of 1 July 2002, all Australian veterans who are 70 years of age and over and who have qualifying service (from post World War 2 conflicts); • Former members of the ADF who are eligible for a Special Rate Disability Pension under the MRCA; • Former members of the ADF with an impairment rating of 60 or more impairment points under the

[88] Department of Human Services – Website: http://www.humanservices.gov.au/customer/enablers/centrelink/health-care-card/eligibility: accessed on 4 December 2012

[89] Department of Human Services – Website: http://www.humanservices.gov.au/customer/enablers/centrelink/low-income-health-care-card/eligibility: accessed on 4 December 2012

[90] Department of Human Services – Website: http://www.humanservices.gov.au/customer/enablers/centrelink/pensioner-concession-card/eligibility: accessed on 4 December 2012

Health Care Card **Available to full-time students aged between 16 and 25 years with a disability or medical condition that previously entitled their carer to a Carer Allowance (Child) Health Care Card. This card is not means tested.** **Low Income Health Care Card** **Qualification subject to a maximum annualised level of income:** • **Single, no children $25,272** • **Couple (combined), no children $43,836** • **Single, one dependent child $43,836** • **For each additional child $1,768** **To retention (once qualified) subject to a maximum annualised level of income:** • **Single, no children $31,590** • **Couple (combined), no children $54,795** • **Single, one dependent child $54,795** • **For each additional child $2,210**	**receiving:** Newstart Allowance Parenting Payment (partnered) Youth Allowance (job seeker)	MRCA; • Former members of the ADF with an impairment rating of 30 or more impairment points under the MRCA and receiving any amount of service pension under the VEA; • All MRCA members who are 70 years of age (and over) who have rendered warlike service on or after 1 July 2004; and • A wholly dependent partner and "Eligible Young Person" (EYP) of a former ADF member who is entitled to compensation for the member's death under the MRCA. **Income and asset limits** Annualised income: • Singles $9,854 • Couples (combined) $17,129 Assets: • Homeowner (single) $268,250 • Homeowner (couple) $403,500 • Non-homeowner (single) $407,750 • Non-homeowner (couple) $543,000

Table 7-3 Summary of payments determining Commonwealth Concession Card eligibility[91]

Payment qualifying applicant for Commonwealth Concession Card	Eligibility Requirements	Income and Asset Test
Age Pension	The age requirement for eligibility to receive the age pension varies according to the year of birth of the recipient. The pension age is currently 65 years, however this will increase by 6 months every year and a half from 2017 onwards until reaching 67 years by 2024.	Income: Allowance payments reduce by 50 cents in the dollar for annualised single incomes over $3,952 or combined incomes over $6,968, reaching zero at single incomes of $44,127 and combined incomes of $67,537. Assets: If total assets exceed those outlined in Table 2-1 then allowance reduces by $1.50 for every $1,000 above the listed amount.
Bereavement Allowance	Bereavement Allowance is a payment paid for up to 14 weeks after the death of your partner, to assist you with adjusting to your changed financial circumstances, such as settling financial affairs and arranging on-going financial support. You can receive Bereavement Allowance if: • your partner has died • you have not re-partnered • your income and assets are below a certain amount • you meet Australian residency requirements, and • you lodge your claim within four weeks to be paid from the date your partner died, or you lodge your claim within 14 weeks to be paid from the date you claim, unless you were pregnant when your partner died. If you were pregnant when your partner died, you can receive Bereavement Allowance for the duration of the pregnancy. If eligible, you may also receive Rent Assistance [4] and/or Remote Area Allowance.	Income: Allowance payments reduce by 50 cents in the dollar for annualised single incomes over $3,952 or combined incomes over $6,968, reaching zero at single incomes of $44,127 and combined incomes of $67,537. Assets: If total assets exceed those outlined in Table 2-1 then allowance reduces by $1.50 for every $1,000 above the listed amount.

[91] Department of Human Services – Website: http://www.humanservices.gov.au/customer/services/: accessed on 4 December 2012

Payment qualifying applicant for Commonwealth Concession Card	Eligibility Requirements	Income and Asset Test
	You cannot get Bereavement Allowance if you are already receiving another type of income support payment. However, if you are receiving another payment, it may be better for you to transfer to Bereavement Allowance during the 14 week period.	
Carer Allowance (caring for a child under 16 years)	You may receive Carer Allowance (caring for a child under 16 years) if: • you look after a child with a disability or medical condition who needs additional care and attention on a daily basis; or • Care for two children with disabilities and the children do not individually qualify you for Carer Allowance (child) but together create a substantial caring responsibility; and • You live with the child (or children) you are caring for. Note: If you qualify for Carer Payment (caring for a child under 16 years), you will generally receive Carer Allowance automatically. **Medical reviews** To check your eligibility for Carer Allowance, the child you care for may be required to have a medical review on reaching these developmental milestones: • four years and eight months • 10 years • 13 years. If the child's disability or medical condition is on the list of recognised disabilities, he or she will not have milestone reviews.	Carer Allowance is not subject to an income and assets test and is not taxable. It can be paid in addition to other income support payments such as Carer Payment or Age Pension.
Carer Payment (caring for a child under 16 years)	You may be eligible for Carer Payment (caring for a child under 16 years) if you provide constant daily care in the home of the child you care for, and he or she is:	Income: Allowance payments reduce by 50 cents in the dollar for annualised single incomes over $3,952 or combined incomes over $6,968, reaching zero at single incomes of $44,127 and combined

Payment qualifying applicant for Commonwealth Concession Card	Eligibility Requirements	Income and Asset Test
	• a single child aged under 16 years with a severe disability or severe medical condition • one of two to four children under 16 with a disability or medical condition whose combined care needs are equal to that of a single child aged under 16 with a severe disability or severe medical condition • one of one or two children and an adult who each have a disability or medical condition, whose combined care needs are equal to that of a single child with a severe disability or severe medical condition, or • one of two or more children under 16 who individually or combined have a severe disability or severe medical condition in an exchanged-care arrangement (see below)	incomes of $67,537. Assets: If total assets exceed those outlined in Table 2-1then allowance reduces by $1.50 for every $1,000 above the listed amount. **Box 7.1**Must also meet the care-receiver income and assets tests: The annual income that qualifies a non-customer care receiver's carer for Carer Payment is limited to $100,450. The assets that qualify a non-customer care receiver's carer for Carer Payment are limited to $619,500.
Carer Payment (caring for a child over 16 years)	Providing constant daily care in the home of the person and that person is: • is aged 16 or more with a severe disability or medical condition or is frail aged, or • is aged 16 or more with moderate care needs and has a dependent child who either is under six or is aged 6–16 and eligible for Carer Allowance. • The person you care for must also either: • receive an income-support payment from us or from the Department of Veterans' Affairs, • be unable to receive an income-support payment from us or the Department of Veterans' Affairs because they have not lived in Australia long enough to be eligible	Income: Allowance payments reduce by 50 cents in the dollar for annualised single incomes over $3,952 or combined incomes over $6,968, reaching zero at single incomes of $44,127 and combined incomes of $67,537. Assets: If total assets exceed those outlined in Table 2-1 then allowance reduces by $1.50 for every $1,000 above the listed amount. **Box 7.2**Must also meet the care-receiver income and assets tests: The annual income that qualifies a non-customer care receiver's carer for Carer Payment is limited to $100,450. The assets that qualify a non-customer care receiver's carer for Carer Payment are limited to $619,500.
Carer Payment (short-term or episodic care under six months)	Carer Payment is generally paid if a child requires care for six months or more. However, it can also be paid if a significant level of care for a child is required on a short-term or episodic basis for a period of three to six months. The difference between short-term and episodic conditions is that short-term conditions are expected to be one-off, but episodic conditions are expected to	The annual income that qualifies a non-customer care receiver's carer for Carer Payment is limited to $100,450. The assets that qualify a non-customer care receiver's carer for Carer Payment are limited to $619,500.

Payment qualifying applicant for Commonwealth Concession Card	Eligibility Requirements	Income and Asset Test
	recur.	If non-customer care-receiver assets levels are over $619,500, under certain circumstances the non-customer care receiver's assets test may not disqualify the carer from Carer Payment. Current liquid-assets limits for non-customer care receivers are $6,000 (single) and $10,000 (partnered)

Disability Support Pension	You may receive Disability Support Pension if you are:
	• you are over 16 years of age and under Age Pension age
	• you are an Australian resident and in Australia when you claim and
	• you are permanently blind or have been assessed as having a physical, intellectual, or psychiatric impairment, and either:
	  • you are participating in the Supported Wage System; or
	  • you are unable to work, or to be retrained to work, 15 hours or more per week at or above the relevant minimum wage within the next two years because of your impairment; and
	  • have been assessed as having a severe impairment or as having actively participated in a program of support
	To assess your eligibility for Disability Support Pension, we usually need a report from your doctor or specialist about your disability, injury or illness. You may also need to have a Job Capacity Assessment. A Job Capacity Assessment is a way of finding out:
	• whether you can work
	• how much work you can do and
	• how much help you need in order to find and keep a job
		Income: Allowance payments reduce by 50 cents in the dollar for annualised single incomes over $3,952 or combined incomes over $6,968, reaching zero at single incomes of $44,127 and combined incomes of $67,537.
		Assets: If total assets exceed those outlined in Table 2-1 then allowance reduces by $1.50 for every $1,000 above the listed amount.
		If you are claiming Disability Support Pension because you are permanently blind, you may not be subject to the income or assets test. If you are claiming Rent Assistance as well, you will need to complete an income and asset form.

Family Tax Benefit Part A (Maximum Payment):	Income based payment	A maximum Family Tax Benefit Part A payment requires a family adjusted taxable income of $47,815 or less, where child-support/spousal maintenance payments do not exceed $1,445.40 for a single parent or member of a couple receiving maintenance (plus $481.80 per extra

Payment qualifying applicant for Commonwealth Concession Card	Eligibility Requirements	Income and Asset Test
		child), or $2,890.80 for a couple where both receive child support (plus $481.80 per extra child).
Mobility Allowance (if not receiving Disability Support Pension)	You may be eligible for Mobility Allowance if you: • are aged 16 or more and • cannot use public transport without substantial assistance because of a disability, illness, or injury, and • need to travel to and from your home to look for work, do paid or voluntary work, or participate in study or training Note: You can still qualify for Mobility Allowance if there is no public transport where you live. **Standard rate** • To be eligible for the standard rate of Mobility Allowance, you must also: • be undertaking vocational training, voluntary work, paid work, independent-living / life-skills training or any combination of these for at least 32 hours every four weeks on a continuing basis or • have an agreement to look for work through an Employment Services Provider (e.g. Job Services Australia or Disability Employment Services) or • be participating in a Disability Employment Services Disability Management Service or • be receiving Newstart Allowance, Youth Allowance or Austudy and satisfy the activity-test requirements associated with these payments **Higher rate** You may be eligible for the higher rate of Mobility Allowance if you are: • receiving Disability Support Pension, Parenting Payment, Newstart Allowance or Youth Allowance (job seeker); and • working for at least 15 hours a week on wages that are at or above the relevant	Eligibility requires receipt of one of the following payments, and therefore must meet the relevant income and asset test: • Disability Support Pension • Parenting Payment, • Newstart Allowance • Youth Allowance (job seeker);

Payment qualifying applicant for Commonwealth Concession Card	Eligibility Requirements	Income and Asset Test
	minimum wage; and either • undertaking job-search activities for work of at least 15 hours a week on wages that are at or above the relevant minimum wage, under an Employment Pathway Plan or agreement with an Employment Services Provider (e.g. Job Services Australia or Disability Employment Services), or • working for at least 15 hours a week on productivity-based wages under the Supported Wage System	
New Start Allowance:	Available to jobseekers between 22-65 years of age, who are looking for paid work including participation in the Employment Pathway Plan and required activity tests, and are not involved in industrial action.	Allowance payments reduce by 50 cents in the dollar for incomes over $1,612, increasing to 60 cents in the dollar for incomes over $6,500. The payment is reduces to zero for per fortnight incomes over: $23,773 for singles, $ 25,523 for singles with dependent children, and $ 21,697 each for partnered recipients. Payments reduced to zero will not automatically deregister the recipient until after 3 months of receiving zero payment. Liquid assets are limited to $3,000 for singles and $6,000 for couples or singles with dependants. Total assets must not exceed those outlined in Table 2-1.
Parenting Payment (Single)	Payment made to a single parent with at least one child less than eight	To receive maximum payment, annualised income must be no more than $4,592, plus $640 for each additional child. Income over this amount reduces your payment by 40 cents in the dollar and reduces to zero at an annualised income of approximately $46,744 depending on other benefits received. Total assets must not exceed those outlined in Table 2-1.
Parenting Payment (Partnered)	Payment made to one of partnered parents with at least one child less than six	Where partner receives a pension: Maximum payment is received when combined income does not exceed $3,224. Payments reduce by 20 cents in the dollar for combined income over $3,224, increasing to 30 cents in the dollar for combined income over $13,000, with zero payment for combined incomes greater than or equal to $43,160.

Payment qualifying applicant for Commonwealth Concession Card	Eligibility Requirements	Income and Asset Test
		Where partner receives no pension: Maximum payment is received when recipient's income does not exceed $1,612, and their partner's income does not exceed $21,580 per fortnight. Payments reduce by 50 cents in the dollar for income over $3,224, increasing to 60 cents in the dollar for income over $6,500, or by 60 cents in the dollar for partner's income over $21,580. Total assets must not exceed those outlined in Table 2-1.
Partner Allowance	New grants of Partner Allowance stopped on 20 September 2003; qualified recipients are entitled to keep receiving the allowance so long as they still qualify. Support for people with limited work experience who are finding it hard to get work and their partner gets an income support payment.	Allowance payments reduce by 50 cents in the dollar for incomes over $1,612, increasing to 60 cents in the dollar for incomes over $6,500. The payment is reduces to zero for per fortnight incomes over: $23,773 for singles, $ 25,523 for singles with dependent children, and $ 21,697 each for partnered recipients. Liquid assets are limited to $3,000 for singles and $6,000 for couples or singles with dependants. Total assets must not exceed those outlined in Table 2-1.
Sickness Allowance	Available to 22-65 year old job holders or full-time students with a medically certified illness	Allowance payments reduce by 50 cents in the dollar for incomes over $1,612, increasing to 60 cents in the dollar for incomes over $6,500. The payment is reduces to zero for per fortnight incomes over: $23,773 for singles, $ 25,523 for singles with dependent children, and $ 21,697 each for partnered recipients. Liquid assets are limited to $3,000 for singles and $6,000 for couples or singles with dependants. Total assets must not exceed those outlined in Table 2-1.
Special Benefit	A payment in severe financial hardship for reasons outside recipient's control, and they are not covered by any other social security pension or benefit. The payment is usually equal to the Youth Allowance or New Start Allowance payment, but may vary according to individual circumstances.	Where short term support is required the benefit can only be received where the recipient has less money than two weeks of the payment. Where long term support is required, the recipient must have less than $5,000 in available funds. The payment is reduced dollar for dollar for any income earned or support received. If total assets exceed those outlined in Table 2-1then allowance reduces

Payment qualifying applicant for Commonwealth Concession Card	Eligibility Requirements	Income and Asset Test
		by $1.50 for every $1,000 above the listed amount.
Widow Allowance	Available to women born on or before 1 July 1955, who are not a member of a couple, with no recent workforce experience to provide an adequate income if they have become widowed, divorced or separated later in life	Allowance payments reduce by 50 cents in the dollar for incomes over $1,612, increasing to 60 cents in the dollar for incomes over $6,500. The payment is reduces to zero for per fortnight incomes over: $23,773 for singles, $ 25,523 for singles with dependent children, and $ 21,697 each for partnered recipients. Liquid assets are limited to $3,000 for singles and $6,000 for couples or singles with dependants. If total assets exceed those outlined in Table 2-1then allowance reduces by $1.50 for every $1,000 above the listed amount.
Youth Allowance (job seeker)	Available to 16-24 year old jobseekers, subject to an income and assets test which includes a parental means test where the recipient is deemed to be a dependent.	Job seeker payments reduce by 50 cents in the dollar for incomes over $3,718, increasing to 60 cents in the dollar for incomes over $6,500. Payments reduced to zero will not automatically deregister the recipient until after 3 months of receiving zero payment. Liquid assets are limited to $3,000 for singles and $6,000 for couples or singles with dependants. Total assets must not exceed those outlined in Table 2-1.