



The Secretary
NSW Department of Climate Change, Energy, the Environment and Water
By email: energy.consumerpolicy@dpie.nsw.gov.au

Dear Secretary

Thank you for the opportunity to participate in the NSW Consumer Energy Strategy Workshop consultation on 5 February 2024. This letter summarises and supplements our feedback provided in the consultation which responds to the *Consumer Energy Strategy: households - Consultation questions (January 2024)*.

Overall, the Society wishes to emphasise that it is critical that the development of a new NSW Consumer Energy Strategy prioritises people on low incomes and experiencing poverty and disadvantage. Our vision is for a just and compassionate society, where the people:

- have access to equitable concessions so that energy price rises do not impact their quality of life,
- live in properly insulated and energy efficient social housing and private rental accommodation
- can afford the transition to renewable energy sources and systems.

If NSW wishes to bring everyone along the journey to a net-zero emissions energy system by 2050, there will need to be special measures and considerations for this cohort in our community.

Prioritising people on low incomes and experiencing poverty or disadvantage

As outlined in our 2024-25 NSW Pre-Budget Submission (forthcoming), the energy affordability crisis is not over. Many people on low incomes and experiencing disadvantage in NSW are still struggling to pay their energy bills because of high prices. Our No Interest Loans Scheme¹ identifies utility bills as one of the most significant household expenses for people on low incomes seeking emergency loans for essential home items. Regional areas, in particular, have been hit hard. Sadly, energy hardship debt is increasing. Lower-income people spend a larger percentage of their income on energy bills and are less able to respond to price rises. They are more likely to live in poorly insulated and inefficient social housing and private rental accommodation and are not able to invest in more efficient homes or have the capacity to do so because they are not house owners. Energy bills can be a 'hidden hardship'. People seek food relief from the Society because there is little left over after they have paid the rent or mortgage and their energy bill. Sometimes they cut down on energy use by not using lights at night or not using heating and cooling appliances which can have serious health implications in extreme weather, or go without medicine to pay their energy bills. Stress and anxiety associated with cost of living pressures take a significant toll affecting people's mental, emotional and physical health, and personal relationships.²

¹ As well as the NCOSS 2023 *Barely Hanging On: the Cost of Living Crisis in NSW Survey*, [NCOSS_CostOfLiving2023_FINAL.pdf](#)

² More detailed evidence is provided in our 2023-24 Pre-Budget Submission which will be lodged shortly. We will provide a copy to you.

In addition to this submission, we also refer you to our 2024-25 PBS recommendations for energy concession and EAPA reform³, and the need for other systemic reforms including further investment for energy efficient retrofits of social housing⁴, mandatory energy performance standards for rental homes⁵ and measures to ensure the fair and equitable transition to electrification and renewable energy and net zero by 2050.⁶ We summarise the key points made at the February consultation, supplemented with additional information.

Key points in response to Consultation Paper

- **Objectives** (*Consultation Paper - Objectives - Q1*) – there is a need to prioritise the needs of people on low incomes or experiencing disadvantage in the proposed Consumer Household Energy Strategy, acknowledging that they need significant support given the current cost-of-living crisis and the critical lack of access to affordable and healthy homes. See our 2024-25 PBS for more details.
- **Principles** (*Consultation Paper - Principles – Q2*) – as identified in the workshop consultation, while the draft Principles are generally supported they do not identify or emphasise the need to improve the health and wellbeing of people experiencing disadvantage or poverty. Research has shown that energy efficient homes lead to fewer visits to health professionals, hospitals, improved health outcomes, improved attendance at work and school, less social isolation.⁷ (*Consultation Paper - Principles – Q2*)
- The “Equity and accessibility” principle should acknowledge the need to not only “*support the accessibility of energy products and services to extend the energy transition to all consumers, regardless of their income or where they live (including renters, apartment dwellers and those in regional/rural areas)*” but to **prioritise** accessibility to particular groups.
- This need to prioritise is highlighted in the recent ACOSS Report which notes that “*(t)here is consensus that government supported funding and financing of low-income housing, with rapid roll-out to all public, community housing and First Nations community-controlled housing should be prioritised.*”⁸ The Society generally supports the recommendation in the *Funding and Financing Energy Performance and Climate-Resilient Retrofits for Low-Income Housing* (Jan 2024) prepared by the Australian Council of Social Services (the ACOSS Report) which prioritises low-income housing retrofits. In particular, noting that “*home retrofits result in multiple benefits to governments, people and communities*” as they are a “*low-cost mechanism to achieve Australia’s emissions reduction targets, create homes that are affordable to run, healthy, safe, and climate resilient; help to reduce cost of living pressures; create jobs; and improve energy security and reliability.*”(p.3)
- In addition, energy performance and climate resilience retrofits can reduce poverty and inequality⁹. The “Affordability” principle states that “*households can access energy products and services they can afford, that they get what they pay for, and are supported to resolve energy hardship.*” There is a need to acknowledge that access to affordable energy products and services can have an overall effect of reducing poverty and inequality, for people on low incomes, experiencing disadvantage or who rent. Evidence has identified that appropriate retrofits can significantly reduce energy bills and increase disposable income, reduce health related bills,

³ A copy of which will be sent to you.

⁴ The latest funding announcement only provides for 60,000 social housing retrofits out of 400,000 dwellings nationally.

⁵ Healthy Homes for Renters, *Community Sector Blueprint: National Framework for Energy Efficient Rentals*, <https://static1.squarespace.com/static/602f0d14c4c0a77efc25e152/t/64b095418e792e5f538088fb/1689294161675/Final+Community+Sector+Blueprint+-+Mandatory+Minimum+Rental+Standards+++%28July+2023%29.pdf>

⁶ St Vincent de Paul Society NSW, *Climate Equity Social Justice Statement*, https://cms.vinnies.org.au/media/jdups3my/02_climate_equity_sj_statement.pdf?path=jdups3my%2F02_climate_equity_sj_statement.pdf.

⁷ Australian Council of Social Services, (2024) *Funding and Finance Report for low-income retrofits*, <https://www.acoss.org.au/wp-content/uploads/2024/01/ACOSS-Report-Funding-and-Financing-Low-income-retrofits-December-2023.pdf>; also [ACOSS Energy Cost of Living Report Oct 2023, p2.](https://www.acoss.org.au/wp-content/uploads/2023/01/ACOSS-Energy-Cost-of-Living-Report-Oct-2023-p2.pdf)

⁸ ACOSS Report, p.3.

⁹ ACOSS Report, p.3.

lower home and content insurance costs, improve health and wellbeing (healthier homes), and reduce costs in extreme weather conditions.¹⁰ Prioritising low-income housing derives additional benefits including “reducing financial hardship, poverty, and inequality and providing savings to governments across a range of portfolios.”(p.3)

- Finally, the principles all appear to be of equal weighting. We recommend that where there are competing principles, some should be given greater weight than others such as *Affordability, Equity and Accessibility* and *Transparency and consumer empowerment*.
- **Incentives to encourage deployment of consumer energy resources** (*Consultation Paper - Encouraging deployment – Incentives - Q7*) – any incentives to encourage deployment of consumer energy resources must not be at the expense of households with low income or experiencing disadvantage. Whilst we did not specifically draw your attention to the work the Society has done in this area during the consultation, we set out our concerns now. Although well intentioned, green schemes¹¹ typically impose costs on the retailer which are then passed on through electricity schemes to the consumer.¹² Customers experiencing disadvantage are less likely to have solar PV systems installed. This means that social housing tenants, renter or low-income households are unable to reduce their energy bill through ‘green schemes’ and are adversely, paying higher bills to subsidise those that can afford to install renewable energy generators and other low-cost technologies. This has been highlighted by the St Vincent de Paul 2023 Tariff-tracking report¹³ (p.18) and also the ACCC in 2018 when they released the Retail Electricity Pricing Enquiry.¹⁴ In the Society’s view, there are equity issues that warrant review around how governments pass on the cost of green schemes.
- **Barriers** (*Consultation Paper - Encouraging deployment - Q4; General questions about improving access – Q12*) – barriers to improving the energy performance and climate resilience of low-income housing include upfront costs (likely to be higher in regional and remote areas), overall costs (lack of access to affordable capital eg to pay for new energy efficient products), split incentives (tenants cannot undertake retrofits without landlord permission. Landlords do not pay energy bills and are reluctant to invest in energy performance upgrades), and ownership type (social housing, low-income household, renter). Targeted, tailored and equitable funding and finance solutions are required and government investment is needed.
- **Improving access and awareness to energy performance schemes** (*Consultation Paper - Encouraging deployment – Improving Access - Q8 & 9*) – this is critical for the communities we assist and to ensure uptake and accessibility of energy performance schemes. Through our work with the Sydney Alliance community energy hub training workshops, we consistently hear of the need for a trusted community messenger (rather than a retailer or the government) to deliver information that is culturally accessible, caters for low literacy and is language appropriate. Mobile community energy hubs are one way that energy information and training can be effectively delivered including at local markets, trusted community centres, parishes and places of worship.
- **Supporting communities** - There is a need for government and the private sector to support communities by providing funding to run community led training about energy bills, concessions and energy efficiency strategies. This will empower voices of communities with low energy literacy to understand and deliver information about changes and encourage uptake. We refer to

¹⁰ ACOSS Report, p.3.

¹¹ Such as State based Feed-In Tariff schemes which encourage the uptake of rooftop solar by providing households with payments for the electricity their system generated, above the market value.

¹² Monaghan, T. “Green schemes: What are they and how are they causing greater inequality?” Australian Energy Council 2024, <https://www.energycouncil.com.au/analysis/green-schemes-what-are-they-and-how-are-they-causing-greater-inequality/>, Accessed at 28/02/2024

¹³ St Vincent de Paul Society Pty Ltd, (2023) *National Energy Market Tariff Tracker: where the prices are high and innovation is low*, <https://cms.vinnies.org.au/media/41abmez2/2023-nem-tariff-tracker-where-the-prices-are-high.pdf?path=41abmez2%2F2023-nem-tariff-tracker-where-the-prices-are-high.pdf>

¹⁴ Monaghan, T. “Green schemes: What are they and how are they causing greater inequality?” Australian Energy Council 2024, <https://www.energycouncil.com.au/analysis/green-schemes-what-are-they-and-how-are-they-causing-greater-inequality/>, Accessed at 28/02/2024

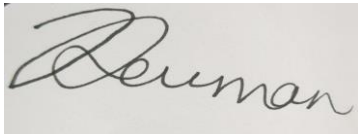
our work with community energy hub training workshops above. We also refer you to our comments in the Access and Awareness section of our [EAPA submission, p2 \(November 2023\)](#).

- **Improving Equitable Access** – there are a range of financial and non-financial solutions that could support the rapid retro-fitting of and roll-out to all social housing and First Nations community-controlled housing. These include building on the existing \$300 million social housing retrofit funds commitment, to fund the energy performance and climate-resilience retrofits to **all** social housing¹⁵ that may require it and First Nations community-controlled housing in need of upgrade. We also refer you to the [ACOSS 2023 Funding and Finance Report for Low Income Households](#) for other suggested solutions. Non-financial solutions that need to be prioritised and accelerated include regulation (see Minimum energy efficient rental standards and mandatory disclosure – see below), a sustainable buildings rating scheme, trusted accessible information and one-stop shops.
- **Consumer energy resources for private renters - Minimum energy efficient rental standards** (*Consultation Paper - Improving Equitable Access - Q16*) – The Society supports the [Community Sector Blueprint – National Energy Framework for Minimum Energy Efficiency Rental Requirements](#). This sets out the framework, timeframes and options to ensure that energy efficient standards for rental properties can be implemented affordably and equitably and in a timely fashion.

Once again, we thank you for the opportunity to contribute to the development of the Consumer Energy Strategy Consultation and for considering this submission and we look forward to working with you as the strategy is developed.

If you would like to discuss anything in this submission, please contact Jodi Denehy, Senior Policy Advisor (jodidenehy@vinnies.org.au).

Yours sincerely



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¹⁵ As identified in our *2024-25 Pre-Budget Submission*, the latest funding announcement only provides for 60,000 social housing retrofits out of 400,000 dwellings nationally (p.15).