

7 April 2020

The Hon. Daniel Andrews (Premier)
The Hon. Luke Donnellan
The Hon. Lily D'Ambrosio
The Hon. Tim Pallas
The Hon. Robin Scott

Re: Energy bill relief through winter during the COVID-19 crisis

Dear Premier and Ministers,

Thank you for your strong leadership and timely interventions to seek to protect the Victorian community during this unprecedented crisis. Your work addressing the crisis and promoting social distancing has helped limit the spread of COVID-19 in Victoria and saved lives. Your measures to support households have been important and we welcome them.

We propose three further measures that will make a material difference during the crisis:

1. Temporarily increasing energy concessions or providing an energy supplement
2. Introducing an additional one-off \$450 COVID-19 Utility Relief Grant Scheme payment for households experiencing payment difficulties
3. Providing access to energy concessions for people seeking asylum on bridging visas.

While social distancing has been absolutely necessary, you will be aware that it also puts pressure on households' finances. For many Victorians, staying home will lead to a significant increase in their energy usage and bills, especially as we move into winter – the season where Victorian households generally use the most energy.

Many others will avoid heating their homes due to fear of its cost and may consequently be more susceptible to the impacts of a number of health conditions (including COVID-19), as we know cold homes exacerbate respiratory conditions¹ and that Australia has a high level of excess winter deaths.²

Our initial calculations suggest that, for households now spending much more time at home during the day than usual, energy bills are likely to increase between \$700 and \$2,000 over the winter period, largely as a result of heating³. The size of the increase will depend on the number of people in the home, the type of heating and how much they use it. If left unchecked, this increase will push many into crisis. Others will be too scared to use their heating and will suffer health and wellbeing impacts.

¹ See <https://www.ncbi.nlm.nih.gov/books/NBK535294/>.

² See <http://www.thelancet.com/retrieve/pii/S0140673614621140>.

³ Using Sustainability Victoria published figures for heating costs and averaging across heating types and household sizes, greater home occupancy would see annual heating energy costs rise by approximately \$700 to \$2,300. This increased cost estimate is based solely on more hours of heating use, and ignores increases in appliance and lighting use, likely greater heated areas with more rooms in use, and more sedentary behaviour by housebound people. Low-income households typically live in homes with poor thermal efficiency and appliances, aggravating the issue. <https://www.sustainability.vic.gov.au/You-and-Your-Home/Save-energy/Heating/Heating-running-costs>

Two straightforward ways to address higher bills

As you are aware, high energy prices were already a primary concern for many Victorians, and the pressure will only increase as many people have their incomes reduced and are forced (by circumstance) to spend more time at home. We propose two straightforward ways to address this rising energy poverty using existing supports:

Firstly, we recommend the Victorian Government temporarily increase the state's energy concessions from the current level of 17.5% for electricity (annual) and gas (winter only) to at least 25%.⁴ Increasing the electricity and gas concessions would provide an important financial buffer for low-income households. Ideally the Victorian and Federal Governments could jointly finance the additional expenditure, and the increased rate should apply until stage-3 restrictions are relaxed.

We also recognise that, in the longer term, a more targeted approach to concessions would be useful. However, with the crisis upon us, increasing payments under the existing energy concession regime will provide the simplest and most effective relief.

Secondly, we propose allowing Victorians in payment difficulties to access a COVID-19 crisis grant of up to \$450 through the existing Utility Relief Grant Scheme (URGS) to cover increased energy costs. This additional grant should not count towards the normal limit on URGS payments, and URGS assessments should be expedited.

We note that the governments of the Australian Capital Territory, Western Australia⁵, Queensland⁶, South Australia⁷ and New Zealand⁸ have provided similar bill relief in various forms.

Ensuring access

Ensuring that eligible individuals receive their Health Care and Pensioner Concession Cards in a timely fashion will be essential to enabling households to access their concession benefits. Given the very high number of recipients, consideration should also be given to adding information clearly advising people to contact their energy and water retailers to access the concessions.

Any energy support supplements should also be made available to people seeking asylum on bridging visas who do not currently have access to Commonwealth concession cards.

Yours sincerely,

⁴ For simplicity, the government may also consider a one-off payment equivalent to raising the rate. This increased rate should also apply to 'excess' gas and electricity consumption, i.e. the limits on the Annual Electricity and Winter Gas concessions should be waived so people do not need to apply for excess concessions.

⁵ <https://www.bdo.com.au/en-au/insights/tax/technical-updates/australian-states-deliver-economic-stimulus-packages-in-response-to-coronavirus-including-tax-measures>

⁶ <https://www.rsm.global/australia/insights/tax-insights/qlld-state-governments-covid-19-stimulus-package-what-you-need-know>

⁷ [https://www.premier.sa.gov.au/news/media-releases/news/\\$1-billion-stimulus-package-to-save-sa-jobs-businesses](https://www.premier.sa.gov.au/news/media-releases/news/$1-billion-stimulus-package-to-save-sa-jobs-businesses)

⁸ <https://www.workandincome.govt.nz/products/a-z-benefits/winter-energy-payment.html>



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