

“Too old and too slow to be a burglar”

Carers’ Electricity Costs Survey Summary Report

March 2003

Energy Costs a Growing Burden

Energy costs are a significant and growing burden for Carers who provide care for family members with chronic illness, a disability or who are frail aged in the home and who rely on year round comfort for those they care for. In response to Carer concerns about price increases following the introduction of Full Retail Contestability in January 2003 the Carers Association sought the views of Carers through an Electricity Costs Questionnaire, undertaken in September and October of 2002. Carers were asked about:

- Their use of electricity/gas and whether it is affordable for them
- The potential impact of electricity rises on them
- Their use of financial assistance, eg concessions, emergency payments or no interest loans schemes
- Ways to tackle increasing prices
- What the government could do to reduce the impact on Carers

The 103 responses to the questionnaire highlighted the potential negative impacts that electricity increases would have on Carers and their need for greater government intervention in the form of direct financial and other supports, particularly concessions.

When asked where he would find the extra money one Carer said that he did not know because he was “too old and too slow to be a burglar”. This comment, though light-hearted, hid the real distress felt by many Carers at the impending price increases.

Survey Highlights

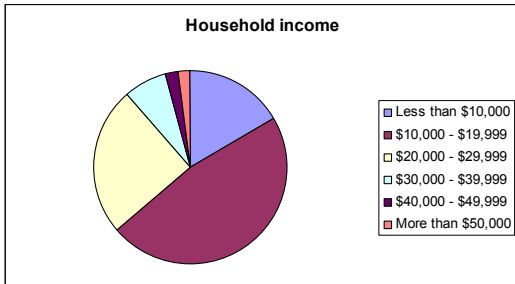
- ❖ 86% of respondents relied on a government payment or pension. 63% had a household income of less than \$20,000 per year.
- ❖ In order to meet the health care needs of members of their families, family Carers use 14.5% more electricity on average than other South Australian households.
- ❖ Following the tariff increases single Carers on a Carer Payment can expect to pay up to 12% of their income on their electricity needs. By comparison, the average electricity bill for Carers represents only 3.1% of the Male Total Average Weekly Earnings.
- ❖ Carers using both electricity and gas are further disadvantaged. Their average total energy bill following the tariff increases is 31% more than the average electricity only Carer household.
- ❖ Carers cut back on the essentials of life to survive financially. Increases will mean extra cuts on the basics of food and clothing, putting the health of Carers and those they care for at risk.
- ❖ A regular and reliable supply of electricity is vital in the maintenance of equipment needed for the health and wellbeing of care recipients.
- ❖ Nearly two thirds of Carers called for either a reduction in, or a cap on, prices as well as an increase in energy concessions.

The Carers Association believes that it is crucial for the Government and energy suppliers to explore ways of providing specific financial and other support for family Carers least able to afford increased energy costs but for whom electricity is an essential commodity. (For details see page 4)

Costs and Income

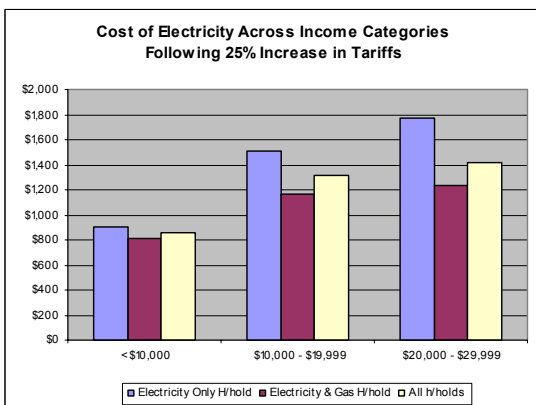
Income

Government Payments or Pensions provided 86% of respondents with their income. A total of 63% had an annual household income of less than \$20,000 per year, whilst 88% had annual household incomes less than \$30,000.



Electricity Costs

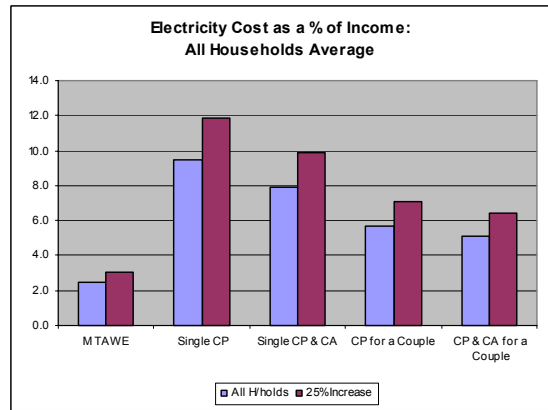
Respondents reported a range of electricity bills from \$684 pa for those with annual household incomes under \$10,000 pa, to \$1,535 for those with household incomes from \$30,000 - \$39,999.



Average costs and comparisons

The average annual electricity bill of \$1,088 took up a significant proportion of Carers' household bills. Respondents reckoned on an average of 23%.

Following the expected 25% increase in electricity tariffs the average bill of \$1,360 pa represented 11.8% of the income for those people reliant on a Single Carer Payment (\$11,448 pa) and 7.1% for couples receiving the Payment (\$19,110), as compared to 3.1% of the Male Total Average Weekly Earnings (\$44,070 pa Nov 2002). An equivalent 11.8% of the MTAW would result in a total annual energy bill of \$5,200!

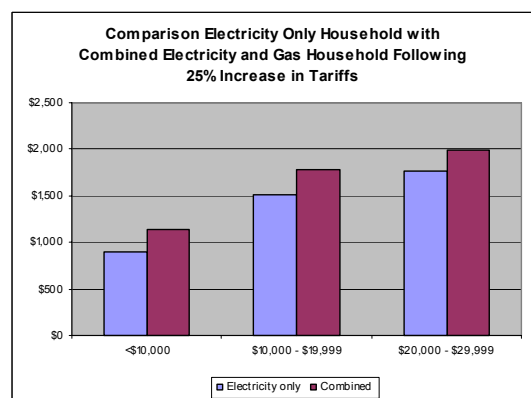


Additional use of electricity to meet the needs of the care recipient is indicated by comparing the bills of Carers with the South Australian average. The average Carer had a bill that was 14.5% more than that of the average South Australian. The Carers' bills were higher than the state average in all income categories except those on annual incomes of less than \$10,000.

Combined Energy Bills

For those households using both electricity and gas the combined bill, including tariff increases, was on average 31% more than for those only using electricity: \$1,931 pa, not including any increases in the cost of gas, compared with \$1,472 pa.

\$1,931 is 16.9% of the single Carer Payment or 10.1% of the Carer Payment for a couple. An equivalent 16.9% of the MTAW would result in a total annual energy bill of \$7,448!



Whilst this survey has had limited scope, it nevertheless indicates that further analysis of the financial impact of the energy costs of Carers should occur. Nor do the figures on their own indicate the efforts Carers undertake in attempting to come in 'under budget' with household expenses, including energy costs. See following section.

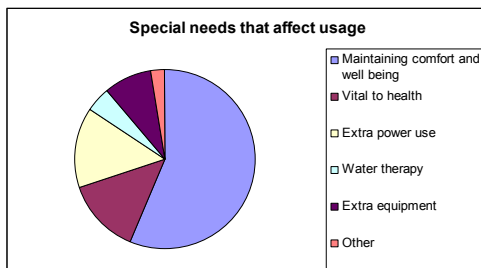
Carer Concerns

Special Needs

A regular supply of electricity is vital in the maintenance of the health and wellbeing of the care recipients. 70% of replies to a question on special needs that affect usage were about the specific health needs or general comfort of the care recipient.

Vulnerability to variations in heat or cold was a constant theme where care recipients get too cold or too hot in what would, for most people, be "comfortable" conditions. Many respondents reported a dependence on air conditioners to provide a constant, even temperature for the health of the care recipient. Cutting back on electricity usage would have a significant impact on health of the care recipients.

Extra equipment required included electric wheelchairs and armchairs, lifters, vibrating pads and oxygen apparatus. People required lights and televisions on all night and extra water usage, including hot water, for cleaning, bathing and therapy pools,



Cutting Costs & Going Without

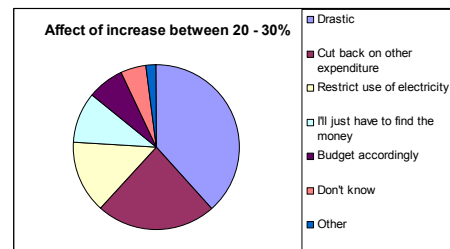
Over 50% observed that costs had already increased over the last 12 months, exacerbated for nearly 60% of these by the necessary additional usage of their caring role.

For the 88% of respondents under a family income of \$30,000 pa budgeting already played a large part in everyday life. Respondents reported cutting down or doing without "essential" items such as food, new clothes and personal needs and "extras" such as video hire, sweets, using the car, meals out and newspapers. This included fewer social "outings", with the resultant negative affects on their social health.

Many suffered from stress and anxiety as a result of managing on low fixed incomes. Seeking extensions of time to pay, using credit lines, borrowing from family or friends and better energy use practices were other strategies being used to meet payments.

Affects of the increase

Nearly 40% used terms such as "drastic" and "devastating" to describe the affect of a 20 – 30% increase in tariffs.



Finding the extra money needed

One third didn't know where the extra money would come from or indicated an inability to access extra money, whilst 40% reiterated the message of budgeting; ie cutting back or going without food, clothing and "outings". 16% would cut in to much needed investments, savings or "emergency" retirement money more quickly.

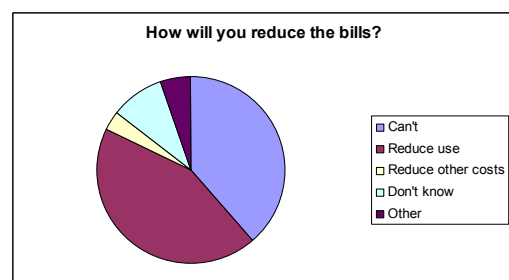
Reducing electricity bills without causing harm

39% didn't see how they could reduce their bills any further without risking the health of the care recipient. They stated that they already take all possible measures, using only what electricity was necessary in protecting the safety and comfort of the care recipient.

Another 44% suggested ways they might reduce their use, even though they too took considerable care over their use of electricity and some of the measures would appear to come at some cost to comfort and well being.

Measures suggested included going to bed early, using rugs and blankets, keeping heating and cooling at a minimum, eating food that did not require cooking, washing less and even "sitting in the car because it (was) warmer".

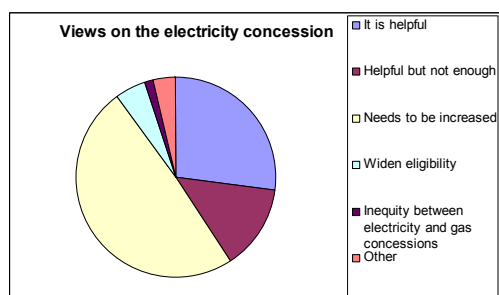
Using less power was not always practical in households where the care recipients with dementia or intellectual disabilities did not "cooperate" with cost cutting measures.



What Could the Government be Doing?

The electricity concession

Whilst many respondents appreciated the electricity concessions provided by the State Government and found them helpful, for the majority not only was it just not enough and needed to be increased but it had been falling behind due to increasing charges and the introduction of the GST.



Respondents sought flexibility in the electricity concession system as well as an increase in the base rates to cover the expected increase in charges and annual CPI increases. They sought widened eligibility including covering all pensioners and families of people with disabilities when a child is involved; the concession as a percentage of the bill, depending on consumer's financial status; reducing fees for elderly and people with disabilities; relaxing rules so concessions covered buyers and renters; the removal of the inequity between electricity and gas concessions; cutting out GST on electricity to pensioners and paying the supply fee.

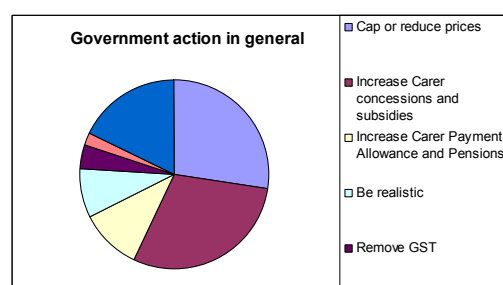
Cap or reduce prices

Recommendations for regulating, capping or reducing prices included negotiation with electricity suppliers to reduce rates and control fee increases to a reasonable percentage, eg 10%; cutting out the supply charges; making all phases of the industry fully accountable for cost increases; rewarding advance payment and exhausting all ways to keep power prices at a reasonable level.

A realistic approach

Other respondents sought a "more realistic" approach by the government including more openness and honesty about the real effects of future costs to consumers; assessing the

difference between the able bodied and people with disabilities; making annual adjustments for cost of living for all concessions and providing realistic advice to Carers. Others encouraged the generation of enough electricity for the state through larger, improved power stations and wind and solar power generation and providing solar power and appliances at cost.



Power is essential

A constant and regular supply of power was seen as essential. Respondents dreaded power strikes or blackouts in any weather. Equipment such as oxygen concentrators stopped and cordless phones, used by bedridden partners to call for assistance, became useless.

Government Action

Measures sought by the Carers Association include a review of the Government concessions and subsidies programs:

- To recognise the additional burden on family Carers in meeting the needs of care recipients
- To determine strategies for the equitable inclusion of family Carers who need assistance with household expenses, such as electricity and gas.
- To increase the threshold eligibility for energy concessions.
- To recognise the Carers Allowance as a basis for eligibility for concessions and subsidies for household costs.
- To develop a strategic program of education on entitlements to concessions and subsidies.

For full copies of *Too Old and Too Slow to be a Burglar* contact the Carers Association at PO Box 410 Unley SA 5061: Telephone 8271 6288: Fax 8271 6388: Email info@carers-sa.asn.au: Website: www.carers-sa.asn.au