Office of Energy and Climate Change

NSW Energy Social Programs COVID-19 Impact Report

March 2023

The Office of Energy and Climate Change is part of the Treasury Cluster

Contents

1 Foreword

1.1 Executive summary

The NSW Government's $330 million Energy Social Programs (ESP) support over 900,000 NSW households experiencing difficulty paying their electricity and gas bills. This includes 6 energy rebates and one crisis support scheme (see Table 1).

Table 1. Values for the NSW energy rebate programs and EAPA. *EAPA has been temporarily increased to $400 from $300.

<table>
<tr><th rowspan="2">Program</th><th rowspan="2">Eligibility</th><th colspan="2">Value</th></tr>
<tr><th>Retail customers</th><th>On-supply and LPG customers</th></tr>
<tr><td>Low Income Household Rebate (LIHR)</td><td rowspan="2">Holds a current Health Care Card or Pensioner Concession Card issued by Services Australia or the Department of Veterans' Affairs (DVA); or a DVA Gold Card marked with either 'War Widow', 'War Widower pension', 'Totally and Permanently Incapacitated' or "Disability Pension'.</td><td>$285</td><td>$313.50</td></tr>
<tr><td>Gas Rebate (GR)</td><td>$110</td><td>$121</td></tr>
<tr><td>Medical Energy Rebate (MER)</td><td>Holds one of the above concession cards and is unable to self-regulate body temperature.</td><td>$285</td><td>$313.50</td></tr>
<tr><td>Seniors Energy Rebate (SER)</td><td>Holds a current Commonwealth Seniors Health Card issued by Services Australia or the Department of Veteran's Affairs.</td><td>$200</td><td>$200</td></tr>
<tr><td rowspan="2">Family Energy Rebate (FER)</td><td>Receives the Family Tax Benefit A or B and not eligible for the LIHR.</td><td>$180</td><td>$198</td></tr>
<tr><td>Receives the Family Tax Benefit A or B and eligible for the LIHR.</td><td>$20</td><td>$22</td></tr>
<tr><td>Life Support Rebate (LSR)</td><td>Uses energy-intensive life support equipment.</td><td>Up to $1343.20</td><td>Up to $1477.52</td></tr>
<tr><td>Energy Accounts Payment Assistance Scheme (EAPA)</td><td>Experiencing a short-term financial crisis or emergency.</td><td>Up to $400* for electricity and $400* for gas, twice per financial year</td><td>Not available</td></tr>
</table>

This special report outlines the NSW Office of Energy and Climate Change's (the office) response to the COVID-19 pandemic regarding the ESP and the impacts of the pandemic on the uptake of the ESP over financial years 2019-20, 2020-21 and 2021-22.

As part of its response to the COVID-19 pandemic, the NSW Government allocated an additional $30 million across the 2019-20 and 2020-21 financial years to the EAPA scheme to support NSW households experiencing a financial crisis or emergency with their energy bills. The NSW Government increased Energy Accounts Payment Assistance Scheme (EAPA) limits from $300 to $400 for electricity and gas, opened online and telephone application pathways for EAPA, and established the NSW Government EAPA Provider for processing applications.

The NSW Government spent $18.15 million in EAPA vouchers during 2020-21 and $16.99 million in 2021-22, a respective 27 per cent and 19 per cent increase in EAPA compared to $14.32 million spent in 2019-20. There was a 32 per cent increase in the average number of monthly approved EAPA applications during and following periods of public health 'stay-at-home' orders in quarter 2 and 3 2020 and quarter 3 and 4 2021.

No clear impacts from the COVID-19 pandemic on the number of rebate customers or monthly expenditure for the 6 rebates were identified from the available data. This was despite a large increase in the number of eligible rebate recipients from the high uptake of JobSeeker Payment and Youth Allowance in early 2020. More data is needed to better understand the impact of the pandemic on the rebate programs and the role of the rebate programs in supporting the NSW community during this time.

In addition, no clear impact from the pandemic on energy consumption and costs for energy rebate and EAPA customers was identified. Estimated monthly consumption and costs for energy rebate and EAPA customers mainly followed established seasonal energy consumption patterns during the pandemic. This was presumably attributed to the smaller impact of social restrictions to the energy use patterns of retirees, who comprise the largest demographic of eligible rebate recipients.

Energy hardship[1], including debt levels, age of debt, and disconnections were also investigated to assess the impact from the pandemic on vulnerable customers. This data was not available from the office. Rather, this data was sourced from the Australian Energy Regulator (AER) for disconnections of NSW energy concession customers[2] and energy debt from NSW customers in energy hardship programs.

From the onset of the pandemic, the energy consumer protections set out in the AER's Statement of Expectations prevented electricity or gas disconnections in households in financial stress and affected by stay-at-home orders. These protections substantially reduced the number of disconnections for NSW energy concession customers during stay-at-home orders in 2020 and 2021.

However, the number of customers entering formal energy hardship programs decreased at the start of the pandemic. The AER reported this was due to customers entering alternative debt deferral arrangements with retailers and due to government subsidies in response to the pandemic. The number of customers in hardship programs began to increase again in quarter 3 2021, presumedly driven from compliance initiatives by the AER and a reduction in the recipients of COVID-19 support payments through JobSeeker Payment and other subsidies. Over the period of the pandemic, the percentage of customers in NSW entering hardship programs with larger and longer held debts increased. The AER note this may be due to customers facing increased financial stress

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[1] Hardship as defined in the National Energy Retail Law (NSW): "a residential customer of a retailer who is identified as a customer experiencing financial payment difficulties due to hardship in accordance with the retailer's customer hardship policy".

[2] Concession customer (as opposed to rebate customer) refers to the AER terminology as defined in the AER Performance Reporting Procedures and Guidelines document: "a residential customer that is recorded by the retailer as being entitled to receive an energy concession, where the concession is administered or delivered by the retailer". This definition is assumed to align with NSW rebate and EAPA customers.

or lower customer-retailer engagement due to disconnection preventions, which is otherwise likely to initiate customer-retailer engagement through a disconnection notice.

1.2 About the data

This report was prepared using the following data sources:

- Data reported by energy retailers under clause A5.14 of the NSW Social Programs for Energy Code (Version 6.0, 1 May 2019).
- Applications to the office for the EAPA scheme, FER, and applications for energy rebates from on-supplied customers.
- Data provided by Service NSW for the Seniors Energy Rebate.
- The office's records on the number of residential gas connections in NSW.
- Data provided by the Australian Department of Human Services (DHS) and Australian Department of Veteran Affairs (DVA) on the number of households with at least one concession cardholder.
- Data from the Australian Department of Social Services (DSS) on the number of recipients of relevant concession programs.
- Data from the AER's retail market performance reports on concession and hardship customers.
- Data from the NSW Ministry of Health on COVID-19 cases.
- Data from the Australian Bureau of Statistics (ABS) on monthly hours worked in NSW and relative socio-economic disadvantage using the Socio-Economic Index of Areas (SEIFA) 2016.
- Data from the NSW Department of Planning and Environment (DPE) on NSW household numbers used for calculating rebate uptake on a per household basis.
- Data from Google Trends for web search activity relating to the EAPA scheme.

1.3 Quality statement

The NSW Government has made best efforts to ensure the quality of this report. The report has been reviewed by the office for correctness and to identify data quality issues and other limitations of the data and analysis.

The analysis of data in this report was primarily observational in nature and therefore limited in its ability to make definitive conclusions about the relationship between the impacts of the COVID-19 pandemic and the ESP. More granular data and statistical analysis are required to further assess and understand the many social, economic and technology-related factors at play since the onset of the pandemic that have influenced the need for household energy bill support.

Please refer to the following notes for additional details on data quality, assumptions, and limitations:

- The office collects rebates and EAPA billing data from energy retailers under clause A5.14 of the NSW Social Programs for Energy Code on a 6-monthly basis. In each 6-monthly reporting period, there are a small number of records from retailers containing errors. We are working with these retailers to improve their data quality in the future. In the July-December 2020 reporting period, we noticed an increase in complexity of the billing data submitted by retailers compared to pre-pandemic periods. As a result, the office has adjusted the analysis procedure to better capture this pattern.

- The office counts of electricity and gas customer numbers for EAPA and the number of EAPA vouchers received for a household are estimates only. This is due to recipients switching energy retailers and receiving a new account number, having different account numbers for electricity and gas connections with the same energy retailer or using different energy retailers for their electricity and gas connections.
- We acknowledge that Google Trends will not capture all online activity in response to advertising for ESP and therefore may not provide a complete picture of engagement with promotions. This is further discussed in the 'Promoting the EAPA scheme' section of this report.
- At the time of writing in December 2022, the SEIFA Index from the 2021 census was not yet available and is scheduled for release in 2023. As a result, the SEIFA Index from the 2016 census was used for socio-economic analysis in this report. We acknowledge that the 2016 SEIFA index may be limited in its representation of socio-economic features of NSW in 2022.
- We assume that data sourced from the AER on NSW energy 'concession customers' and 'hardship customers' (where the office's data is not available) are representative of trends relating to energy rebate and EAPA customers in NSW.

Additional technical notes about the data and analytic processes, and references to key sources are also made available in this report as footnotes at the bottom of relevant pages.

2 Energy Accounts Payment Assistance

2.1 About the scheme

The Energy Accounts Payment Assistance (EAPA) scheme provides short-term financial support to NSW households experiencing difficulty paying their energy bill due to a short-term crisis or emergency, including reduced income due to the COVID-19 pandemic, to stay connected to essential energy services. The scheme is co-delivered by a NSW Government EAPA Assessment Team in the Office of Energy and Climate Change and over 200 non-government organisations (NGOs), known as EAPA Providers. Eligible customers can receive multiple $50 vouchers towards their electricity and gas bills, per energy type twice per financial year.

2.2 Additional funding

The EAPA scheme is a parameter-driven program and the initial annual budget allocation is based on forecast estimated need. The EAPA budget is drawn from the broader Energy Social Programs funding envelope.

In response to the COVID-19 pandemic, the NSW Government allocated additional funds to the EAPA scheme in the expectation of significantly increased demand. An additional $5 million was allocated to the EAPA budget in the 2019-20 financial year, and an additional $25 million was allocated in the 2020-21 financial year. The total EAPA budget allocation in the 2021-22 financial year was $23.13 million, excluding administration costs.

The NSW Government also temporarily increased the maximum EAPA limit from $300 to $400 per application for both electricity and gas from March 2020 to June 2021; August 2021 to December 2021; and May 2022 to June 2023.

The NSW Government delivered $18.31 million in EAPA vouchers during financial year 2020-21 and $16.99 million in financial year 2021-22, a respective 27 per cent and 19 per cent increase compared to the $14.36 million delivered in financial year 2019-20.

2.3 Improved delivery

In April 2020, the NSW Government introduced telephone EAPA application assessments and by June 2020 just under 50 per cent of NGO EAPA Providers applied and were approved to provide this service. This was to support NGO EAPA Providers with administering the EAPA scheme under the challenging conditions of the pandemic and to process the large increase in the number of EAPA applications. The number of active NGO EAPA Providers also reduced between quarter 1 and quarter 3 2020 by 30 per cent from approximately 270 to 190 providers. A majority of these providers were from a large NGO EAPA Provider and each of its local branches.

The NSW Government established an online EAPA application pathway through the Service NSW website and established the NSW Government EAPA Provider in the office to process these applications. The NSW Government EAPA Provider was rapidly expanded during periods of heightened public health restrictions, from quarter 2 and 3 2020 and quarter 3 and 4 2021. From April 2020 to June 2022, the NSW Government EAPA Provider approved 58 per cent of EAPA applications on average per month, up to a monthly maximum of 75 per cent (over 6,000 applications) during both the 2020 and 2021 stay-home-order periods (see Figure 1a, b).

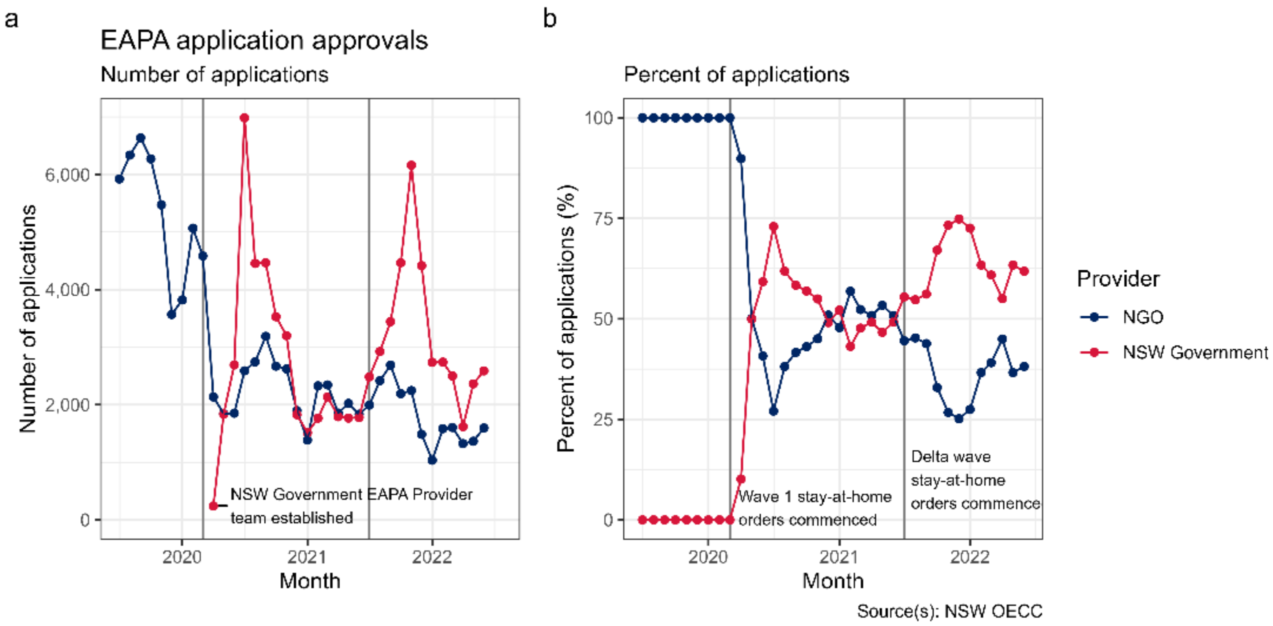

Figure 1. a) Number and b) per cent of monthly EAPA applications approved by the NSW Government EAPA Provider team and NGO providers.

2.4 Promoting the scheme

From the start of the pandemic, the NSW Government published three media releases and used one electronic direct mail (eDM) campaign to promote the availability of the EAPA scheme to the public. This included media releases for online applications through Service NSW in April 2020 and the increase in the EAPA transaction limit from $300 to $400 in August 2021 and May 2022.

Google search activity for EAPA[3] was used to assess online activity in response to promotions for EAPA. Trends in Google search activity over the 2019-20 to 2021-22 financial years largely preceded trends in the number of approved EAPA applications by up to two months (see Figure 2). Media announcements coincided with increased Google search activity in the same or following month for EAPA. This included:

- the media release for online applications in April 2020 coincided with increased Google search activity in the same month
- the media release for the EAPA transaction limit increase from $300 to $400 in August 2021 coincided with lower search activity compared to July 2021, but was followed by a large increase in search activity in September 2021
- the media release on cost-of-living pressures in late May 2022 coincided with high search activity in the same and following month.

The Service NSW eDM campaign in May 2020 coincided with slightly lower Google search activity compared to the raised activity in April 2020. It is likely that Google search activity is limited in

[3] Google search activity was collected from the Google Trends website. Google search activity data was sourced on a weekly basis for searches in NSW for the following search terms: 'Energy Accounts Payment Assistance', 'EAPA', 'energy voucher', 'EAPA voucher', 'NSW EAPA vouchers'. Search activity is based on a relative index from 0 to 100, with 100 being the highest amount of search activity in a time frame and location and 0 the least. Search activity was aggregated to a monthly basis by averaging the search indices for the most searched term in each week of that month.

measuring engagement with the Service NSW eDM as it would only capture search activity rather than clickthrough on emails and social media posts.

Furthermore, while media releases and the eDM likely resulted in an increased awareness of the EAPA scheme, it is difficult to make conclusions about their relative influence in increasing approved application numbers due to other concurrent events that drive eligibility for EAPA such as the pandemic, natural disasters, impacts to employment and cost-of-living pressures. The relation is also complicated by the lag in time between when a promotion occurs and when a subsequent application is approved.

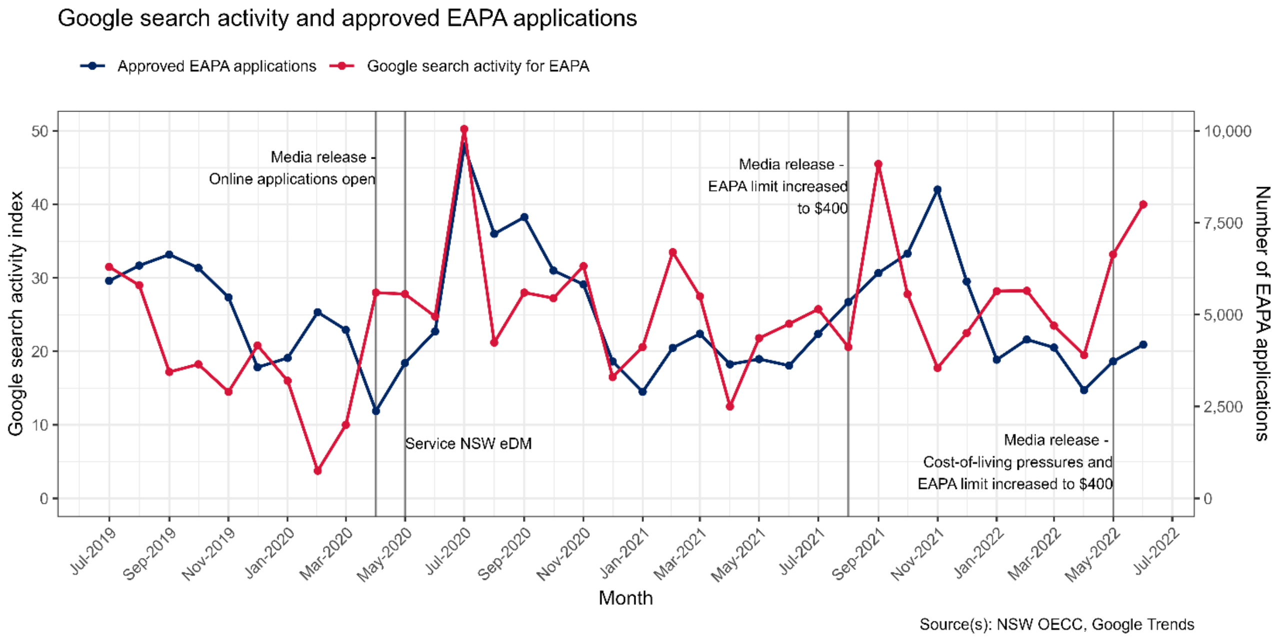

Figure 2. Monthly Google search activity on the EAPA scheme and the number of approved EAPA applications overlayed with NSW Government promotions for EAPA.

2.5 Applications during the pandemic

From the start of the pandemic in March 2020 to June 2022, an estimated 78,000 electricity and 20,000 gas accounts in NSW received EAPA vouchers, the majority of which were first time EAPA recipients[4]. The total value of EAPA vouchers provided was highest during and after the periods of increased COVID-19 cases, stay-at-home orders and reduced hours worked across NSW in quarter 2 and 3 2020 and quarter 3 and 4 2021 (see Figure 3a – d). During these periods, on average per month:

- approximately 6,000 applications were approved
- a customer received $290 (see Figure 3c, 1d)
- a total of $1.76 million was spent.

Compared to quarters outside this period[5], this was a monthly average increase of:

[4] Since start of data collection by the Office of Energy and Climate Change in July 2017. Figures are estimates only due to data limitations, refer to the 'Quality statement' section in this report for further details.
[5] All quarters from quarter 3 2019 to quarter 2 2022, excluding quarter 2 and 3 2020 and quarter 3 and 4 2021.

- 1,450 in EAPA applications approved (32 per cent increase)
- $27 of EAPA provided per application (10 per cent increase)
- $568,000 in total EAPA expenditure (48 per cent increase).

During the periods of eased public health restrictions and increased hours worked, from quarter 4 2020 to quarter 2 2021 and quarter 1 and 2 2022, monthly EAPA applications and expenditure reduced to pre-pandemic levels (see Figure 3a – d).

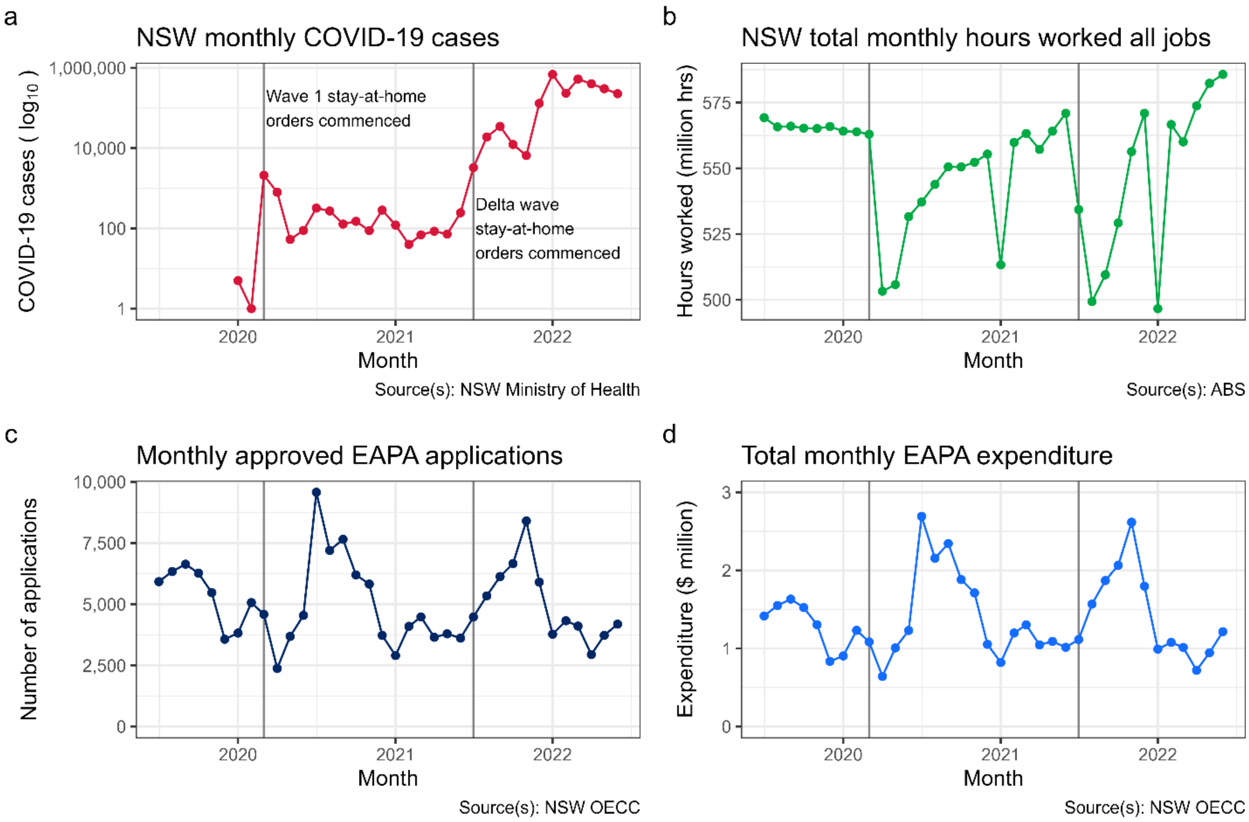

Figure 3. a) log of monthly COVID-19 cases in NSW[6], b) total number of monthly hours worked for all jobs in NSW, c) Number of monthly EAPA applications approved, d) Total dollar amount of monthly EAPA provided to NSW households.

2.6 A socio-economic view of EAPA applications

Analysis of EAPA delivered to households by Local Government Areas (LGAs) and socio-economic disadvantage[7] was undertaken. This was conducted across the geographic regions of Greater Sydney and regional NSW to identify geographic, social, and economic trends in delivering EAPA during the pandemic. LGAs were assigned to two socio-economic categories, ‘more disadvantaged’ if the disadvantage measure for the LGA was in the lower 50 per cent of LGAs in NSW and ‘less disadvantaged’ if in the upper 50 per cent of LGAs in NSW. The value of EAPA issued to an LGA was

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[6] +1 was added to cases for each month as some months had 0 new cases which could not be calculated by the log function.
[7] Socio-economic disadvantage was measured by the Australian Bureau of Statistics 2016 SEIFA Index for LGAs (https://www.abs.gov.au/ausstats/abs@.nsf/mf/2033.0.55.001). The 2021 SEIFA Index was not available at time of writing. Due to council mergers, amalgamations, and changes to LGA boundaries since 2016, SEIFA rankings were adjusted from the 2016 LGA boundaries to 2021 LGA boundaries. The average SEIFA score from boundary correspondences were used for updating SEIFA rankings and categorising current LGAs into the ‘more disadvantaged’ and ‘less disadvantaged’ socio-economic groups.

calculated on a per household basis to account for differences in the number of households between LGAs[8].

During periods of stay-at-home orders, and a short time after, the amount of EAPA issued to households increased significantly in ‘more disadvantaged’ Greater Sydney LGAs. The increase in these LGAs was more than two times higher on average than both regional NSW LGAs and the ‘less disadvantaged’ LGAs of Greater Sydney (see Figure 4). The amount of EAPA delivered per household in ‘less disadvantaged’ Greater Sydney LGAs also increased, almost doubling on average during the periods of stay-at-home orders, with the 2020 stay-at-home orders resulting in a comparably greater uptake than the 2021 stay-at-home orders for this group.

For regional NSW, the amount of EAPA issued to households changed by a similar amount for both the ‘more’ and ‘less’ disadvantaged LGAs. There was a larger increase during stay-at-home orders in late 2021, compared to early 2020, with stay-at-home orders extended from Greater Sydney to regional NSW in August 2021.

The amount of EAPA issued per household increased in LGAs categorised as ‘LGAs of Concern’ during the stay-at-home orders in 2021. The increase in EAPA per household for these LGAs was almost as high as the ‘more disadvantaged’ LGAs in Greater Sydney (see Figure 4). Of the 12 LGAs categorised as ‘LGAs of Concern’, 5 were included in the ‘more disadvantaged’ socio-economic category for this analysis (see Figure 5).

Throughout the three financial years of the pandemic, the LGAs of Glen-Innes Severn, Temora and Cowra received the highest average amount of monthly EAPA on a per household basis and the LGAs of Canterbury-Bankstown, Central Coast and Blacktown received on average the highest total monthly amount of EAPA (see Figure 5 and Figure 6). In Greater Sydney, LGAs in western and south-western Sydney received the highest amount of EAPA per household on average over the three financial years, with Fairfield, Cumberland, and Campbelltown LGAs receiving the highest amount among Greater Sydney LGAs. Western and south-western Sydney LGAs historically, prior to the pandemic, have had high EAPA application numbers and many of these LGAs, including Fairfield, Cumberland, and Campbelltown, were also categorised as ‘LGAs of Concern’ from late July to October in 2021. In regional NSW, EAPA issued per household on average was typically higher across inland regional LGAs compared to coastal LGAs.

[8] Total monthly EAPA in dollars issued to households in an LGA divided by the number of all households in that LGA.

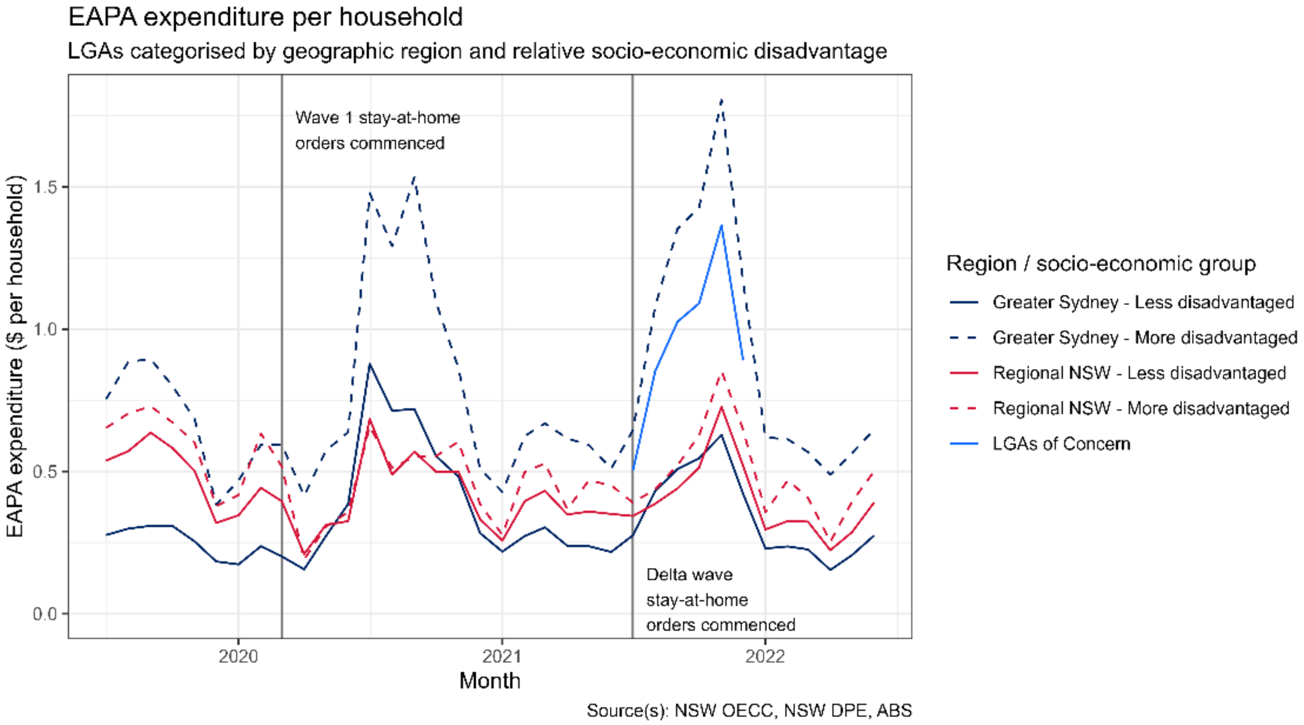
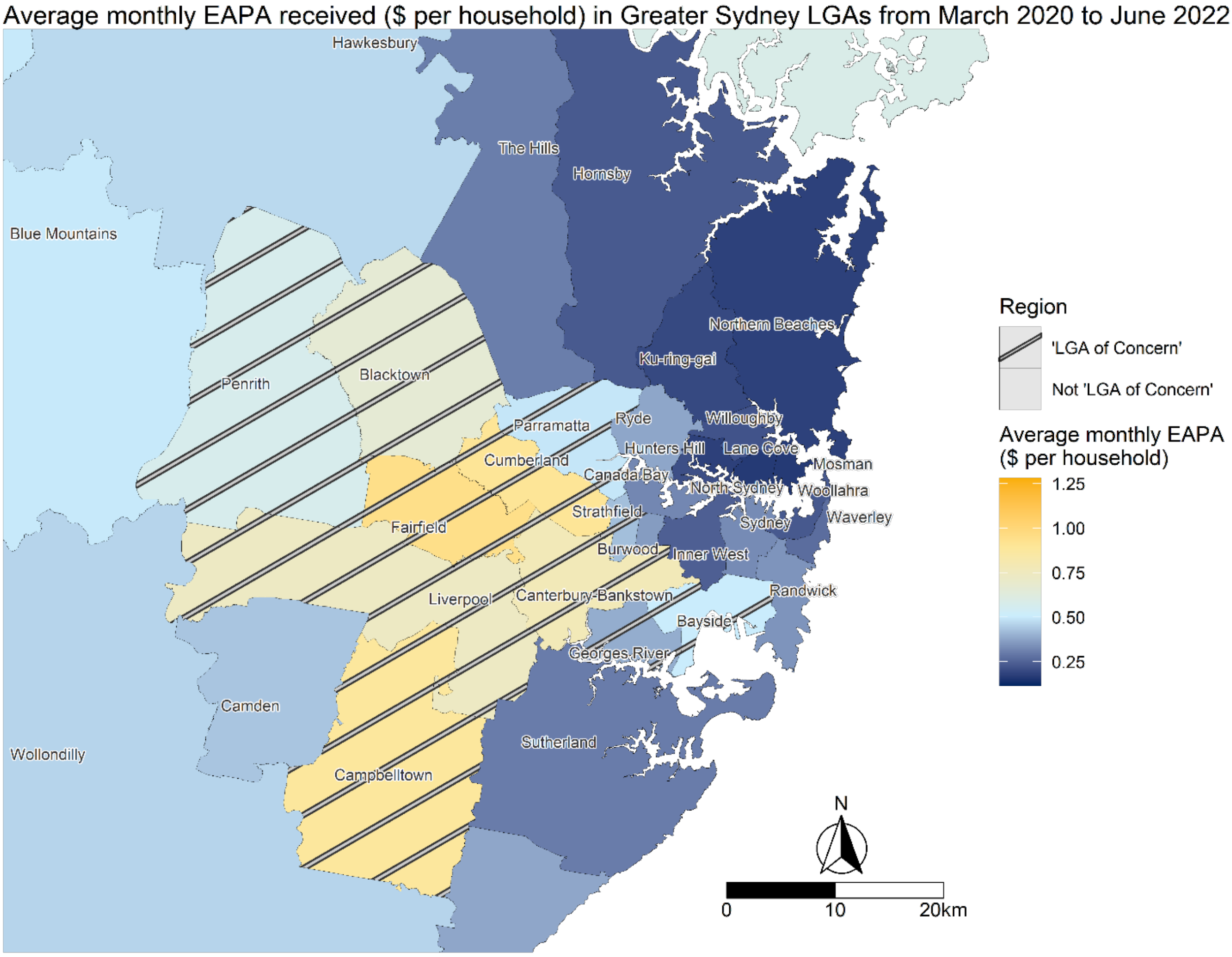


Figure 4. EAPA ($ per household) by NSW LGAs located in Greater Sydney and Regional NSW and categorised by relative socio-economic disadvantage as measured by the ABS 2016 SEIFA Index. EAPA per household for LGAs located in the 'LGAs of concern' in western and south-western Sydney from July to October 2021[9] were also included for comparison.

[9] LGAs in Western, South and South-Western Sydney under more stringent public health restrictions during the second half of 2021. These include the LGAs of Bayside, Blacktown, Burwood, Campbelltown, Canterbury-Bankstown, Cumberland, Fairfield, Georges River, Liverpool, Parramatta, Penrith, Strathfield (see Figure. 5 for map of LGAs categorised as 'LGAs of Concern').

Average monthly EAPA received ($ per household) in Greater Sydney LGAs from March 2020 to June 2022



Source(s): NSW OECC; NSW DPE

Figure 5. Average monthly EAPA received per household ($ per household) in each Greater Sydney LGA from March 2020 to June 2022, inclusive. EAPA per household calculated by the sum of monthly EAPA (in dollars) issued to households in an LGA and dividing by the number of all households in that LGA.

Average monthly EAPA received ($ per household) in NSW LGAs from March 2020 to June 2022

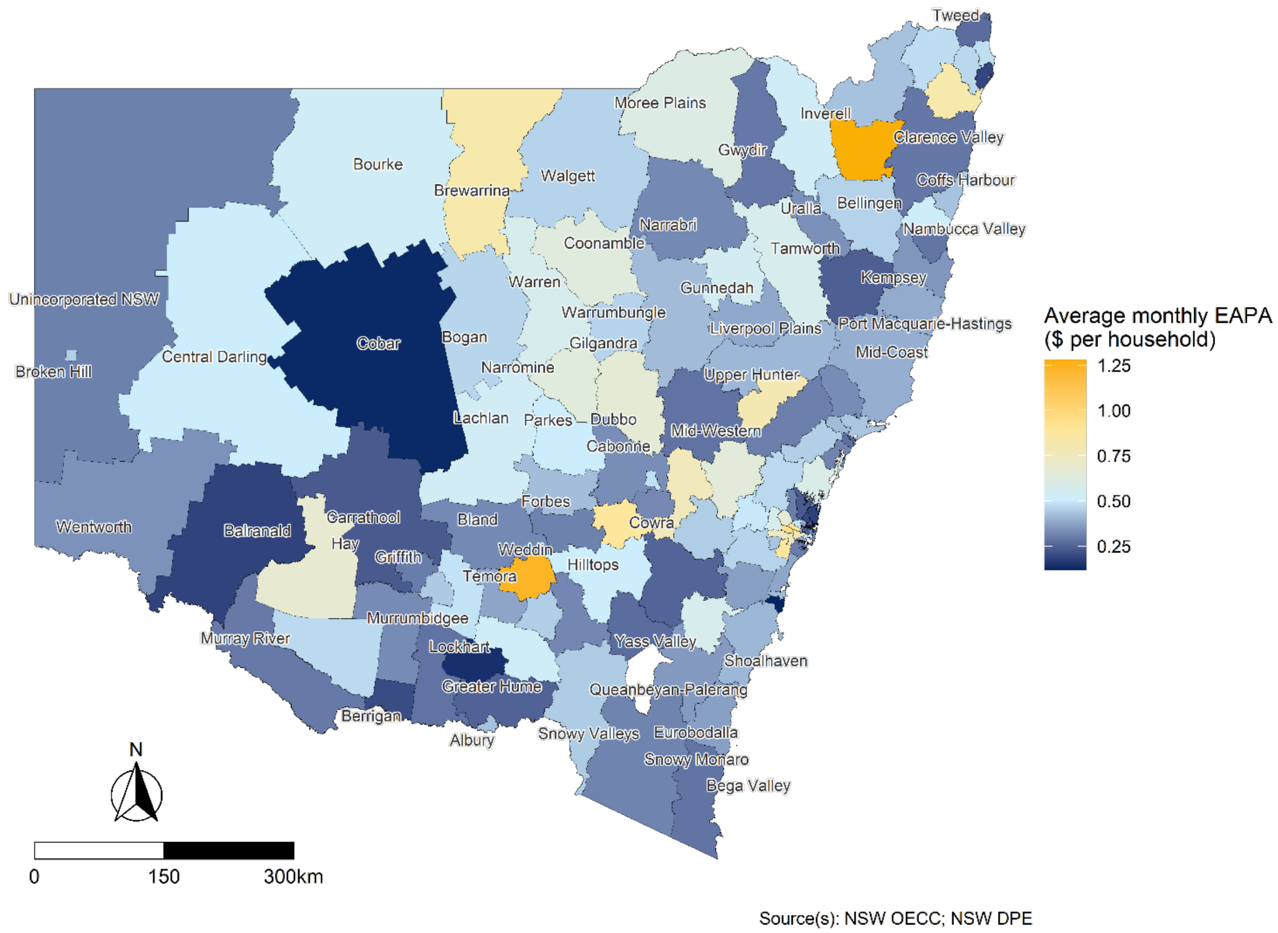


Figure 6. Average monthly EAPA received per household ($ per household) in each NSW LGA from March 2020 to June 2022, inclusive.

3 Energy Rebates

3.1 About the programs

The NSW Government delivers 6 energy rebates to provide ongoing support to eligible NSW households with paying their energy bills.

In 2019, the NSW Government made an election commitment to continue existing energy social programs for around 900,000 concession card holders, families and people requiring life support equipment. The NSW Government also introduced a new annual $200 SER for approximately 90,000 eligible self-funded retirees.

For the LIHR, GR, MER and LSR:

- retail customers apply to their energy retailer
- embedded network customers apply to the office.

For the FER, retail and embedded network customers apply to the office.

For the SER, retail and embedded network customers apply to Service NSW.

3.2 Overview of findings

Analysis of the energy rebates data collected from energy retailers by the office did not identify a clear impact from the pandemic on the uptake of the 6 energy rebates. While there were episodes where increases in rebate expenditure appeared to coincide with the public health restrictions, it is hard to conclude any direct causal link between the two. This is because:

- The distinct seasonal billing and application processing patterns for each rebate program cannot be isolated and separately identified given the limitations of the data.
- The eligibility of 4 of the 6 rebates is based on holding Commonwealth concession cards i.e. Pensioner Concession Card, Heath Care Card and certain Department of Veteran Affairs cards. The half-yearly-aggregated card-holding data for NSW obtained from Commonwealth government agencies does not align with eligibility numbers and public health restrictions.
- There is also an expected 3-month or longer time lag from when a household becomes eligible for the NSW Energy Rebates to when the customer subsequently applies for and receives the rebate. This is due to the application and processing time to receive a Commonwealth concession card to be eligible for the LIHR and GR, and the customer needing to complete their tax return for the previous financial year to determine eligibility for the FER[10].

3.3 Energy rebate eligibility

Energy rebate eligibility is primarily based on the applicant being a relevant Commonwealth Concession cardholder or Family Tax Benefit recipient; energy account holder; and a NSW resident.

[10] For the NSW FER, a criterion to receive the rebate is having been a recipient of the Family Tax Benefit in the previous financial year which requires the previous financial year tax return to be lodged and processed by the Australian Tax Office. Therefore, there will be a varying time lag after the end of each financial year when FER recipients receive the rebate.

Commonwealth Concession card and Family Tax Benefit eligibility data was collected by the office from the Commonwealth Government for 4 of the 6 energy rebates, that is the LIHR, GR, FER and SER. There was a large increase in the number of customers eligible for these Commonwealth concessions in the 2019-20 annual eligibility calculations for LIHR and to a lesser degree GR (see Figure 7a). This was most likely due to the number of JobSeeker Payment and Youth Allowance[11] recipients in NSW more than doubling in quarter 2 2020 (see Figure 8).

The JobSeeker Payment replaced Newstart Allowance, Sickness Allowance and Bereavement Allowance in March 2020. JobSeeker Payment and Youth Allowance recipients are eligible for the Pensioner Concession Card and the Health Care Card, which in turn qualified the card holders to the LIHR and GR if these customers also hold an energy account and reside in NSW. The increase in JobSeeker Payment and Youth Allowance recipients was driven by the impacts to employment from COVID-19 and stay-at-home orders from March 2020 as well as a subsequent temporary relaxation in the eligibility requirements for JobSeeker Payment and Youth Allowance by the Commonwealth Government from March to September 2020[12].

The increased number of customers eligible for the Commonwealth Concession cards relevant to the LIHR and GR did not result in a comparable long-term increase in LIHR and GR uptake (see Figure 9b, c). The number of customers who received these rebates remained almost constant (see Figure 7b). The number of customers eligible for a Commonwealth Concession Card relevant to the SER remained consistent over the 2019-20 to 2021-22 financial years. Over the same period, there was an approximate 10 per cent increase from 2019-20 to 2021-22 in the number of customers that received the SER (see Figure 7a, b). This increase is attributed to advertising of the SER through Service NSW.

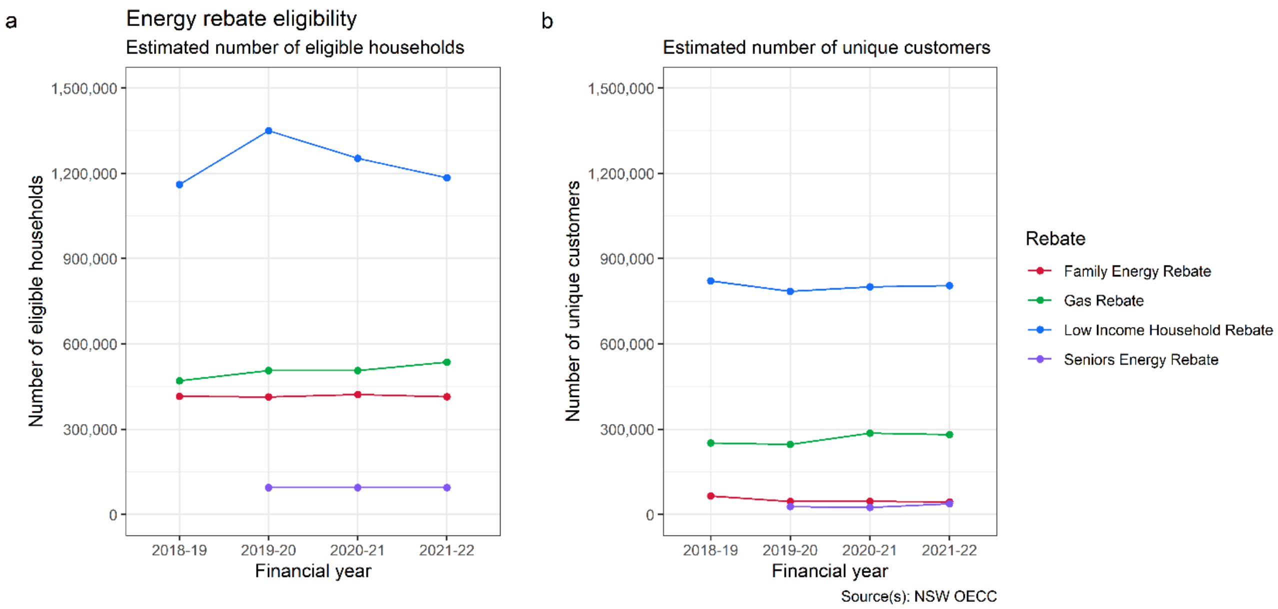


Figure 7. a) Estimated number of eligible households for the each of the NSW energy rebate programs, b) estimated number of unique customers that received a rebate. No eligibility data is available for the Medical Energy Rebate and Life-Support Energy Rebate as the eligibility criteria includes use of medical or life support equipment.

[11] Youth Allowance in this report refers to Youth Allowance (Other) recipients – for those 16 to 21 and looking for work or unable to work and not a full-time student or Australian Apprentice. See https://www.servicesaustralia.gov.au/youth-allowance-for-job-seekers for further details.

[12] Parliamentary Library, The impact of COVID-19 on JobSeeker Payment recipient numbers by electorate, 2020, Department of Parliamentary Services.

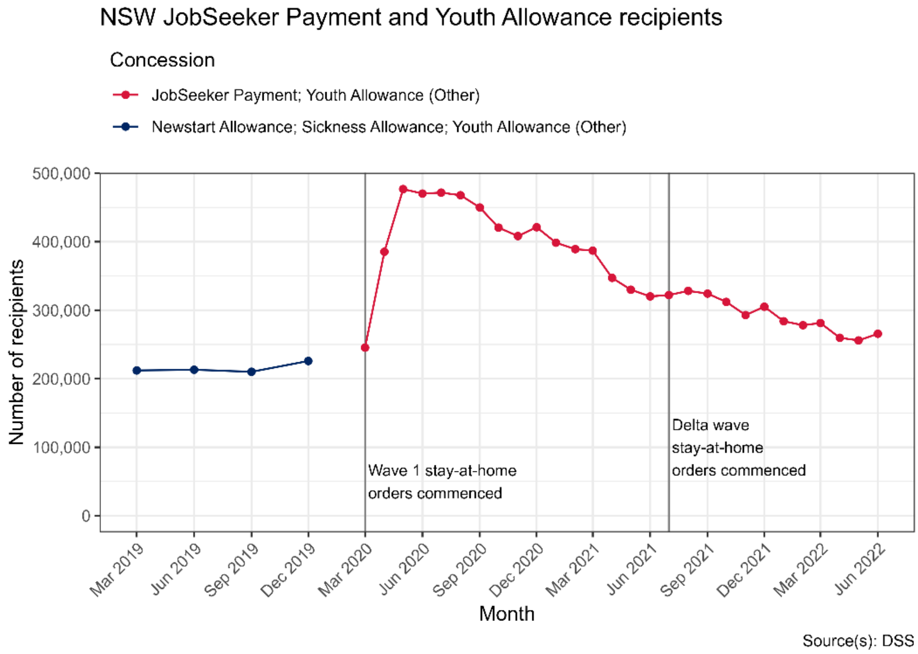


Figure 8. The number of monthly NSW JobSeeker Payment and Youth Allowance (Other) recipients. JobSeeker Payment was preceded by Newstart allowance and Sickness Allowance prior to March 2020.

3.4 Energy rebate budget allocation

The energy rebates are parameter-driven programs and the initial annual budget allocation is based on forecast estimated need. The budgets for the 6 energy rebates are drawn from and managed within the broader Energy Social Programs funding envelope.

From 2019-20, the NSW Government allocated an additional $41 million over four years for the new SER. The total budget allocation for the 6 energy rebates, excluding administration costs, was $291.02 million for the 2019-20 financial year, $277.74 million for the 2020-21 financial year and $297.05 million for the 2021-22 financial year. Table 2 shows the initial annual budget allocations for each of the different rebates.

Table 2. Initial budget allocations for the 6 energy rebates for financial years 2019-20, 2020-21 and 2021-22.

Rebate	Annual budget		
	FY2019-20	FY2020-21	FY2021-22
Low Income Household Rebate	$232,845,000	$217,906,000	$231,544,000
NSW Gas Rebate	$28,321,000	$29,060,000	$31,495,000
Medical Energy Rebate	$2,790,000	$3,000,000	$3,000,000
Seniors Energy Rebate	$8,453,000	$10,068,000	$10,138,000
Family Energy Rebate	$6,299,000	$5,735,000	$8,313,000
Life Support Rebate	$12,316,000	$11,972,000	$12,558,000

3.5 Energy rebate expenditure

Figure 9 presents the monthly trends in the expenditure of the 6 rebates along with monthly COVID-19 cases over the 2019-20, 2020-21 and 2021-22 financial years. As noted, the individual payment and administrative processes for each of the energy rebates play a guiding factor for trends in expenditure. As a result, it can be difficult to untangle the influence COVID-19 and other social and economic trends from these processes, which are further outlined below.

The LIHR, MER and LSR all display increases in expenditure in June 2020, while smaller increases were also observed in June 2021 and June 2022, which indicate a consistent seasonal effect (see Figure 9b, e). These increases are primarily driven by payment of delayed or irregular invoicing cycles from energy retailers. This explains the close correlation in month-to-month expenditure of the three rebates despite each rebate having different eligibility criteria. Consequently, it is difficult to discern any month-to-month relationship between the expenditure of the three rebates and COVID-19 cases, stay-at-home orders or the number of customers eligible for the Commonwealth's JobSeeker Payment. Similarly, GR expenditure showed no discernible month-to-month relationship with COVID-19 cases throughout the 2019-20, 2020-21 and 2022-21 financial years (see Figure 9c). This is despite increases in the number of customers eligible for the Commonwealth's JobSeeker Payment.

Longer-term trends indicate increases in average monthly expenditure by 4 per cent for LIHR, 15 per cent for GR and 10 per cent for LSR and MER after the COVID-19 outbreak from March 2020 to June 2022 compared to pre-pandemic months from July 2019 to February 2020. As month-to-month expenditure patterns for these four rebates are not aligned with trends in COVID-19 cases or stay-at-home orders, it is not clear if these increases are driven by the impacts of the pandemic and, for LIHR and GR, increases in the number customers eligible for the Commonwealth's JobSeeker Payment in 2020. The increase in expenditure is likely primarily driven by a natural increase in uptake of the energy rebates each year as a result of promotional activities.

SER monthly expenditure demonstrates a spike in March 2020 which coincides with stay-at-home orders, although without further data it is difficult to make any clear conclusions. Furthermore, following this initial increase in March 2020, there is no clear relationship between the pandemic and monthly expenditure for the SER.

FER expenditure demonstrates peaks in the lead up to the end of the financial year, when approximately 60 per cent of annual FER expenditure occurs in May and June, due to the June deadline to begin processing valid FER applications for the previous financial year (see Figure 9d). Therefore, financial year expenditure represent expenditure for applications made in the previous financial year due to the lag between application and receipt of the rebate. The amount of expenditure up to the end of the 2019-20 financial year (for 2018-19 financial year applications) is greater than expenditure at the end of the financial year in 2020-21 and 2021-22 (for 2019-20 and 2020-21 financial year applications, respectively). FER uptake in 2019-20 financial year was slightly higher at 11.21 per cent, than 2020-21 and 2021-22 financial years at 11.12 per cent and 10.70 per cent, respectively.

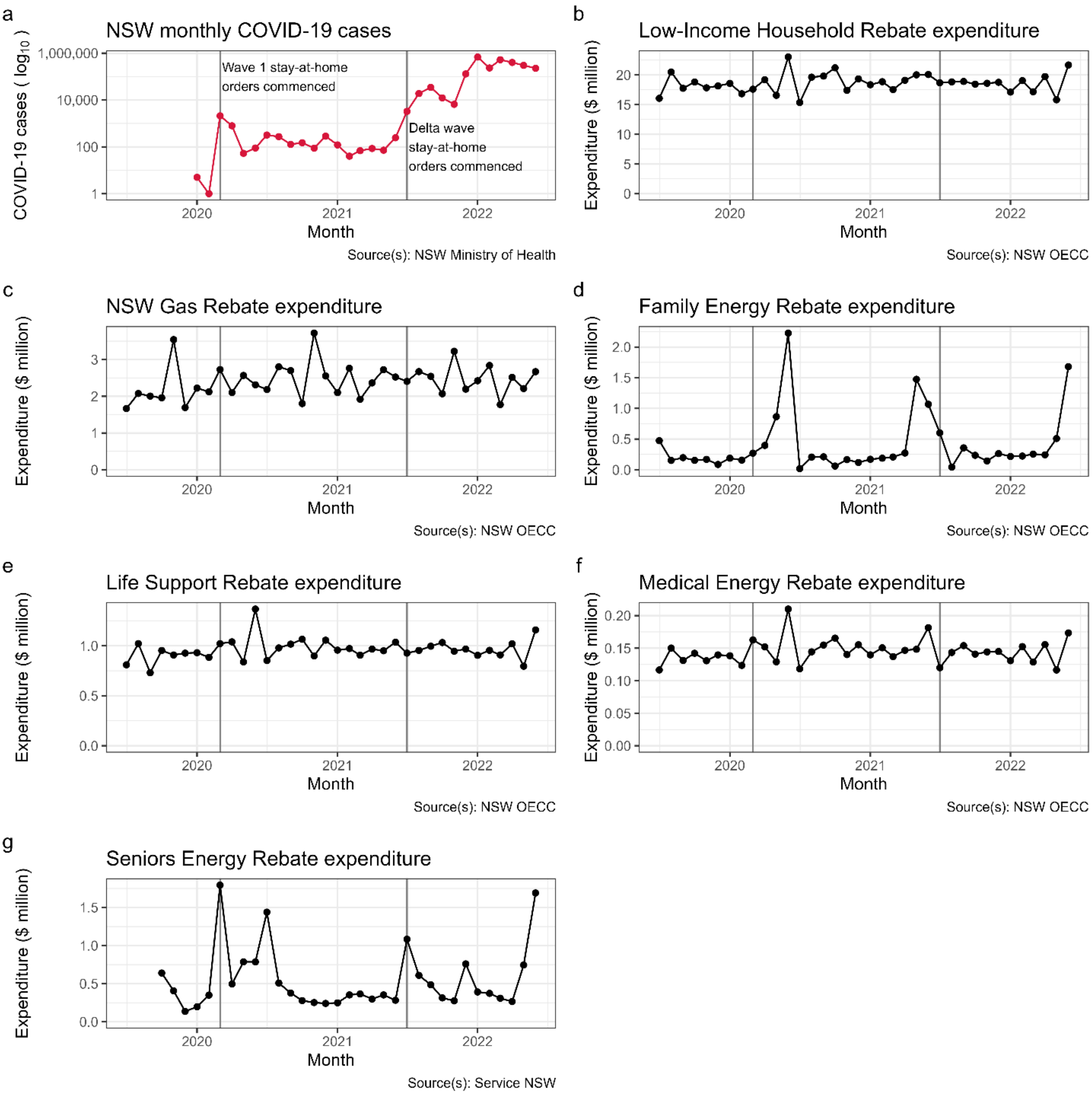


Figure 9. a) log of monthly COVID-19 cases in NSW, b) – g) monthly expenditure ($ millions) for each of the NSW energy rebate programs.

4 Energy Hardship

4.1 Energy consumption and prices

Throughout the pandemic, it is likely NSW household energy consumption and energy bills for the increased during periods of more stringent public health restrictions, as people spent more time at home[13]. However, our analysis did not show any clear change due to the pandemic in NSW Energy Social Programs customer's monthly energy consumption and costs[14] over the 2019-20, 2020-21 and 2021-22 financial years (see Figure 10a – d).

Summary measures for energy consumption and costs were calculated on an equalised monthly basis[15]. This was done to standardise billing to monthly amounts, as customer bills often have different start and end dates and billing lengths. Rebate customers' energy consumption and costs for electricity and gas followed established trends and seasonal patterns, these include:

- peaks in electricity consumption and costs during hotter and colder time periods
- increases in gas consumption and costs during colder time periods
- increases in electricity exported to the grid from rooftop solar photovoltaic (PV) during the spring and summer quarters
- energy consumption and costs trending slightly down over the three financial years.

It is possible NSW Energy Social Programs customer's bills did not increase during periods of stay-at-home orders due to the demographics of rebate customers and their associated energy consumption behaviour. Most NSW Energy Social Programs customers are LIHR recipients and hold a Pensioner Concession Card. The majority of Pensioner Concession Card holders are 65 years or older[16] and would have lower participation in the work force or be retired. Therefore, stay-at-home orders may have had a lower impact on household energy consumption for these recipients compared to households required to work from home instead of their usual workplace.

Another factor that makes it difficult to identify whether the pandemic resulted in an increase in energy consumption and bills is from the increased amount of energy utilised from solar PV. Exports from solar PV consistently trended upwards over the three financial years, possibly reflecting the growing number of solar PV installations and the increasingly larger solar systems being installed in the residential PV market (see Figure 10e). This increase in solar PV may be partly offsetting an increase in consumption or costs from the impacts of COVID-19.

[13] AER, Annual retail markets report 2021–22, 2022.
[14] Rebate customer data collected twice a year by NSW Office of Energy and Climate Change from energy retailers as part of the reporting requirements of the NSW Social Programs for Energy Code.
[15] Equalised monthly basis was calculated by multiplying consumption and cost per day amounts by 30.42 days (365 days divided by 12 months).
[16] DSS Payment Demographics Data, https://data.gov.au/data/dataset/dss-payment-demographic-data.

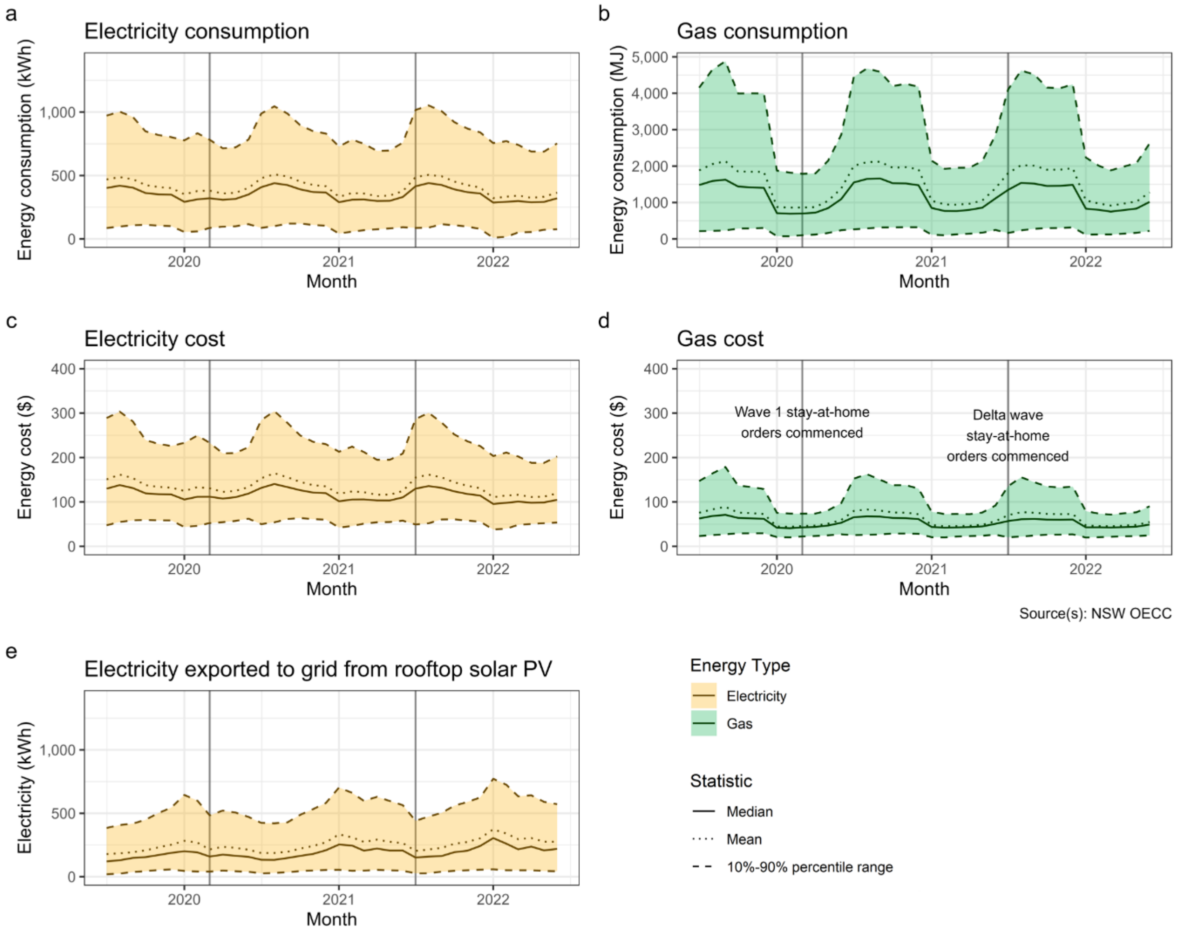


Figure 10. NSW energy rebate and EAPA recipients equalised monthly energy consumption for a) electricity and b) gas, equalised monthly energy bills for c) electricity and d) gas and e) equalised monthly energy exported to the grid from rooftop solar PV.

4.2 Energy disconnections

In March 2020, the Australian Energy Regulator (AER) introduced a Statement of Expectations (the Statement)[17] that identified principles energy retailers were expected to adhere to if a geographic region was subject to extended stay-at-home orders. Under the Statement, energy retailers were obligated to:

- offer a payment plan or hardship arrangement to residential and small business customers who indicate they may be in financial stress
- not disconnect any residential or small business consumers who may be in financial stress without their agreement
- defer referrals of residential and small business consumers to debt collection agencies for recovery actions or credit default listing.

[17] AER, Statement of Expectations of energy businesses: Protecting customers and the energy market during COVID-19, 2021.

The Statement applied to specific LGAs and automatically came into effect when an LGA was subject to stay-at-home orders lasting for seven days or more. The Statement applied for 14 days after stay-at-home orders were lifted.

As a result of this, during periods of stay-at-home orders in quarter 2 and 3 2020 the number of disconnected electricity and gas customers significantly reduced for both general residential and concession customers compared to pre-pandemic quarters (see Figure 11a, b). The number of disconnections then increased from quarter 3 2020 to quarter 2 2021, until stay-at-home orders were issued again in response to the delta wave in quarter 3 2021. This resulted in another sharp reduction in disconnections due to the protections set out in the AER Statement, after which disconnections increased once restrictions eased to quarter 2 2022.

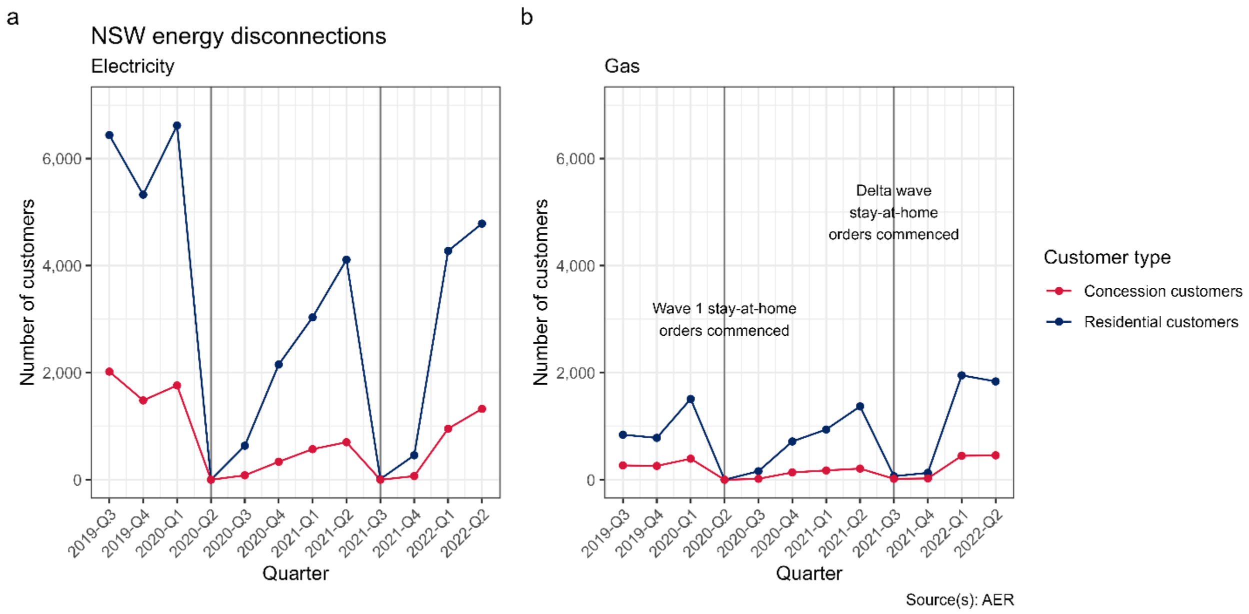


Figure 11. Number of disconnections in NSW for a) electricity and b) gas concession and general residential customers.

4.3 Energy hardship programs and energy debt

While the AER Statement reduced disconnections, from the onset of the pandemic the number of customers in hardship programs fell and the amount of debt increased for customers who entered hardship programs.

Data on NSW customers in hardship programs from the AER[18] show that both electricity and gas hardship customers followed a similar trend of a general decline in the total number of hardship customers during the pandemic from quarter 1 and 2 2020 until quarter 2 2021 (see Figure 12a – b). The AER found that this was largely because an uptake in government subsidies reduced the impact on household energy hardship during the pandemic, and due to customers engaging in debt deferral arrangements with retailers rather than formal hardship programs[19]. The number of customers in

[18] Energy rebate customers' hardship data from energy retailers is limited as the Office of Energy and Climate Change only collects hardship data on disconnected customers, which were dramatically reduced during the pandemic due to the AER's Statement. Hardship and debt data of NSW electricity and gas customers is available on a quarterly basis from the AER's website. AER's data on customers in hardship conditions presumably largely overlaps with the energy rebate customers, however it may not necessarily reflect trends in energy rebate customers.
[19] AER, Annual retail markets report 2019-20, 2020.

hardship programs began to increase again from quarter 3 2021, presumedly driven from compliance initiatives by the AER and a reduction in the recipients of COVID-19 support payments through JobSeeker Payments and Youth Allowance.

Over the period of the pandemic, the percentage of customers in NSW entering in hardship programs with larger and longer held debts increased. From quarter 1 2020 to quarter 2 2022, there was a trend in the percentage of customers accumulating larger amounts of debt over a longer period of time (see Figure 12c – f). For both electricity and gas, the percentage of hardship customers with an energy debt less than $500:

- decreased considerably from quarter 4 2019 to quarter 2 2021
- increased in the latter half of 2021
- fell in 2022.

Whereas the number of customers with debt above $500 increased across the three financial years. This indicates that some customers with debt smaller than $500 had their debt accumulated over time to higher amount between $500-$1,500. Similarly, the number of short-term debt (less than 6 months) trended down over the three financial years. However, the drop in short-term debt was not enough to overcome debt accumulation, with increases in longer-held debt over the same period.

The AER note this may be due to customers facing increased financial stress or less engagement with their energy retailer due to disconnection preventions, which is otherwise likely to initiate customer-retailer engagement through a disconnection notice[20].

[20] AER, Annual retail markets report 2021-22, 2022.

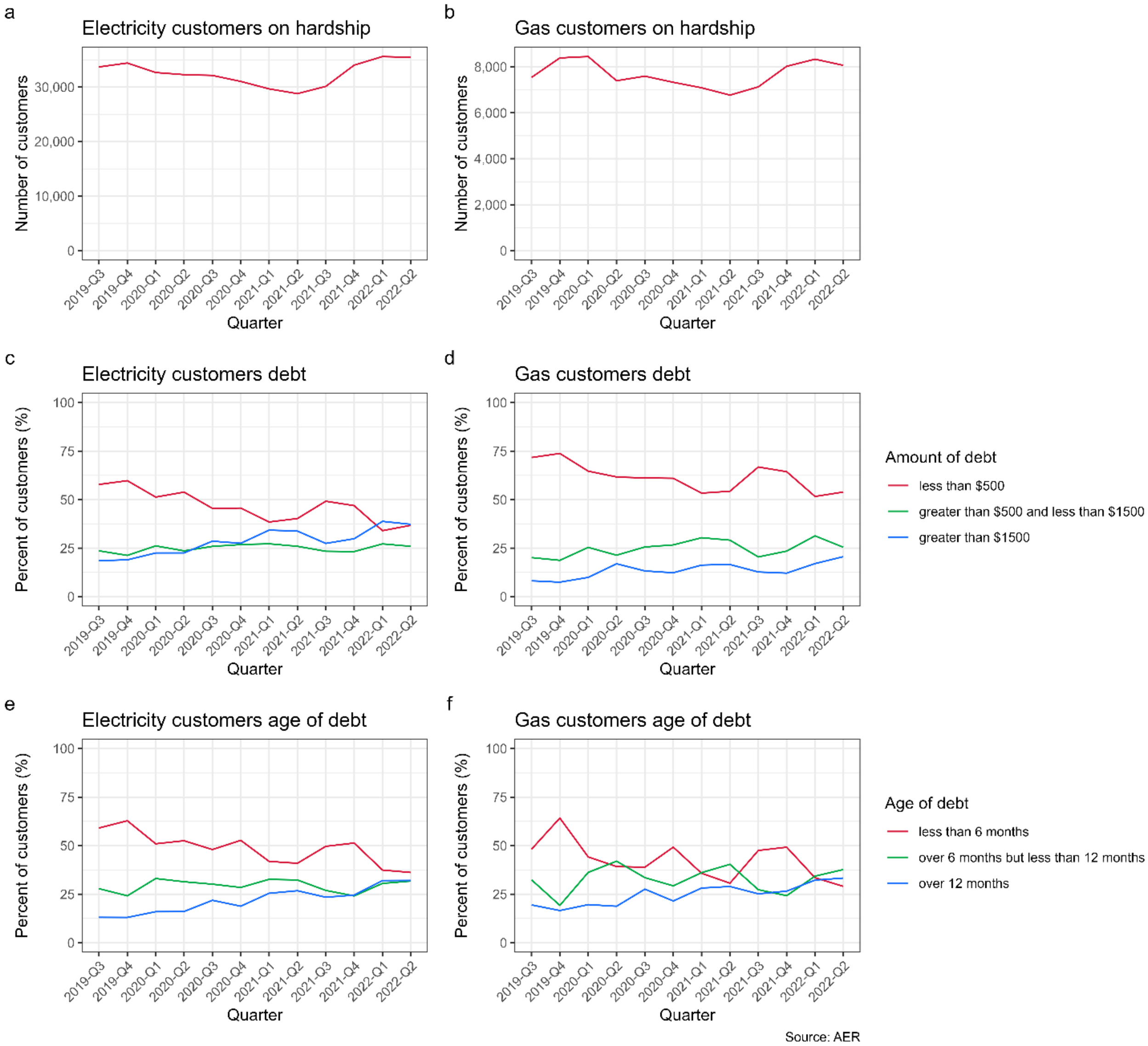


Figure 12. Number of electricity and gas customers sourced from AER (a, b) on a hardship program, (c, d) with a certain amount of debt on entering hardship program, (e, f), and indebted for a certain duration.

5 Concluding statement

5.1 Summary of findings

The economic impacts of the COVID-19 pandemic and the public health restrictions resulted in many more households needing help with their energy bills. In response to this, the NSW Government adapted and expanded the EAPA scheme by increasing the annual budget for the 2019-20 and 2020-21 financial years, supporting NGO EAPA Providers to deliver energy vouchers by telephone, opening an online application pathway on the Service NSW website and increasing EAPA applications limits for both electricity and gas from $300 to $400. This enabled the EAPA scheme to deliver energy vouchers to a much higher number of households in need of assistance with their energy bills, during and following periods of stay-at-home orders, when impacts to employment and income were greatest.

Households in areas of greater socio-economic disadvantage in Greater Sydney needed significantly more financial assistance with their energy bills during and following periods of stay-at-home orders compared to the rest of the state. This was consistent in response to stay-at-home orders both in 2020 and in 2021 when many of these areas were under more stringent public health restrictions as ‘LGAs of concern’ from late July to October 2021.

There was not a clear relationship identified between the energy rebate programs and the pandemic, despite increased numbers of eligible customers as a result of high uptake of JobSeeker Payment and Youth Allowance in early 2020. This may be due to limitations in the data preventing our ability to identify patterns related to the impacts of the pandemic. For example, it is difficult to isolate and separately identify any impacts from the NSW Government rebate application and delivery patterns from higher uptake of the rebate programs that may have been present during periods of stay-at-home orders. This is due to time lags between when a household is eligible, lodgement of a rebate application and receipt of the rebate.

Energy bills themselves followed existing trends and seasonal energy consumption patterns from July 2019 to June 2022 indicating rebate customer energy consumption and bills were not substantially perturbed by the pandemic. This indicates that the need for energy bill assistance was driven more from impacts to household income rather than increased energy prices.

The AER Statement of Expectations, which provided additional protections for energy consumers, played an important role in reducing disconnections and helping vulnerable households stay connected. The number of households in a hardship program decreased. This was attributed to increased government subsidies and alternate debt deferral options for customers from retailers. The percentage of hardship customers with larger and longer held debt increased over the pandemic. Possible reasons include customers facing increased financial stress or lower customer-retailer engagement.

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