

ENERGY BILLS & ENERGY EFFICIENCY

Survey of community views
by YouGov Galaxy

April 2018

Commissioned by:



EXECUTIVE SUMMARY

Many Australians are struggling with high energy bills. Helping homes and businesses save energy is a highly effective way to reduce energy bills while improving energy security and sustainability.

Our survey found that a remarkable 88 per cent of voters want governments to invest in energy efficiency, making it the most popular policy option that we tested. Good energy efficiency policies and investment are critical to ensure that the transition in our energy system is smooth, fair and affordable.

In many parts of Australia electricity prices have almost doubled and wholesale gas prices have more than tripled over the last decade. This is creating significant challenges and anxieties for many households and businesses, particularly low-income and disadvantaged households who spend a greater proportion of their income on power bills but have less choice and control to reduce them. In January this year over 83 percent of voters were concerned or very concerned about their electricity bill.

Energy prices have been driven up by multiple factors, including expenditure on the electricity network, the retirement of old generators and the development of gas export terminals in Queensland. Action is essential to address problems in electricity and gas markets, but there are no quick, simple and popular options that can substantially reduce the price of each unit of energy.

While it will be challenging to return gas and electricity **prices** to the level they were at in the early 2000s, we can dramatically cut consumers' **bills**. The International Energy Agency reports that energy efficiency programs in many other countries have cut households' bills by 10 to 30 per cent in recent years. Our survey confirmed that most consumers are concerned about their total energy bill, rather than the cost per unit of energy.

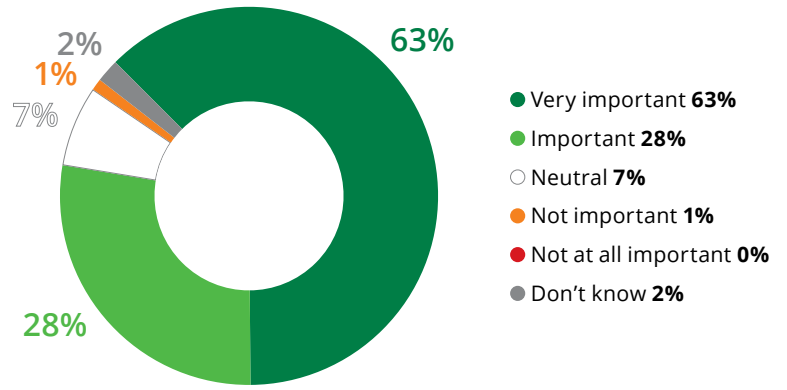
Improving consumers' energy efficiency will also deliver wider benefits to the energy system. Investing in energy efficiency provides cheap, reliable 'energy capacity' that improves energy security and lowers the price of electricity and gas. However, successive Australian governments have paid relatively very little attention to energy efficiency, particularly compared to our international peers.

A large body of evidence shows that homes and businesses need support to tap into their full potential for energy efficiency. Energy market rules, energy ratings, access to capital and incentives can encourage or discourage energy efficiency. Consumers' choices are also often limited by other people's choices, such as landlords, builders and manufacturers.

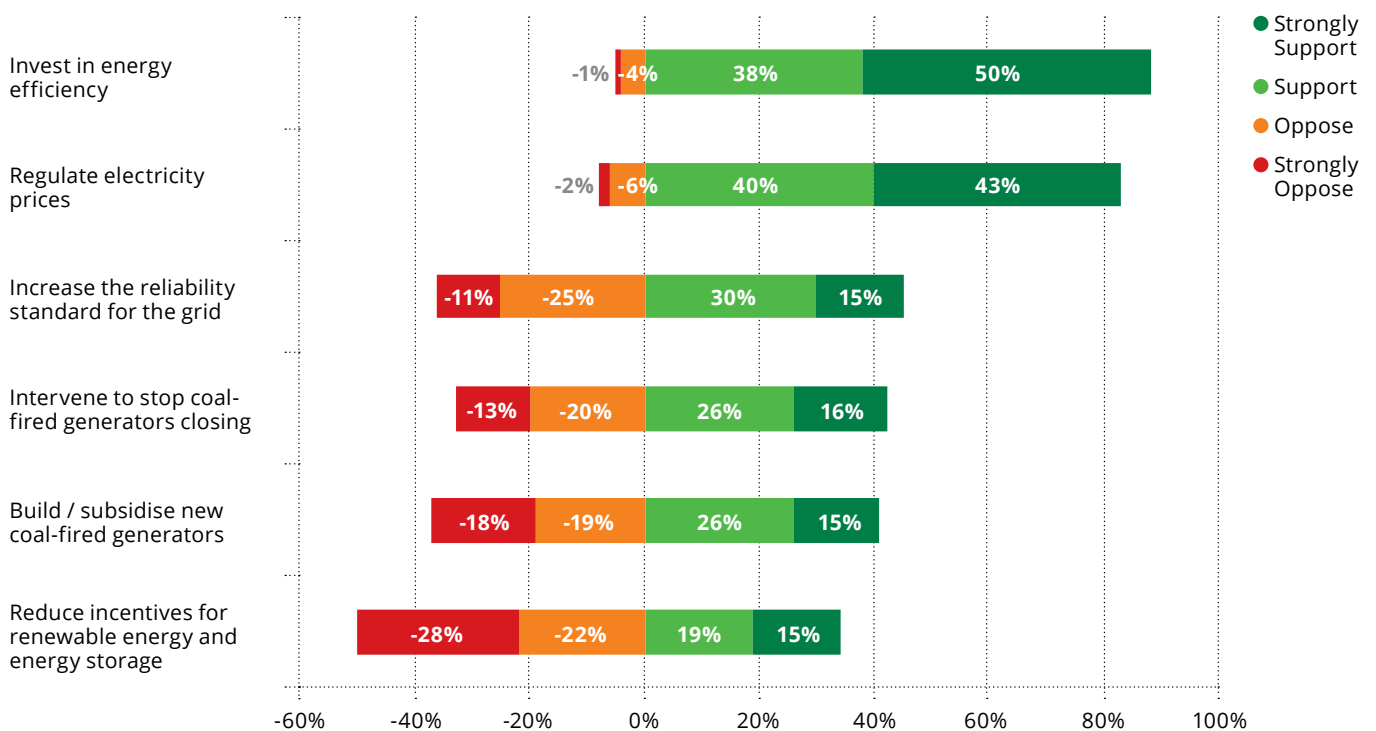
Public support for government action on energy efficiency is very strong, and rated higher than other policy interventions. Our survey found that:

- 90 per cent of voters believe that it's important or very important for governments to help reduce households' and businesses' energy bills.
- '**Investing in energy efficiency**' was the most popular energy policy option available to governments. It's popularity cut across party lines, with support from 90 per cent of Coalition and 89 per cent of Labor voters.
- Voters had mixed views on other key energy policies, like support for new coal-fired generators and reducing incentives for renewable energy.
- Voters support a wide range of energy efficiency policies for homes and businesses.

Over 90 per cent of voters think that it's important or very important that governments help reduce households' and businesses' energy bills.



Energy efficiency is the most popular policy that governments can introduce in the energy sector, with 88 per cent support.



Australians strongly support a wide range of energy efficiency policies

POLICY	SUPPORT	OPPOSE
Fund experts to help businesses save energy and money	69 %	18 %
Provide grants for businesses for energy-saving equipment	70 %	16 %
Incentives to upgrade commercial buildings	79 %	10 %
Minimum standards for rental homes	80 %	10 %
Energy efficiency ratings for homes	83 %	6 %
Strengthen minimum standards for new commercial buildings	83 %	7 %
Upgrade the homes of vulnerable households	84 %	9 %
Incentives for upgrading homes	85 %	6 %
Require energy companies to help households save energy	86 %	6 %
Strengthen minimum standards for new homes	88 %	5 %
Upgrade public buildings like schools and hospitals	92 %	2 %

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BACKGROUND AND METHODOLOGY

Background

The Australian Council of Social Services (ACOSS), the Property Council of Australia (PCA) and the Energy Efficiency Council (EEC) all share the goal of ensuring that energy bills are affordable for homes and businesses. In February 2018 these groups commissioned YouGov Galaxy to survey on the views of Australians on energy policy, with a focus on energy efficiency.

Methodology

The YouGov Galaxy survey sample comprises of 1,000 Australians aged 18 and over, and is weighted by age, gender and region to reflect the latest ABS population estimates. This is the same 'Gold Standard' methodology used by YouGov Galaxy in its opinion polls. The reliability of these published polls has resulted in YouGov Galaxy being recognised as one of the most accurate polling organisations in Australia. The results from this survey are set out on pages 8 – 13.

The YouGov Galaxy research was complemented with existing research from CHOICE's Consumer Pulse, a nationally representative survey that looks at consumers' concerns about a range of cost-of-living pressures. The results from the Consumer Pulse survey are set out on pages 6 – 7.

This report sets out national data. Raw data is available on the Energy Efficiency Council website that allows breakdown by states and territories, gender, income and other factors.

In the report the questions and policy options are summarised for clarity. The full questionnaire is set out in Appendix 1. The questionnaire was carefully worded in consultation with YouGov Galaxy to minimise bias.

The 'support-oppose' questions included the option of *'don't know'*. The *'don't know'* option was excluded from the bar charts for clarity and does not affect the relative popularity of various policy options. The percentage of respondents stating *'don't know'* for each policy option can be calculated by subtracting the sum of support and opposition for that option from 100.

VOTERS ARE VERY CONCERNED ABOUT ELECTRICITY COSTS

Question: Please indicate how concerned or unconcerned you are about the current costs of each specific expense for your household.

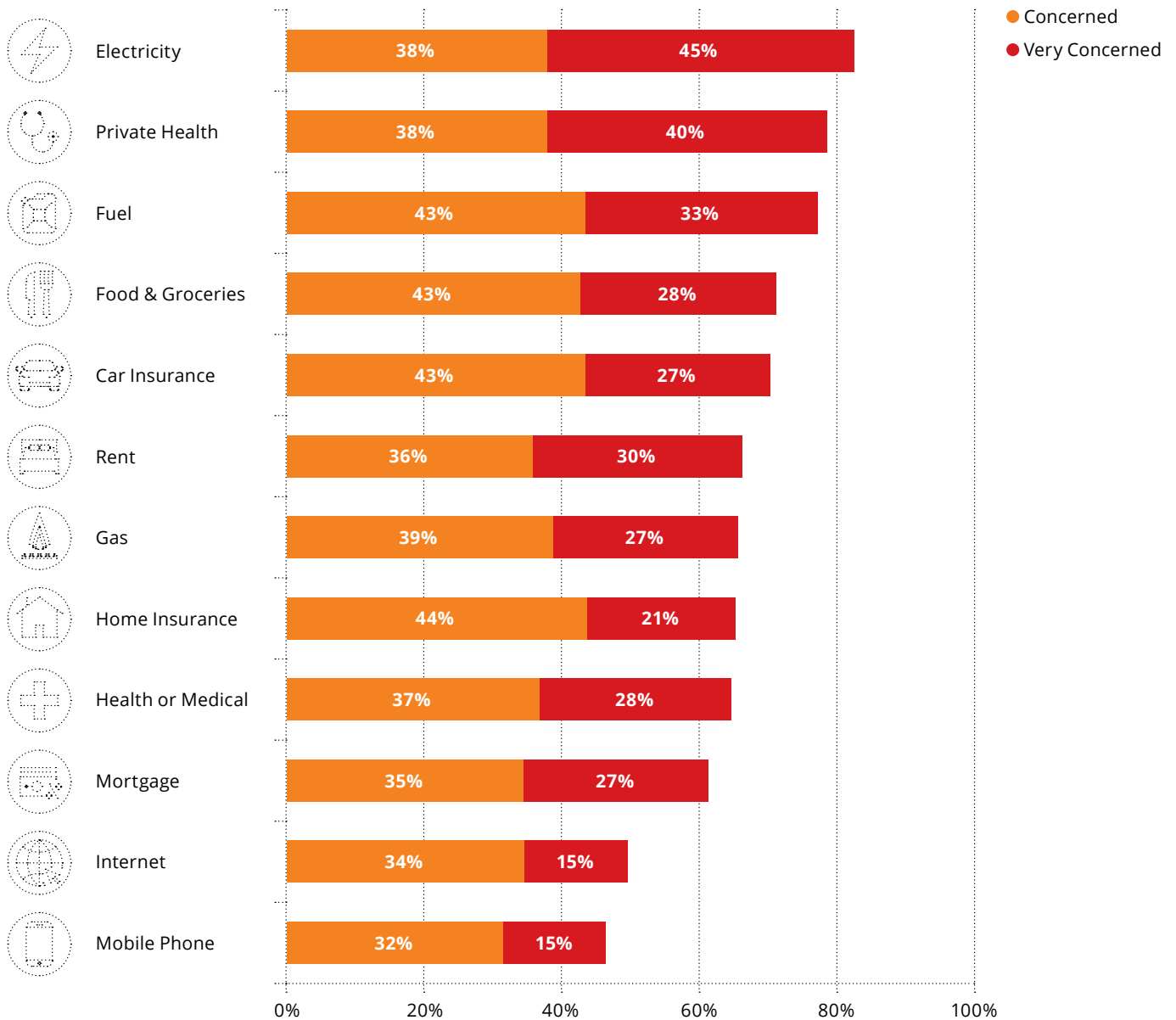


Figure 1. Consumer concerns about household expenditure items – January 2018.

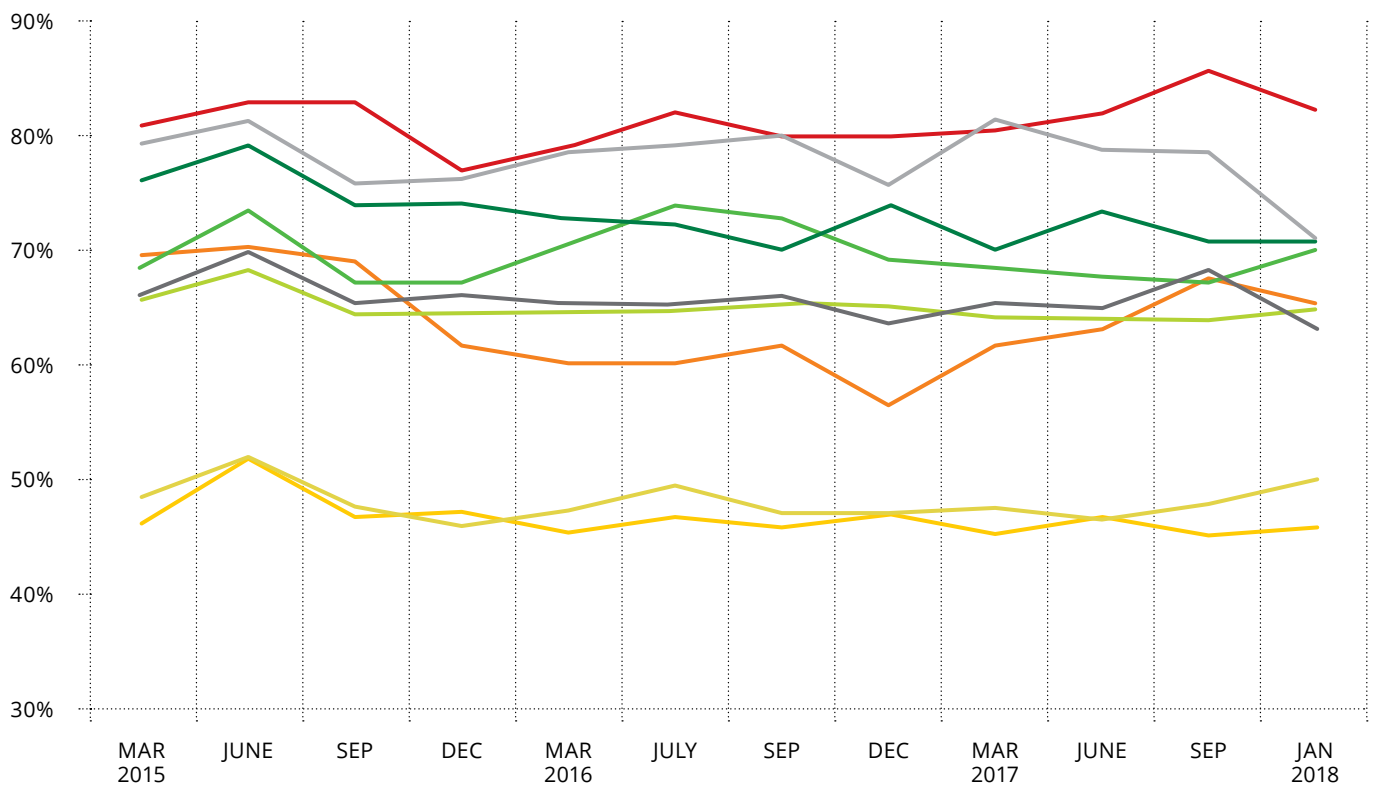


Figure 2. Consumer concerns about household expenditure items – March 2015 to January 2018.

CHOICE’s Consumer Pulse survey demonstrates that electricity remains households’ number one cost-of-living concern. In January 2018, a remarkable 83 per cent of people stated that they were concerned or very

concerned about their electricity bill. Electricity has been the number one cost-of-living concern in almost every period since CHOICE began conducting the Consumer Pulse survey in 2014.

HOUSEHOLDS CARE ABOUT BILLS, NOT PRICES

Question: Electricity and gas bills normally include a cost for each unit of energy that you use (e.g. 25 cents per kilowatt-hour) and various fixed charges. These charges are added up to give you your total bill. When you open your bill, which of these are you more concerned about?

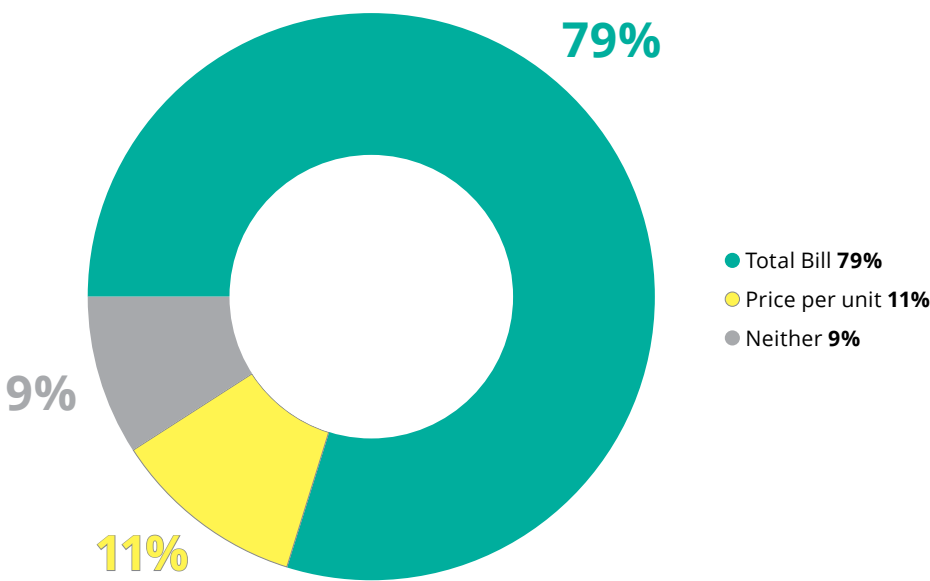


Figure 3. Concern about bills versus prices February 2018

Energy stress is more than just energy price – it is affected by the total size of a household’s bills and their capacity to pay. Our survey found that the overwhelming majority of households were more concerned about their total electricity bill than the price per unit of energy. While this may seem self-evident, it highlights that many policy-makers have not been focusing on what consumers perceive to be their long-term interests.

The National Electricity Objective (NEO) explicitly focuses on the long-term interests of consumers with respect to the price of electricity, and does not mention their total bills. This seemingly small definitional issue has major implications. The wording of the NEO has encouraged energy market institutions to focus on moderating electricity prices, and they have paid far less attention to reducing energy bills through energy efficiency.

In contrast, jurisdictions like California have put energy efficiency at the core of their energy policy. As a result, while the price of electricity is generally higher in California than in many other States in the US, Californian households are very efficient and their electricity bills are among the lowest in the US.

Government action is critical to reduce energy bills. Bills are a product of fixed energy charges, the cost per unit of energy and the amount of energy that consumers use. A large body of evidence shows that the energy efficiency of homes and businesses is affected by energy market rules, energy efficiency ratings, access to capital and incentives. Consumers are also strongly affected by the choices made by other people, including landlords, builders and manufacturers.

VOTERS WANT GOVERNMENTS TO ACT

Question: How important is it that governments help reduce energy bills for households and businesses?

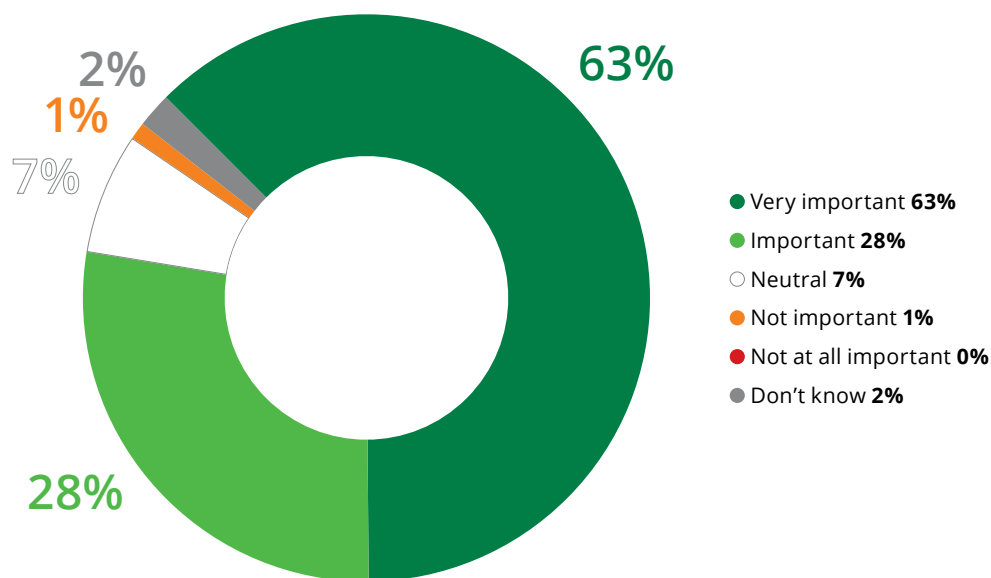


Figure 4. Views on the importance of government action on energy bills February 2018.

The vast majority (90 per cent) of Australians that YouGov Galaxy surveyed reported that it is important, or very important that governments help reduce energy bills for households and businesses. When a similar question was asked in a 2013 survey, 84 per cent of households thought it was important, or very important for governments to help reduce energy bills. This indicates that voters are growing increasingly convinced that governments need to act on energy affordability.

An astonishing 77 per cent of South Australians said that it was 'very important' for governments to help reduce energy bills, but support for action was broadly consistent

across the other states and political parties. Support for action was even stronger among lower-income and older respondents.

ENERGY EFFICIENCY IS THE MOST POPULAR POLICY OPTION

Question: Would you support or oppose the following actions that governments might consider?

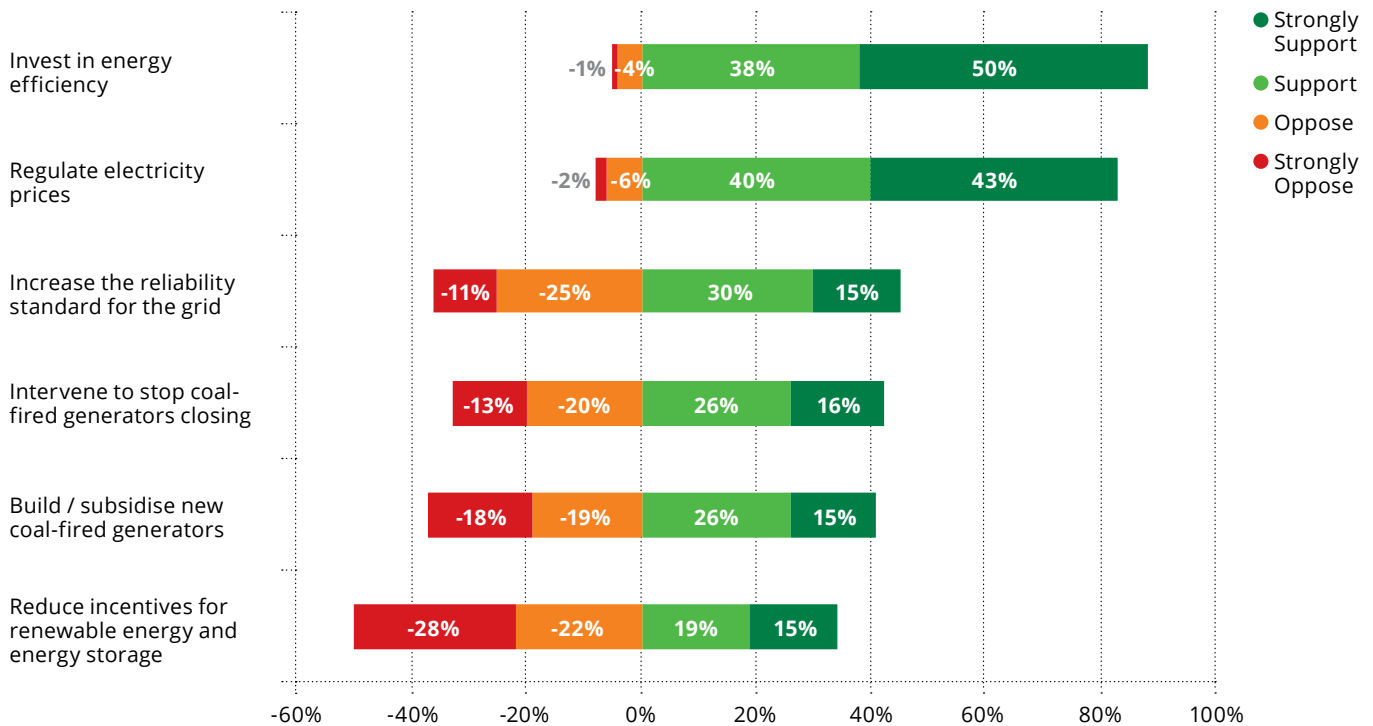


Figure 5. Support for various energy policy options.

We were interested in the level of public support for energy efficiency compared to other policy options. In order to assess this, we asked voters about their views on a number of measures that have received considerable political attention in the last six months. It is important to note that the organisations that commissioned this report do not necessarily endorse all of these policy options.

Government investment in energy efficiency was overwhelmingly the most popular policy option, with 88 per cent of survey respondents supporting it. This level of public support for energy efficiency was even greater than we expected. More importantly, it was the least contested policy option, with just five per cent of respondents opposing government investment in energy efficiency. Support was consistent across states and political leanings.

The majority of survey respondents also supported regulating electricity prices, but views on other energy policies were far more mixed. The levels of support and opposition were similar for increasing reliability standards; intervening to stop coal-power stations closing; and building new coal-fired generators.

The only policy option that attracted more opposition than support was reducing incentives for renewable energy and energy storage. Opposition for reducing these incentives was especially strong in Queensland and older age groups – potentially because these groups have heavily invested in onsite renewables and may oppose reductions in the payments that they receive for their energy output.

Another way of expressing the public acceptance for various policy options is *'net support'* – in other words support for a policy, minus opposition to that policy. This highlights that net support for energy efficiency and price regulation was much stronger than for other policy options.

The groups that commissioned this survey were aware that respondents might support a high-level policy principle, but be more concerned about specific policies. Therefore, we asked for respondents' views on a number of specific energy efficiency policies for households, businesses and governments, which are set out in Figures 6 and 7. The results clearly show that respondents supported a wide range of specific energy efficiency policies.

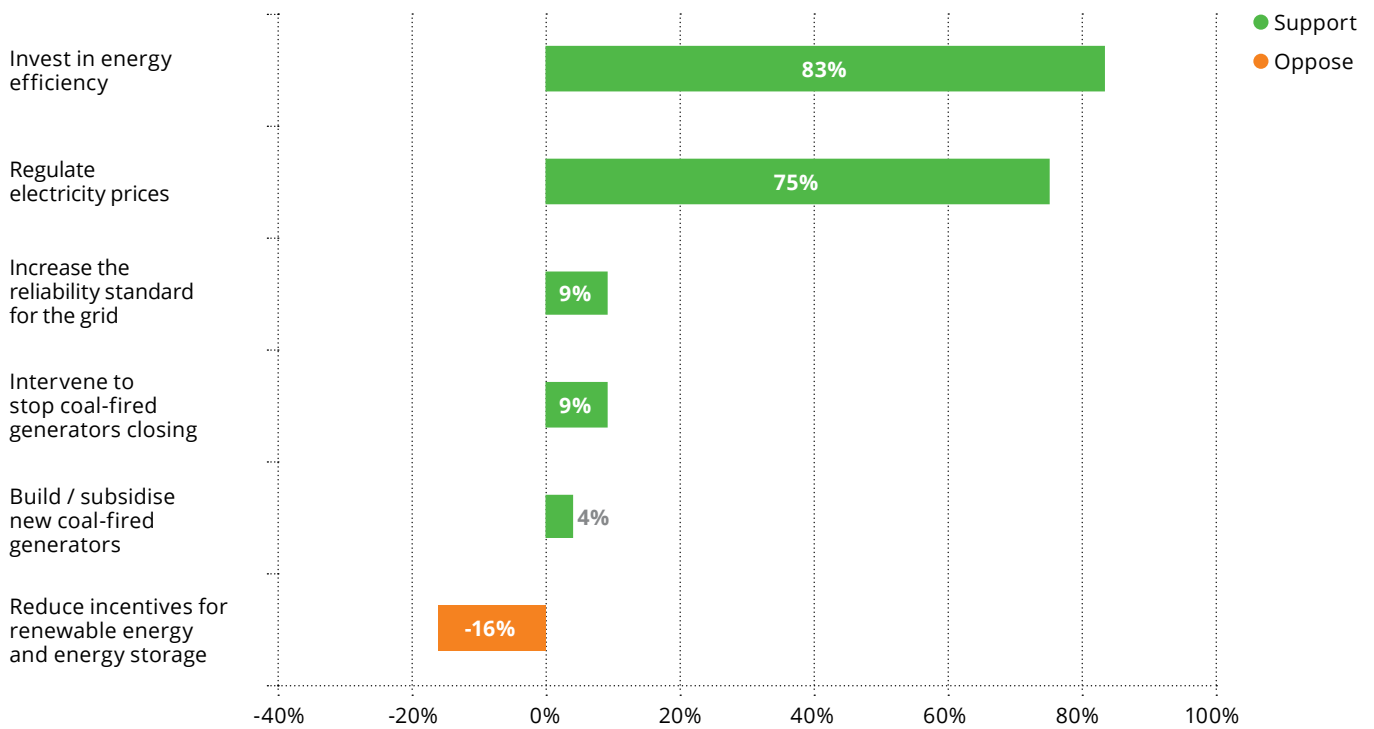


Figure 6. Support for various energy policy options.

ENERGY EFFICIENCY POLICIES FOR HOUSEHOLDS

Question: Would you support or oppose the following actions that governments might consider?

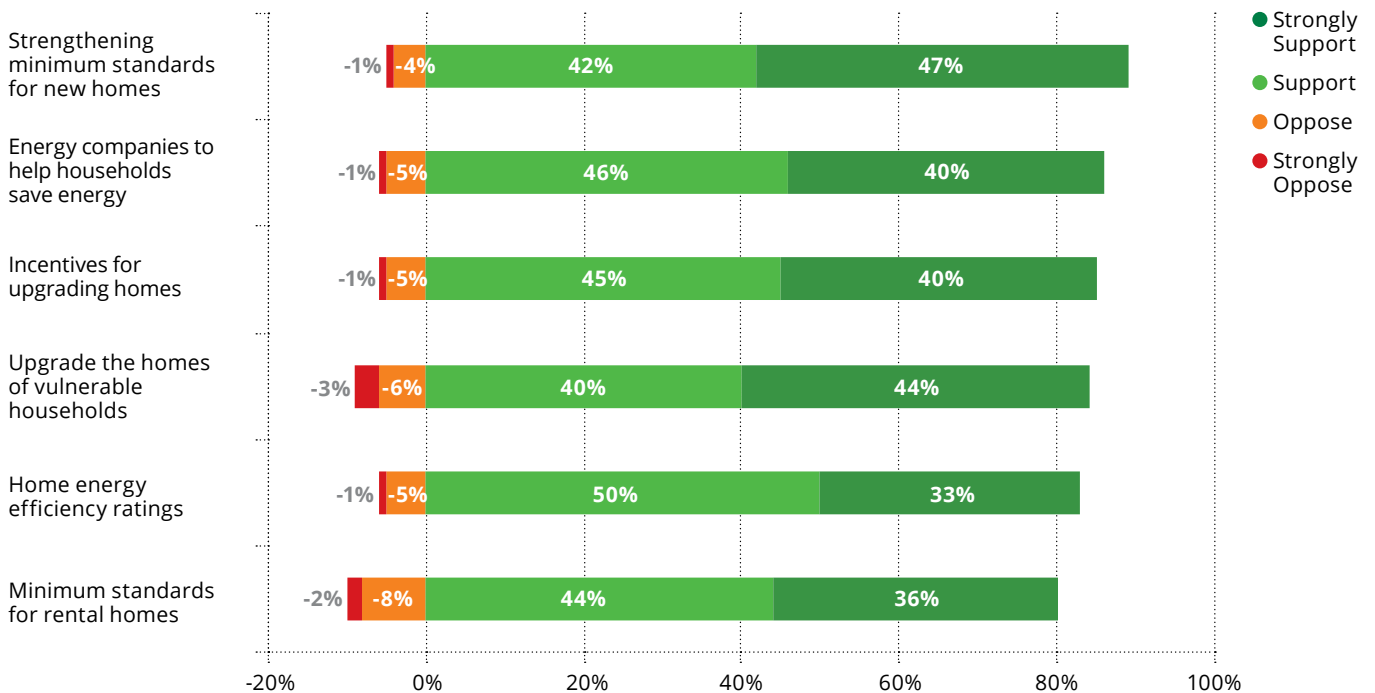


Figure 7. Support for various energy efficiency policies for households.

Voters strongly supported a broad range of measures to improve energy efficiency in households

- 89 per cent of respondents supported strengthening minimum standards for the construction of new homes. This policy is the cheapest way to ensure that new homes are safe, comfortable and efficient. Australian residential building standards aren't up to date and there are no plans to tighten them, which will cost consumers billions in extra energy costs.
 - 86 per cent of respondents supported requiring energy companies to directly or indirectly help households to save energy. Some jurisdictions already require energy companies to assist households – NSW's Energy Saving Scheme, the Victorian Energy Upgrades program, South Australia's Retailer Energy Efficiency Scheme and ACT's Energy Efficiency Improvement Scheme. Queensland is currently considering introducing this type of scheme.
 - 84 per cent of respondents supported governments upgrading the homes of vulnerable people. While some governments are upgrading their public housing stock, programs are inconsistent across Australia.
 - There was also strong support for new measures – incentives for households to upgrade their homes (85 per cent support), rating the efficiency of homes when they are leased or sold (83 per cent) and setting minimum health and efficiency standards for rental homes (80 per cent). The latter is critical for low-income and disadvantaged households that rent, as they are reliant on landlords upgrading the energy efficiency of a property.
- Support for all measures was consistent across states and political leanings. Support increased with age, particularly in the over 65 age group.

ENERGY EFFICIENCY POLICIES FOR BUSINESSES AND GOVERNMENTS

Question: Would you support or oppose the following actions that governments might consider?

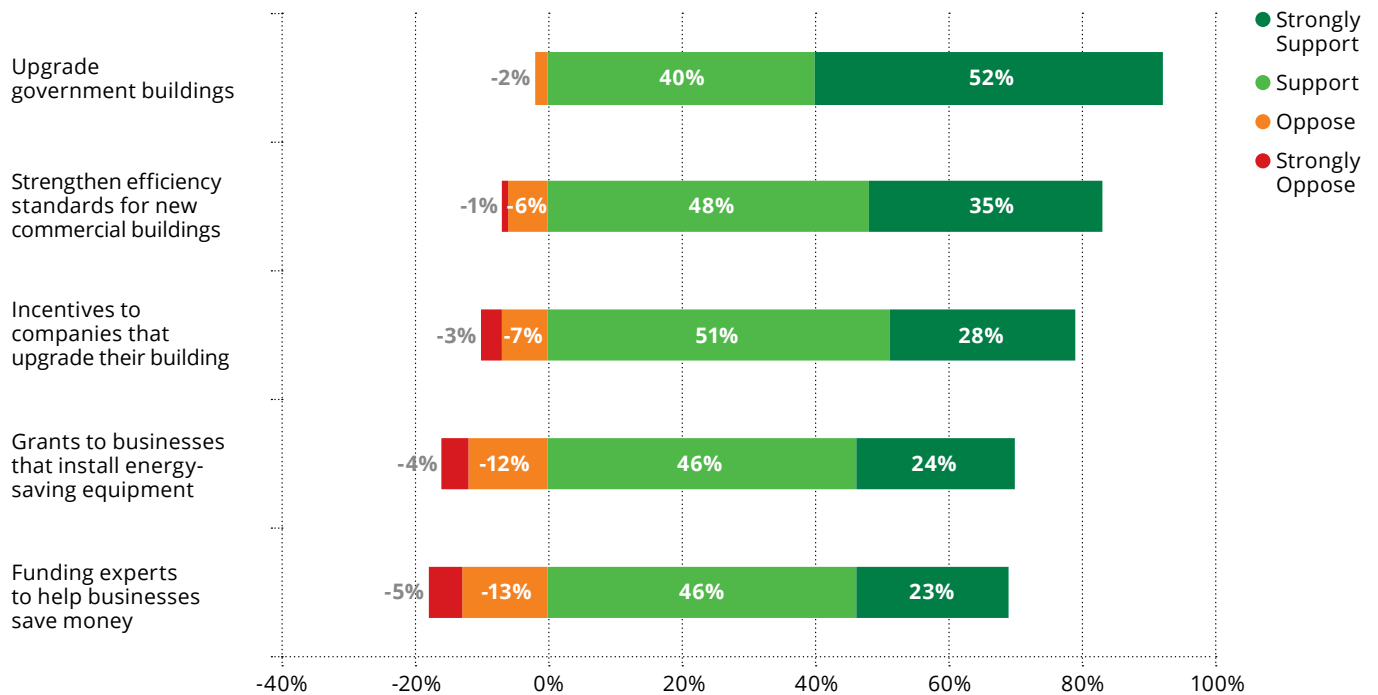


Figure 8. Support for various energy efficiency policies for businesses and governments.

Voters strongly supported a broad range of measures to improve energy efficiency in businesses and governments

Australian businesses have recently been hit by extraordinarily rapid rises in energy prices that threaten their competitiveness and, in some cases, their viability. However, most businesses lack the capabilities that they need to manage their energy use and reduce their bills.

There are very few substantive policies in Australia to help businesses manage their energy use. Our survey found strong public support for a wide range of measures to help businesses and governments save energy.

The most popular policy option that we tested – upgrading the energy efficiency of public buildings like schools and hospitals – attracted a phenomenal 92 per cent support. However, even the least popular energy efficiency measure was still far more popular than any of the policies we tested to increase support in either renewable energy or traditional generation.

Support for these energy efficiency measures was generally consistent across states and political leanings. Support for several of these measures increased with age, with an astonishing 99 per cent of people aged over 65 supporting upgrades to public buildings.

APPENDIX 1 – SURVEY QUESTIONS

NB – Options and sub-questions are rotated to reduce bias.

C1.

Thinking about politics generally. Which political party do you tend to support or feel comes closest to representing your opinions?

- a. Labor
- b. Liberal
- c. The Nationals
- d. The Greens
- e. Pauline Hanson's One Nation
- f. Some other party
- g. Don't know
- h. Refused

C2.

Thinking now about your home. Which one of these best describes the home in which you live?

- a. Own it outright
- b. Pay a mortgage
- c. Rent it
- d. Live with parents
- e. None of the above

C3.

Electricity and gas bills normally include a cost for each unit of energy that you use (e.g. 25 cents per kilowatt-hour) and various fixed charges. These charges are added up to give you your total bill. When you open your bill, which of these are you more concerned about?

- a. The cost per unit of energy that you use (e.g. kilowatt hour)
- b. The total size of your bill
- c. Neither

C4.

How important is it that governments help reduce energy bills for households and businesses?

(Scale Very Important –
Not at all important)

C5.

Would you support or oppose the following actions that governments might consider?

- a. Investing in energy efficiency to lower homes' and business' energy bills
- b. Reducing incentives for renewable energy and energy storage
- c. Intervening to stop coal-fired generators from closing
- d. Building or subsidising new stop coal-fired generators
- e. Increasing the reliability standard for the grid. This could reduce power interruptions but also significantly increase bills
- f. Regulating electricity prices, rather than letting energy companies set prices

C5.

Australia has some energy efficiency programs to help reduce households' energy bills. However, some other countries have introduced stronger programs that are cutting energy bills by hundreds of dollars a year. Which of the following existing or new programs would you support?

- a. Governments funding upgrades to the homes of vulnerable people, like pensioners
- b. Requiring energy companies to help households save energy, by providing subsidies for energy efficient lighting and equipment
- c. Giving incentives to homeowners that upgrade the energy efficiency of their properties
- d. Letting people know how comfortable and energy efficient a home is **before** they buy or lease it
- e. Setting minimum standards for all new and existing **rental** homes to ensure that they are safe, comfortable and have low energy bills. For example, we could require that gaps around doors and windows are fixed to avoid letting too much cold or hot air in
- f. Strengthening minimum standards for the construction of **all new homes** to ensure that they are safe, comfortable and have low energy bills

C6.

Australian businesses' energy bills have increased rapidly in recent years, which threatens their competitiveness. However, many businesses lack the knowledge to find ways to save energy. Would you support or oppose the following programs to help businesses reduce their energy bills?

- a. Funding experts to help businesses find ways to save energy
- b. Giving businesses grants to help them install energy-saving equipment
- c. Giving incentives to companies that upgrade the energy efficiency of their buildings
- d. Requiring all non-residential buildings, such as offices, to meet stronger energy efficiency standards

C7.

Upgrading the lighting, heating and cooling systems of schools, hospitals and other public buildings will make them more comfortable and reduce their energy bills. Would you support or oppose governments leading by example and upgrading public buildings like schools and hospitals to save energy?

This research was commissioned by the Australian Council of Social Services, the Energy Efficiency Council and the Property Council of Australia.

Australian Council of Social Service (ACOSS)

ACOSS is a national voice for the needs of people experiencing poverty, disadvantage and inequality and the peak body for the community services and welfare sector.

Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life. ACOSS leads and supports initiatives within the community services and welfare sector and acts as an independent non-party political voice.

By drawing on the direct experiences of people affected by poverty and inequality and the expertise of its diverse member base, ACOSS develops and promotes socially and economically responsible public policy and action by government, community and business.

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Energy Efficiency Council (EEC)

The Energy Efficiency Council is Australia's peak body for energy efficiency, cogeneration and demand management. The Council is a not-for-profit membership association which exists to make sensible, cost effective energy efficiency measures standard practice across the Australian economy.

The Council work on behalf of our members to promote stable government policy, provide clear information to energy users and drive the quality of energy efficiency products and services.

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Property Council of Australia (PCA)

The Property Council champions the interests of more than 2200 member companies that represent the full spectrum of Australia's biggest industry and biggest employer, including those who invest, own, manage and develop in all sectors of property, creating landmark projects and environments where people live, work, shop and play. Led by a powerful board and strong executive leadership team, the Property Council's vision is a thriving industry creating prosperity, jobs and strong communities.

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