



Taranaki District Health Board
Private Bag 2016
New Plymouth 4620
New Zealand
Telephone 06 753 6139
Facsimile 06 753 7770
Email corporate@tdhb.org.nz
Website www.tdhb.org.nz

Taranaki Base Hospital
Private Bag 2016
New Plymouth 4620
New Zealand
Telephone 06 753 6139
Facsimile 06 753 7710

Hawera Hospital
Post Office Box 98
Hawera
New Zealand
Telephone 06 278 7109
Facsimile 06 278 9910

Stratford Health Centre
Telephone 06 765 7189

Opunake Health Centre
Telephone 06 761 8777

**Patea + Waverley Districts
Health Centre**
Telephone 06 273 8088

Waitara Health Centre
Telephone 06 754 7150

Mokau Health Centre
Telephone 06 752 9723

21 March 2019

Energy Markets Policy Team

Ministry of Business, Innovation and Employment

EnergyMarkets@mbie.govt.nz

Dear Sir/Madame

SUBMISSION: Electricity Price Review – Section B: Reducing energy hardship

The Taranaki District Health Board Public Health Unit welcomes the opportunity to provide feedback on the Electricity Price Review, Hikohiko Te Uira Options paper, 18 February 2019.

The role of the Public Health Unit (PHU) is to work with other agencies and with the community to improve, promote and protect the health of the public and to eliminate health inequities by improving health outcomes for Maori and other population groups. The definition of Health applied is a “a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity” [World Health Organisation 1948].

The Taranaki DHB Public Health Unit has recently completed scoping research investigating current issues in rental housing in Taranaki and the impact on the health and wellbeing of tenants.

The purpose of the study was to identify key issues and health impacts of rental housing in Taranaki and identify possible evidence-based interventions to address these issues. The research involved information collected from a number of sources: a literature review; key informant interviews with providers of emergency housing and property managers of private rentals; interviews with 10 families/whānau who lived in rental properties and had a children (all children had either been admitted into the paediatric ward or were currently a paediatric outpatient); publicly available housing data (e.g. Statistics New Zealand, Ministry of Social Development, Ministry of Building, Innovation and Enterprise) on the rental market in Taranaki. The key findings from the local research are:

- A lack of affordable, warm and dry rental homes in Taranaki.
- Participants reported health concerns that they felt were related to living in cold, damp houses, e.g. upper and lower respiratory track illnesses, and exacerbation of asthma.
- Fuel poverty was evident, as was functional overcrowding, where all the family members slept in one room during the winter months to reduce heating costs, but this was found to increase the risk of illness.

This submission and its options has been directly informed by this local research project.

B1. Establish a cross-sector energy hardship group

We support this option. However, it is important that people with 'lived experience' of energy hardship as well as consumer advocates are represented in the group. We support a whole of government approach on this group as a way to address multi-factorial issues on energy hardship.

B2. Define energy hardship

We support this option. We agree that a definition would require an establishment a set of indicators that contribute to energy hardship such as income, housing quality and tenure, and age and existing health conditions of residents.

Current definitions related strictly to a household's income level fail to include a number of key variables that impact on families' abilities to keep their houses warm and dry. For example, Howden-Chapman et al, 2009¹, states a household is seen to be in 'fuel poverty' when 10% or more of its disposable income is spent on household energy in order to heat the house to the acceptable WHO levels, i.e. indoor temperature in a living room to be no lower than 18°C. For many households who are reliant on income from casual employment, or whose income may vary through the year, the practical applications of these percentages of income are also problematic.

In our research, the majority of the participants juggled keeping their houses warm, especially for the health of their children, with keeping their power bill at an affordable level. This was exacerbated by the houses generally being old, damp and draughty, making them difficult to heat, and that the

¹ Howden-Chapman, P, Viggers, H, Chapman, R, O'Dea, D, Free, S, O'Sullivan, K (2009). Warm homes: Drivers of the demand for heating in the residential sector in New Zealand. *Journal of Energy Policy*, Vol 37 (2009), 3387-3399.

participants were usually at home all day looking after small children. Changes suggested in the new Healthy Housing Standards for rental properties will increase the energy efficiency of rental dwellings, however, depending upon factors such as the number and age of people in the family and the amount of time family members are at home, energy hardship will remain a reality which should be defined.

B3. Establish a network of community-level support services to help consumers in energy hardship.

We support his option. We recommend that a stock-take of existing community-level support services is undertaken to identify current service gaps. It is important that services are culturally appropriate and are able to respond to the needs of those people who are experiencing hardship. We support working with existing services in the community to provide support to consumers in energy hardship, rather than establishing new services. In our research, participants demonstrated that budgeting was not the problem, but lack of income was. Many of the participants in the research made weekly direct debits to their power company, but this was not enough to cover increased power demands in winter to keep their families (especially their children) well.

Yes, I'm paying like \$40 bucks a week just to keep it [the power bill] up and when (baby) was sick I put the heat pump on because [baby] was really really crook...

From our research findings, we suggest that providing switching and plans services to help consumers choose the best power company for them may not be applicable to those families who have poor credit ratings due to un-paid bills.

Had over a \$1000 power bill at one point and I ended up having to change power companies and put myself in debt just to get somewhere – get out of the house. Had to go to a new provider – wouldn't transfer our power over until that bill had been paid.

B4: Set up a fund to help households in energy hardship to become more energy efficient

We support this option. However many of the people who experience energy hardship live in rental properties. It is hoped that the changes regarding minimum standards in installation, energy efficient

heating, and preventing draughts in rental properties under the Healthy Housing Standards (Ministry of Housing and Urban Development, 2019)² will ensure rental properties are more energy efficient.

The fund should target property owners and renters on low incomes, e.g. have community service cards.

B5: Offer extra financial support for households in energy hardship

We favour this option. We support an extension of the Winter Energy Payment to households with low incomes, eg. People in low paid work who are eligible for a Community Services Card. Currently the Winter Energy Payment is paid to all people on NZ Superannuation regardless of their income levels and people need to 'opt out' of the payment. This 'opt out' system may have resulted in people with significant income and who are not in energy hardship receiving this payment.

Our research showed that energy hardship is seasonal, with greater power bills in winter.

Regardless of budgeting skills, participants reported finding it difficult to cover the increased bill.

Oh yes, last winter I was at the point where they were switching the power off, but I had to keep it warm for my [child]. I don't really want to use the heater, but have to use it for my kids. Baby sick since baby was born – I just can't take the risk.

B6. Set mandatory minimum standards to protect vulnerable and medically dependent consumers

We support this option. Regulations should include a definition of 'vulnerable' and 'medically dependent' consumers.

World Health Organisation (WHO, 1987)³ concluded that there is no risk to the health of healthy sedentary people living in temperatures of between 18 and 24°C', assuming appropriate clothing, insulation, humidity, radiant temperature, air movement and stable physiology. However, for certain vulnerable groups, including the very old and very young, a minimum of 20°C was recommended. The report concluded that at temperatures below 16°C there is increased risk from respiratory

² Ministry of Housing and Urban Development (2019): Consultation Summary – Healthy Homes Standards – Summarised analysis of submission made on the proposed standards during the consultation process. February, 2019.

³ WHO (1987). Health impact of low indoor temperatures. WHO Environmental Health Series No 16. Copenhagen,WHO Regional Office for Europe.

infection, while below 12°C there is increased strain on the cardiovascular system. People with existing respiratory conditions and cardiovascular disease should also be considered to be 'vulnerable'.

B7. Prohibit prompt payment discounts but allow reasonable late fees.

We favour this option. The calculation of 'reasonable late fees', needs more work and to be communicated clearly to consumers.

B8: Explore bulk deals for social housing and/or Work and Income clients

We support this option. This option targets assistance to people on low incomes who are more likely to experience energy hardship.

Taranaki DHB Public Health Unit thanks you again for the opportunity to comment on the Healthy Homes Standards.

If there are any queries about this response, please contact Maree Young by email maree.young@tdhb.org.nz or phone (06) 753 6139.

Yours sincerely



Bevan Clayton-Smith
Service Manager, Population Health
Public Health Unit