



Australian Council of Social Service

When it comes to affordability of electricity, what have we talked about too much? What have we not talked about enough?

A low-income and disadvantaged household perspective

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ENERGY BILLS SKYROCKETING

Electricity prices increased 63% (real term) in decade

Reasons

- Over-investment in networks
- Retail competition failing
- Insufficient competition in the generation and retail markets
- Increase in gas
- Investment uncertainty in generation due to continuous policy change
- Renewable incentives on bill (regressive)

Harming the whole economy.

But low-income and disadvantaged households bare the brunt. There has not been enough focus from policy makers on the broader system and solutions!

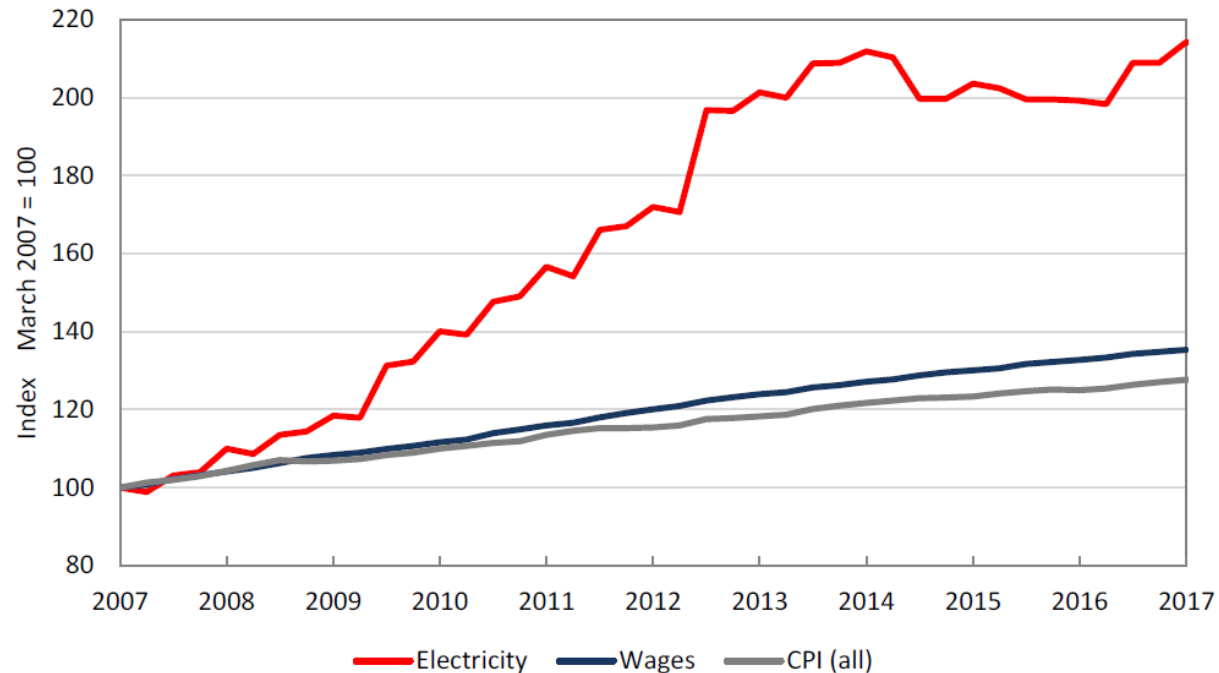


HOUSEHOLDS STRUGGLING

Against a back drop where:

- Housing costs increasing
- Low wage growth
- Newstart hasn't increased above inflation in 20yrs
- Long-term unemployment has tripled since GFC
- Job for only 1 in 8 applicant's
- Australia has second highest ate of poverty amongst wealthy countries in OECD – 3 million people.

CPI for electricity compared with other sectors and wage growth

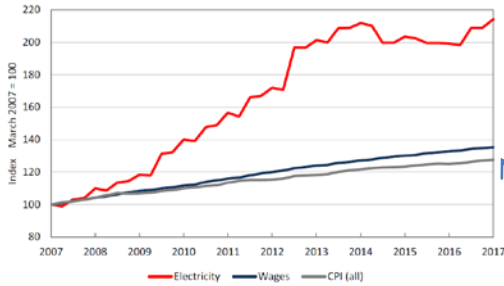


Source: ABS, Consumer Price Index 6401.0 and ABS, Wages Price index 6345.0, Australia.

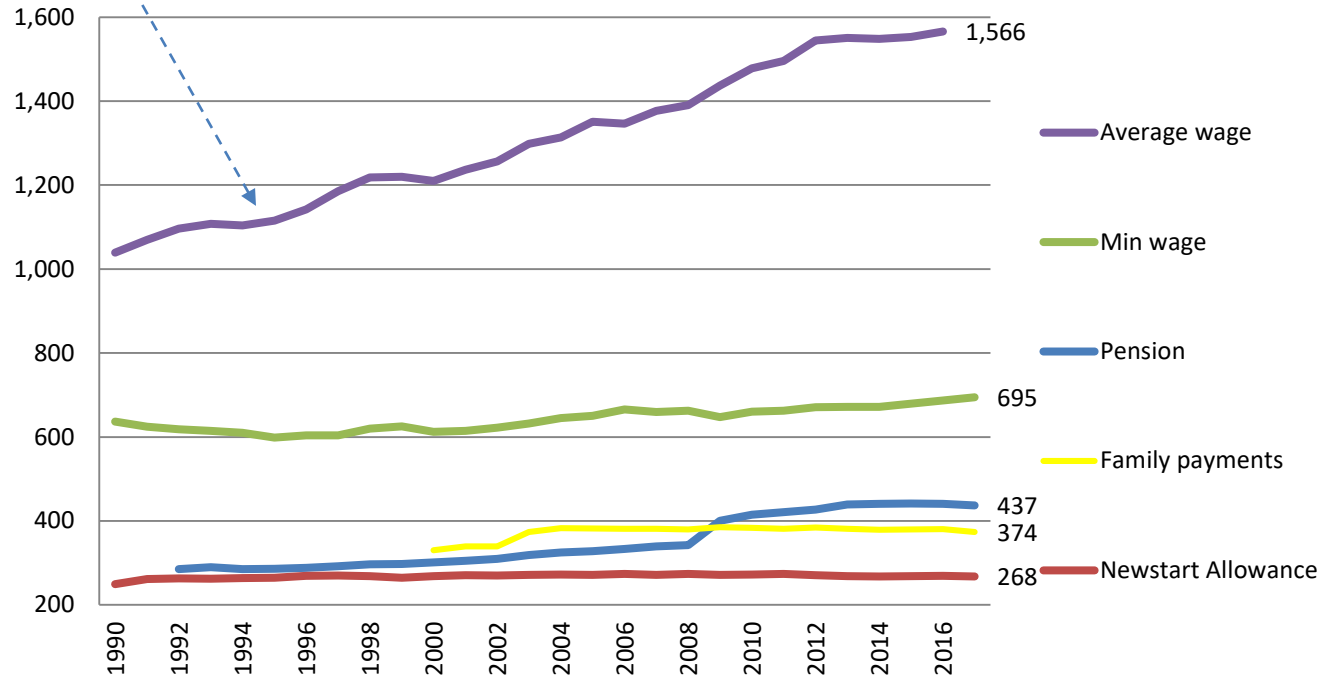


LOW INCOME AND DISADVANTAGED HOUSEHOLDS WORSE OFF

CPI for electricity compared with other sectors and wage growth



Wages, benefits and pensions for a single adult (\$ per week, adjusted for inflation)



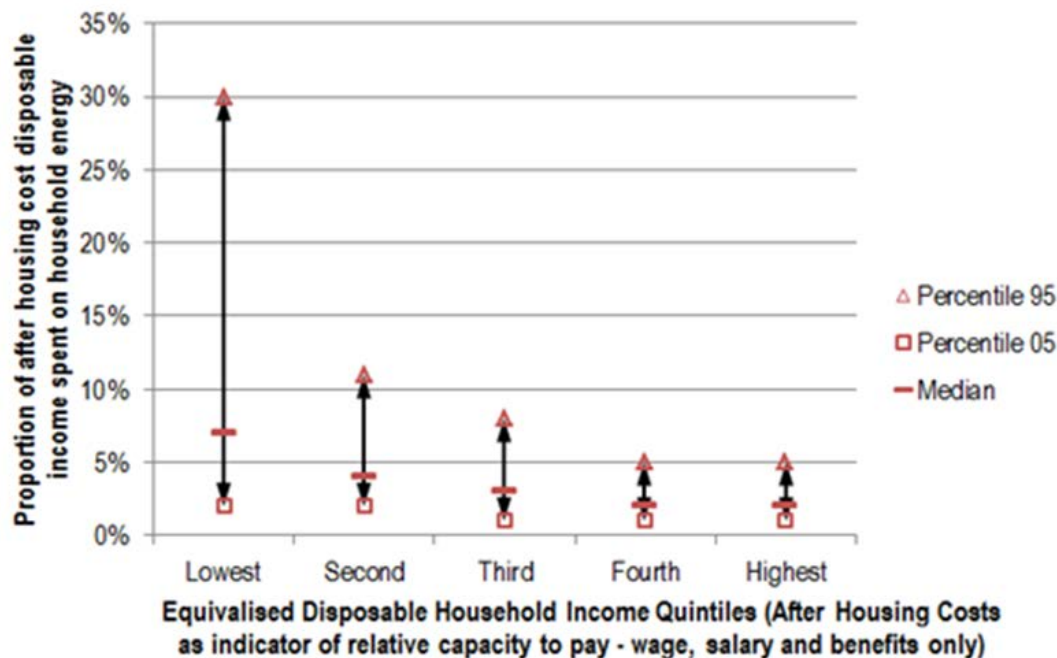
Source: ABS, Consumer Price Index 6401.0 and ABS, Wages Price Index 6345.0, Australia.

LOW INCOME AND DISADVANTAGED HOUSEHOLDS WORSE OFF

Low-income households pay disproportionately more of their income on energy and other essential services

We are seeing more

- Disconnections (160,000 in 2015/16)
- People on retail hardship programs
- People accessing financial support services
- Rationing of energy to detriment of family, health and well being, and economic participation

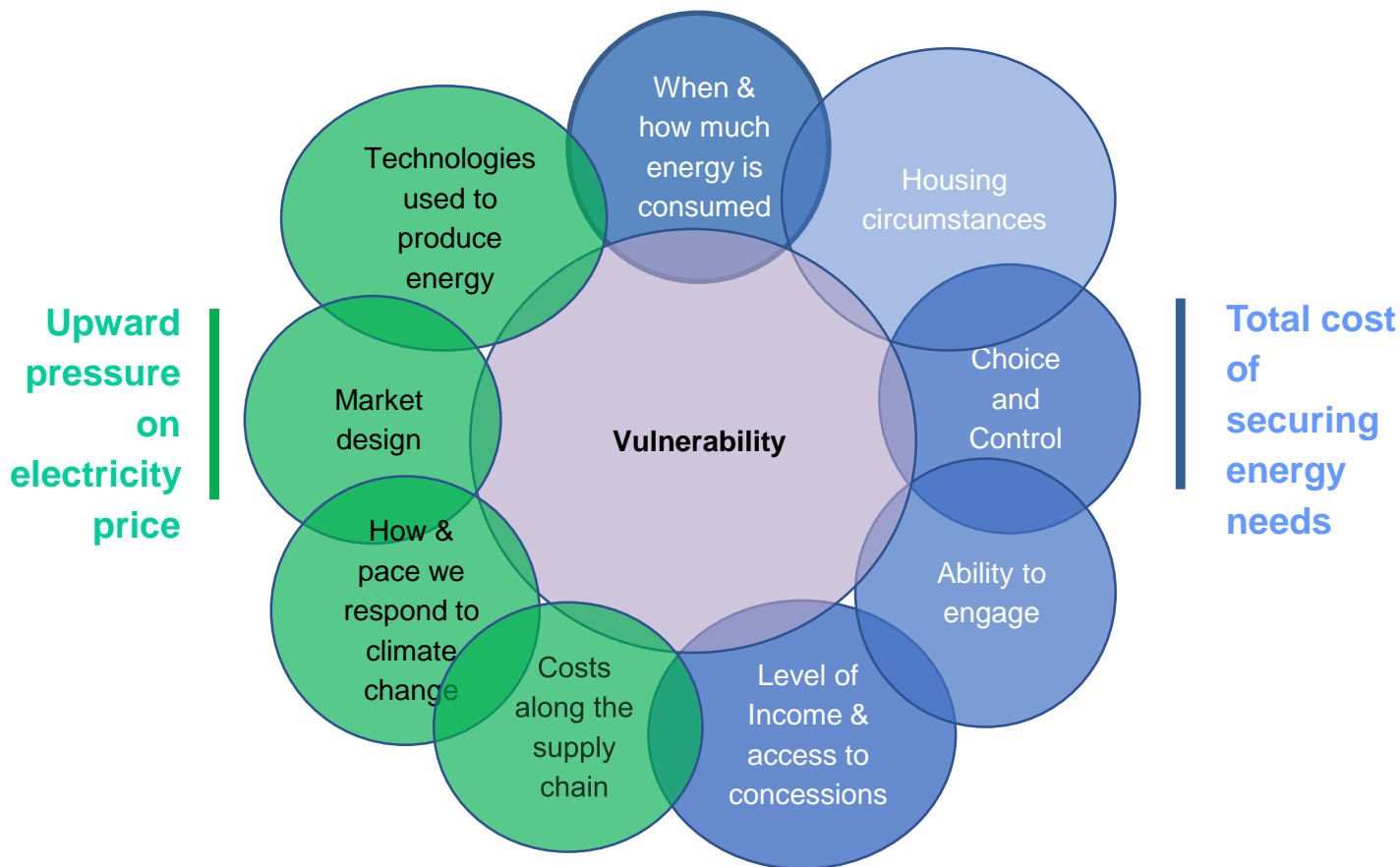


Particularly vulnerable - Renters; Households where someone is living with a disability or health issue; Single parent households; Aboriginal & Torres Strait Islanders; Migrants and Refugees; Pensioners; Working poor; and Housing stressed.

WHAT HAVEN'T WE TALKED ENOUGH ABOUT?

It's more than just about energy price

Energy price + Total costs of energy + Ability to pay





WHAT HAVEN'T WE TALKED ENOUGH ABOUT?

Associate Professor of Economics Lynne Chester wrote

'...energy debates are framed around a conception of the consumer as a buyer, underpinned by assumptions about behaviour and energy use with shifts in electricity prices.

Poverty, deprivation, and social exclusion debates are framed around the impoverished as social beings within a broader living standards and participation framework.

These two disconnected debates need to intersect, and only then will effective policy measures be developed to ensure the energy consumer, as a social being, does not experience energy impoverishment.'

WHAT HAVEN'T WE TALKED ENOUGH ABOUT?

- Need to focus on outcomes in five areas to deliver clean affordable energy for households.
- To date the focus has mainly been on outcome 1 - Energy Price AND increasingly outcome 2 – Engaging in electricity market.
- Urgent need to focus on outcomes 3 - energy efficiency & productivity AND outcome 5 – improve capacity to pay

Empowering disadvantaged households to access affordable, clean energy

By ACOSS, BSL and TCI

Funded by ECA

Framework: Andrew Nance





WHAT ALSO HAVEN'T TALKED ENOUGH ABOUT?

Whether the current market based system is the best way to deliver an essential service

We acknowledge there has been price gouging and policy failure under both public and private ownership

But instead of tinkering around the edges do we need to be talking about a rethink?