

ENERGY AFFORDABILITY TO POWER A DECENT LIFE

What Australia needs

Let's build a stable and sustainable society in which people on low and modest incomes, and people experiencing additional disadvantage, can afford the energy they need to live a decent life. Affordable energy is an essential service – it is central to good health and provides access to the technologies that enable workforce and social participation.

Why it matters

Energy security and affordability intersects with every part of the economy as well as with the provision and consumption of social services and supports.

The prices being paid by the majority of residential and small business consumers have almost doubled over the past five years, exacerbating financial stress for many households and driving increased demand for emergency relief and financial counselling services.

Financial hardship and associated stress have been long-term concerns for UnitingCare Australia. In response to the growing level of energy related financial stress, we have been actively engaged in energy policy and regulation debates over the past five years.

Rapid price increases have been felt most acutely by lower income, disadvantaged and vulnerable households. Lower income people pay proportionately more of their income for energy than higher income households, despite using less energy on average.

Energy stress can set in when people spend 4 percent or more of their income on energy costs. And yet the latest household expenditure survey from the Australian Bureau of Statistics shows people in the bottom half of income levels in Australia are spending more than 10 percent of their income on essential energy.

The people most affected by rising energy prices include:

- Households living on fixed and inadequate incomes (pensioners, retirees, people on Newstart and Youth Allowance);
- People who are at home during the day (parents of young children, carers, people not in the workforce);
- People with high energy needs (people living with chronic illness, large families);



- People in housing that is poorly designed for energy efficiency and without resources or authority (e.g. renters in both public and private housing) to retrofit or move;
- People unable to navigate competitive energy markets due to lack of ease of access caused by administrative arrangements in some new housing estates and apartment blocks or other issues such as needing assistance because of literacy and/or language difficulties or mental ill health; and,
- People living in remote locations where supply is expensive and less reliable.

Even with future improvements in the operation of Australia's energy market, some households will be unable to meet their energy costs due to unforeseen circumstances. Direct assistance, including through concession arrangements, should be available to assist these households.

What Government can do

Implement the recommendations of the *Power of Choice* review and the *Limited Merits Review*.

Establish consistent energy efficiency standards for all new buildings, rental properties and household appliances.

Task the Productivity Commission with a comprehensive review of utility affordability in Australia and recommend measures to ameliorate utility based financial stress for households and businesses, including an affordability benchmark for households.

Review current regressive tariff arrangements to reduce cross subsidies from lower income households to higher income households, and business.

Establish and enforce the National Energy Customer Framework to provide a basis for consumer protection in energy markets.