



TasCOS S

Tasmanian Council of Social Service

Energy affordability in Tasmania

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TasCOSS

- Tasmanian Council of Social Service – established 1961
- Peak body for the Tasmanian community services sector
- Advocate for the interests of the sector and of the low-income, disadvantaged and vulnerable Tasmanians that the sector supports
- Interest in energy supply & hardship issues



Energy affordability: what is it?

... to have the means to pay for the amount of energy needed for comfort, health and safety.

Energy affordability is made up of three major components:

- **Price**
- **Consumption**
- **Income**

Energy affordability in Tasmania

Price

- **Sharp increase in prices over past 10 years, slowing only recently (although 1.9% increase this year)**
- **Tasmanian prices in middle range of Australian prices; standing offer price only.**
- **AER (2014) found Tasmanian price for 6,500 kWh second highest (SA highest; ACT lowest; NT not included)**
- **Estimated average annual cost (8,100 kWh pa) \$2,518 or \$2,060 with concession (AER 2014)**

Energy affordability in Tasmania

Consumption

Tasmanian households use more electricity than households in other jurisdictions

- **Less access to gas**
- **Cool climate**
- **Poor housing quality**

Average consumption in Tas ~ 8,100 kWh pa compared to 6,000 kWh pa in other jurisdictions

Energy affordability in Tasmania

Income

- **Tasmanian incomes significantly lower than average incomes in other states & territories**
- **Average Weekly Earnings (2014) 16% lower**
 - **Tasmania \$951.50**
 - **Australia \$1,128.90**
- **One in three Tasmanians rely on Commonwealth pensions and allowances as their major source of income**
- **Annual disposable income for 2nd & 3rd income deciles in Tas \$28,276 in 2013-14 (AER/ABS)**

Energy affordability in Tasmania

Putting it all together

AER's 'Affordability Report' 2013-14 found:

- **Electricity costs as a share of disposable income for low-income households (\$28,276) =**
 - **7.3% for households receiving a concession**
 - **8.9% for households with no concession**
- **Higher consumption, lower incomes makes this higher than other jurisdictions (3-6.1%)**

Energy affordability in Tasmania

High number of Tasmanians households receive electricity concession: around 38%

82% of customers in Aurora Energy's Hardship Program receive a concession.

“There are some Tasmanian households who simply cannot afford to pay for the amount of electricity they need.”

Consequences of unaffordable electricity

Getting into debt

- **Borrowing money from pay-day or fringe lenders at very high interest rates**
- **Informal (and unaffordable) loans from family and / or friends**
- **Debts to retailer**
- **Bankruptcy?**

Consequences of unaffordable electricity

Disconnection

**... and the compounding costs of disconnection:
disconnection and re-connection fees**

**Living without electricity has serious health, safety
and social impacts**

**1,155 Tasmanian households were
disconnected for failure to pay in 2013-14
(OTTER, 2014)**

What can be done to improve affordability

Price

- **Keep prices as low as possible**
- **Provide equitable and effective concessions**
- **Low fixed charges within tariffs**

What can be done to improve affordability

Consumption

- **Advocate for funded energy efficiency programs for low-income households**
 - **Increase thermal / energy efficiency of dwellings & fixtures, include in-ceiling insulation**
 - **Provide affordable access to energy efficient appliances**
 - **Provide consumer information & education about efficient energy measures & behaviour**
- **Low fixed charges within tariffs to allow for savings through reduced consumption**



What can be done to improve affordability

Income

Advocate for more stable & adequate incomes:

- **Adequate rates of Commonwealth allowances – particularly Newstart Allowance**
- **Properly index Commonwealth income support payments (index to wage movements rather than CPI)**
- **Ensure adequate wages and conditions, including job security (seeing an increase in casualisation & under-employment; the ‘flexible workforce’ results in inadequate, insecure income for many)**

Better support for long-term unemployed to re-enter the workforce.



What can be done to improve affordability

TasCOSS argues that no household should be disconnected for solely for inability to pay.

This can be achieved through an integrated combination of long-term solutions such as energy efficiency programs for low-income households, concessions for all eligible households, and through effective retailer hardship programs, accessible financial counselling and support services, and adequate emergency relief funds.

Making electricity affordable: a four point plan (2010)

TasCOSS / Anglicare joint advocacy document proposed a four-point plan:

- 1. Affordable prices for everyone: a universal small & inexpensive 'lifeline tariff'**
- 2. A two-part concession with a flat rate concession applied to fixed charge and a percentage rate to consumption charges**
- 3. A fully funded energy efficiency retrofitting and support program for low-income households across all housing tenures**
- 4. Increased emergency relief funds for households in crisis now.**



Making electricity affordable: a four point plan (2010)

- **While State Treasury was not convinced by it, we maintain that it is as relevant today as it was in 2010**

**See full document on TasCOSS website:
www.tascoss.org.au**