

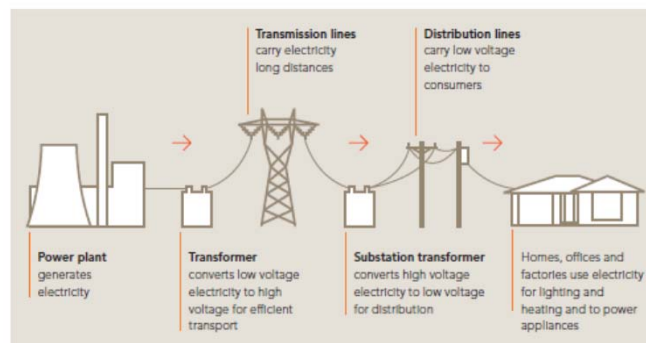
Energy efficiency.

Programs that work for low income households.

Tony Westmore
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Australian Council of Social Service



Electricity



Affordable?

how much is consumed
at what price
capacity to pay

Affordable

how much is consumed [energy efficiency]

and how much is produced
and when
and how metered
and how efficiently

at what price [tariffs]

and how much is produced
and financing and feed-in arrangements

capacity to pay [income support]
remains the same



Why energy efficiency?

Amenity and wellbeing

Minimise (reduce) consumption

Minimise (reduce) bills

Contribute to carbon pollution reduction

Impact upstream electricity industry

> decisions re network investments

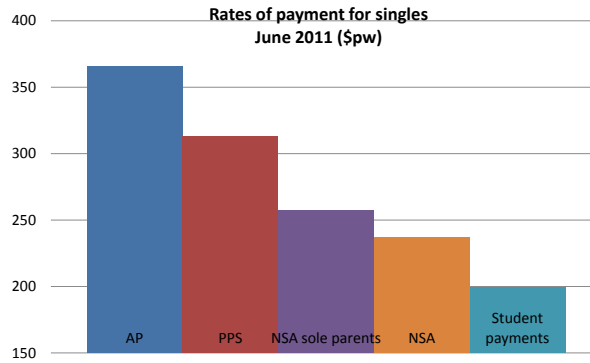
> decisions re generation investments

In-home, to-home, out-of-home

Use-efficiency, other



Income support in Australia



Note: AP is Age Pension, PPS is Parenting Payment Single (mainly for sole parents with children less than 8 years old), NSA sole parents is Newstart Allowance for sole parents (those with children over 7 years), NSA is Newstart Allowance, and student payments refers to Youth Allowance and the Austudy and Abstudy Payments.



CPI subcategories, 2000 - 2010

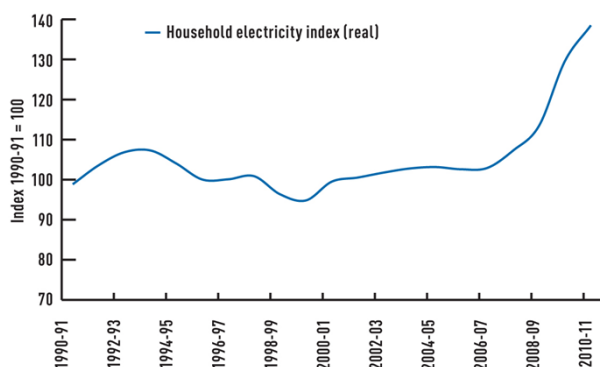
Annual	CPI	Rents	Utilities	Electricity	Gas and other household fuels	Water and sewerage
2000	128.4	127.3	127.8	123.8	141.2	107.3
2001	134.0	131.4	135.0	132.4	142.7	109.6
2002	138.1	134.5	140.6	137.1	150.5	113.9
2003	141.9	137.1	158.2	145.1	159.8	118.6
2004	145.2	140.5	153.0	147.9	168.8	123.1
2005	149.1	143.7	158.7	152.1	177.5	128.3
2006	154.4	148.3	165.4	156.4	185.5	136.7
2007	158.0	156.4	173.0	163.5	193.0	144.2
2008	166.2	168.6	189.4	179.9	208.6	158.0
2009	167.9	179.9	211.6	201.5	226.5	179.9
2010	172.6	187.7	239.9	232.0	246.8	203.9
Change	44.2	60.4	112.1	108.2	105.6	96.6
% increase	34.4%	47.4%	87.7%	87.4%	74.8%	90.0%

Table 1: CPI subcategories, 2000 - 2010

SOURCE: Australian Bureau of Statistics: Consumer Price Index 2000 - 2010.



Changes in electricity price index



Source: Australian Bureau of Statistics, Consumer price index for electricity (Category 6401.0)



Payment Rates, 2000 - 2010

	Newstart Allowance*		Age Pension	Youth Allowance		
	Single, 21+, no children	Partnered	Single	Under 18, at home	Under 18 & over 18, away from home*	18+, at home
Mar-00	\$331.60	\$299.10	\$372.00	\$148.00	\$270.30	\$177.90
Mar-01	\$357.80	\$322.80	\$402.00	\$158.80	\$290.10	\$190.90
Mar-02	\$369.00	\$332.80	\$421.80	\$165.10	\$301.70	\$198.60
Mar-03	\$380.10	\$342.80	\$440.30	\$169.70	\$310.10	\$204.20
Mar-04	\$389.20	\$351.10	\$464.20	\$174.30	\$318.50	\$209.70
Mar-05	\$399.30	\$360.30	\$476.30	\$178.70	\$326.50	\$214.90
Mar-06	\$410.60	\$370.50	\$499.70	\$183.20	\$334.70	\$220.30
Mar-07	\$424.30	\$382.80	\$525.10	\$190.50	\$348.10	\$229.10
Mar-08	\$437.10	\$394.40	\$546.80	\$194.50	\$355.40	\$233.90
Mar-09	\$453.30	\$409.00	\$569.80	\$203.30	\$371.40	\$244.40
Mar-10	\$462.80	\$417.70	\$644.20	\$206.30	\$377.00	\$248.10
Increase (\$)	\$131.20	\$118.60	\$272.20	\$58.30	\$106.70	\$70.20
Increase (%)	39.6%	39.7%	73.2%	39%	39.5%	39.5%

Table 2: Payment Rates, March quarter, 2000 – 2010

All amounts per fortnight payments * May be eligible for Rent Assistance

SOURCE: Centrelink: A guide to Commonwealth Government payments, March–July 2000 – 2010.



Energy, fuel and water service costs for Australian households:
ABS Household Expenditure Survey

Energy supply – electricity and gas*

		Lowest 20 per cent	Second 20 per cent	Third 20 per cent	Fourth 20 per cent	Highest 20 per cent	Average
2009-10	\$/week	22.34	28.11	31.44	36.55	44.21	32.52
	% expenditure	4.00	3.45	2.69	2.47	2.05	2.63
2003-04	\$/week	16.4	20	23.27	25.46	31.68	23.59
	% expenditure	3.97	3.31	2.71	2.34	2.11	2.64
1988-89	\$/week	12.85	15.87	17.72	19.85	23.08	17.87
	% expenditure	3.75	3.29	2.73	2.33	1.97	2.56

*Note ABS describes it as fuel and power, and it also includes purchase of wood, heating oil etc
ABS (2011) *ABS Household Expenditure Survey*; ABS (2006) *ABS Household Expenditure Survey*; ABS
(2000) *ABS Household Expenditure Survey*.



Indicators of financial stress

- Unable to raise \$2000 in a week for something important
- Spent more money than received
- Could not pay electricity, gas or telephone bills on time**
- Could not pay car registration or insurance on time
- Pawned or sold something
- Went without meals
- Unable to heat home
- Sought assistance from welfare/community organisations
- Sought financial help from friends or family
- Could not afford holiday for at least one week a year
- Could not afford a night out once a fortnight
- Could not afford friends/family over for a meal once a month
- Could not afford a special meal once a week
- Could only afford second hand clothes most of the time
- Could not afford leisure or hobby activities



11 Persons living in households, main source of income is government pensions and allowances(a), Financial stress indicators, 2009-10

	RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES					Total
	Age pensions	Disability and carer payments	Unemployment and study payments	Family support payments	Other payments	
	%	%	%	%	%	%
Number of indicators of financial stress experienced by households in last 12 months						
None	53.6	23.7	*9.2	8.8	39.3	31.5
One	16.2	11.7	*6.5	6.7	18.4	12.2
Two	8.8	7.6	*5.5	7.4	*9.6	8.0
Three or more	21.4	57.0	78.7	77.0	32.7	48.3
Proportion of persons in household that experienced indicator in last 12 months						
Unable to raise \$2000 in a week for something important	13.7	45.0	56.8	57.0	19.8	34.5
Spent more money than received	10.3	20.3	36.7	31.2	19.5	21.6
Could not pay electricity, gas or telephone bills on time	5.5	24.9	40.0	43.4	12.9	23.6
Went without meals	*0.9	7.4	*13.0	12.4	*2.1	7.4
Unable to heat home	*1.8	8.4	10.0	8.8	**6.3	5.6

* estimate has a relative standard error of 25% to 50% and should be used with caution
** estimate has a relative standard error greater than 50% and is considered too unreliable for general use
(a) See glossary for further details of payment groups

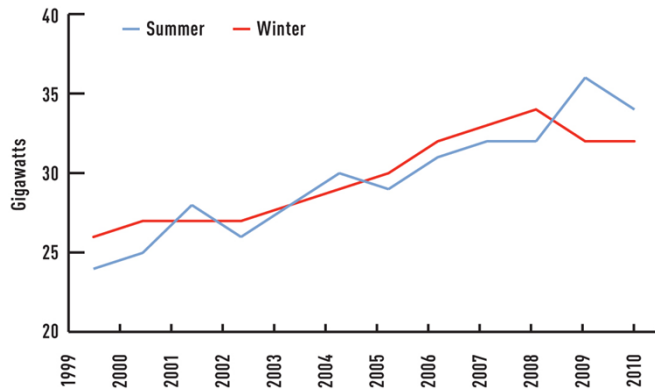


12. Persons living in households, whether receives government pensions and allowances, Financial stress indicators, 2009-10

	RECEIVES GOVERNMENT PENSIONS AND ALLOWANCES			Does not receive gov. pensions and allowances	All persons
	Main source of income gov. pensions and allowances	Other main source of income	Total		
	%	%	%	%	%
Number of indicators of financial stress experienced by households in last 12 months					
None	31.5	45.6	40.8	66.5	51.6
One	12.2	17.7	15.8	16.2	16.0
Two	8.0	10.7	9.8	6.8	8.5
Three or more	48.3	26.0	33.6	10.5	23.9
Proportion of persons in household that experienced indicator in last 12 months					
Unable to raise \$2000 in a week for something important	34.5	15.7	22.1	6.1	15.4
Spent more money than received	21.6	19.4	20.2	11.3	16.4
Could not pay electricity, gas or telephone bills on time	23.6	17.1	19.4	7.6	14.4
Went without meals	7.4	1.8	3.7	1.4	2.8
Unable to heat home	5.6	1.1	2.6	*0.4	



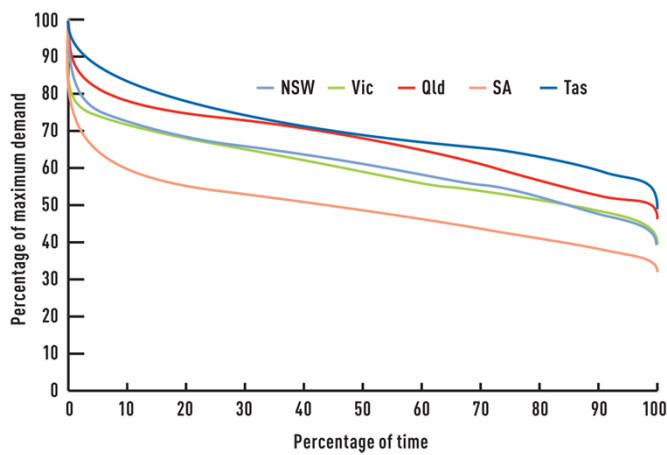
Peaks



Source: Australian Energy Regulator, State of the Energy Market 2010



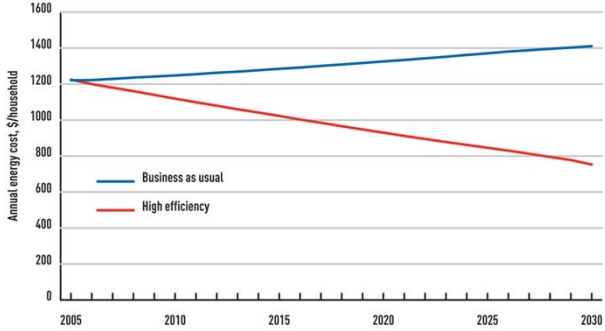
Peaks and time



Source: Australian Energy Market Operator, 2011 Electricity Statement of Opportunities for the National Electricity Market



Energy efficiency: prospects

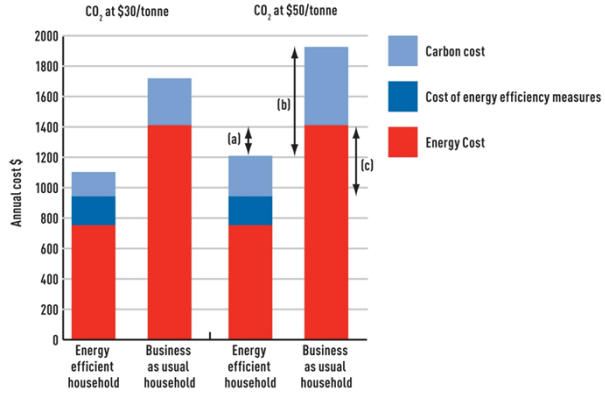


Constant prices were assumed for energy for both scenarios and over time. It was assumed electricity would cost 12 cents/kilowatt-hour and average annual fixed supply charge was \$90, while gas price was \$11/Gigajoule with \$85 annual fixed supply charge. Wood was priced at a low price of \$40/tonne to reflect the fact that a large proportion of wood is collected free.

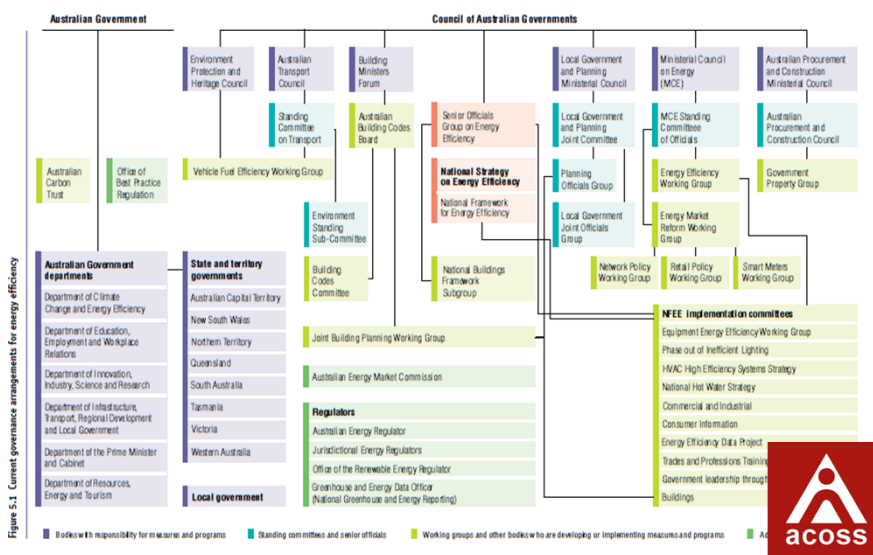


Savings

for an efficient 'average' household, per annum, in 2030



Energy efficiency governance in Oz



Prime Minister's Task Group

High level recommendations

- 1 Setting an aspirational national energy efficiency target of improving our primary energy intensity by 30 per cent between now and 2020.
- 2 Establishing a transitional national energy savings initiative that would replace existing and planned state energy efficiency schemes and be phased down as a carbon price matures.
- 3 Resetting the governance framework of energy efficiency so that responsibility for its delivery, coordination and implementation is clear.
- 4 Providing a stronger enabling environment for energy efficiency innovation by improving information, data and analysis—noting that for something to be managed, it must be measured.
- 5 Building an energy efficiency culture in Australia through a long-term, nationally integrated strategy.



Prime Minister's Task Group

