

15th September 2014

Mr Kim Evans
Acting Secretary
Department of State Growth
GPO Box 536
HOBART TAS 7001

Dear Mr Evans,

Energy Strategy Submissions

Anglicare Tasmania welcomes the opportunity to provide a submission to the Energy Strategy Issues Paper for Tasmania.

Anglicare is the largest community service organisation in Tasmania, offering services for emergency relief, accommodation support, employment services, mental health services, acquired injury, disability and aged care services, alcohol and other drug services and family support. Most of our clients are low income earners and many receive the lowest incomes of all – a Government pension or allowance. A number of our programs, including financial counselling, specifically support people on low incomes to manage costs associated with daily life. In addition, Anglicare's Social Action and Research Centre (SARC) conducts research, policy and advocacy work with a focus on the needs and concerns of Tasmanians on low incomes.

This submission draws on Anglicare's service delivery experience and research and policy work relating to access to energy for low income Tasmanians and the financial hardship they face with the costs of living. Our comments cut across a number of the themes examined in the Issues Paper but focus primarily on the price of electricity and its impact on vulnerable customers.

Our workers are often told by clients that they are struggling with the high and increasing costs of essential goods and services, including, and especially, electricity, and that they lack the means to pay. They describe the problem as two-fold: the high prices and their limited income.

The price of electricity has increased at a faster rate for the period 2006 to 2011 than has the average weekly earnings for a fulltime adult worker in Tasmania or the Federal Government benefits provided for someone who is unemployed¹. While the price of electricity decreased significantly this year², many in our community continue to struggle.

In addition, high numbers of individuals, couples and families are affected by low incomes in Tasmania, particularly the third of our population reliant on Federal Government pensions and

¹ Adams, D 2011, *At a Glance, A Cost of Living Strategy for Tasmania*, DPAC, Hobart; Australian Council of Social Service, undated, *\$35 a day: not enough to live on*, viewed 12 September 2014

<http://acoss.org.au/images/uploads/Newstart%20Allowance%20brochure%20FINAL_March%20version.pdf>.

² Department of State Growth 2014, *Energy Strategy Issues Paper*, Tasmanian Government.

allowances. Of Tasmanians in the workforce, one third are employed only part time³ and average Tasmanian incomes for employed people are the lowest of any state or territory⁴.

However, due to our colder climate, Tasmanian households use more electricity than other States, with approximately 75 per cent of domestic electricity use being for space heating and hot water⁵.

A recent research project undertaken by Anglicare on cost of living pressures for low income earners supported the experiences we observe in service provision: that many low income electricity customers are residualised from the mainstream market: that is, they are unable to afford adequate electricity and are inadequately protected by the current electricity concession⁶.

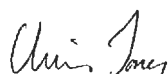
Underlying Anglicare's research and advocacy on this issue is the belief that electricity is an essential service and that all Tasmanians should have access to adequate quantities of electricity for their safety, health and wellbeing. Over recent years, Anglicare has argued for a layered response to the problem of electricity prices, including:

1. Restructure of the electricity concession;
2. Review of the tariff structure;
3. Targeted strategies to address the thermal efficiency of Tasmanian homes;
4. Development of a low cost social tariff for electricity to protect vulnerable customers from price increases;
5. Bill smoothing to reduce 'bill shock' and reduce the likelihood of households choosing to go without other essentials, in particular food; and
6. Ensuring that the community service obligations of the electricity generating, distribution and retailing businesses protect vulnerable customers.

The vulnerability of gas consumers, in an environment of no retail price regulation and no obligation to supply, particularly in social and public housing where the housing provider has chosen to connect properties to the gas network for space and water heating, is a growing concern for Anglicare and our clients.

With the development of Tasmania's Energy Strategy we have the opportunity to increase opportunities for all Tasmanians to participate in and share the social and economic life of our community by making electricity more accessible and affordable for all. This would be best done by government, non-government and business communities working in collaboration to address cost of living pressures, including energy, as our core business.

Yours sincerely,



Chris Jones
Chief Executive Officer

³ Australian Bureau of Statistics 2012, 'Part-time employment', *1367.0 State and Territory Indicators, 2012*, Australian Government.

⁴ Australian Bureau of Statistics 2012, 'Average weekly earnings', *1367.0 State and Territory Indicators, 2012*, Australian Government.

⁵ Electricity Industry Panel – Secretariat 2011, *Tasmania's Energy Sector – an Overview, Discussion Paper*, Tasmanian Government, pages 17, 18.

⁶ Flanagan, J & Flanagan, K 2011, *The price of poverty: the cost of living for low income earners*, Anglicare Tasmania, Hobart.