

22 April 2024

Electricity and Energy Sector Plan Taskforce
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Dear Taskforce,

Re: Electricity and Energy Sector Plan

Anglicare Australia welcomes the opportunity to provide input to the Department of Climate Change, Energy, the Environment and Water consultation on the Electricity and Energy Sector Plan (the Plan) Discussion Paper.

As Australia has moved towards a decarbonised economy, the focus has been on changes that consumers can make to reduce their individual footprint. Installing rooftop solar, upgrading inefficient or gas appliances, and buying electric vehicles have all been touted as the most effective ways individuals can contribute to reducing emissions. Unfortunately, promotion of these efforts very rarely addresses the capacity of individuals to participate.

It is important to ensure that this focus on individual action does not evolve to penalising those without the means to invest in efficiency. Unless governments act to provide options for people facing structural or financial barriers, then only those with the means to invest will see the benefits. The Electricity and Energy Sector Plan must therefore place equity at its core.

Supporting households to cut emissions

Households on low incomes are at the frontline of climate change. They are the most vulnerable to energy stress and the most likely to be left behind in the clean energy transition. In 2020, over 40 percent of households that experienced energy stress were in the lowest income quintile.¹ This means that lowering power bills is an important way to alleviate cost of living pressures on families and households doing it tough.

Anglicare Australia's *The Poverty Premium* report found that households without access to rooftop solar can end up paying 20 percent more for their energy costs than a household with a 5kwh solar system, even when capital costs are factored in.ⁱⁱ However, if the price of cheaper energy requires an upfront expense to install solar panels or upgrading from gas appliances, households on lower incomes will not see the benefits. With the most to gain from cheaper power, they are the least likely to afford an upfront cost.

Some state governments have taken action to address this. The Victorian government's Solar Homes program allows households to cut upfront installation costs by \$3,800, with data showing that take-up of the program has been highest among Melbourne's outer suburbs such as Hoppers Crossing, Cranbourne and Craigieburn,ⁱⁱⁱ some of the city's most disadvantaged areas.^{iv} This shows that households on lower incomes will take the opportunity to reduce emissions when they are given the support to do so. Anglicare Australia encourages the Government to adopt a similar approach in the Plan.

Capturing Australia's rental market

The benefits of electrification and energy efficiency are difficult to access for people who rent. One third of Australian households are renters, and any strategies to electrify and decarbonise households must include them. Renters find themselves at the mercy of their landlord when it comes to the capital works required to improve a household's energy efficiency. It is unfair to expect renters to pay for upgrades to a property they do not own, while landlords may not see the benefit of making the upgrades. While the government should not subsidise private landlords to increase the value of their properties, they can mandate minimum standards for rental properties or operate low or zero interest equity schemes that allow landlords to build repayment costs into ongoing expenses such as rate payments.

Making it easier to save

The Discussion Paper notes that while consumers are concerned about high prices and desire the best value for money, many of them are paying higher than the default offer and could lower their bills by switching their plans. In practice, switching plans can be difficult. Many people are unlikely to have the time or the confidence to 'shop around' for better options. While there are sector standards which require flexible repayment arrangements be available for people on low incomes facing hardship, or those facing difficulty in paying their bills, little assistance is given or offered to people who are able to make their payments, but are on the worst offers.

Between working long or irregular hours and caring or other life commitments, many people simply do not have the time to research their options to find the best deals. People who have set up payment plans may be reluctant to move providers while they're repaying debt and those who make payments through Centrepay are often juggling competing financial pressures. These circumstances make it harder to look for the best energy deal.

While information is available online, many people aren't sure what or how to ask for a better offer from their energy provider, nor are they aware where to look for advice. Online resources alone will not inform Australians how they can find a better option. Ultimately, many Australians facing financial hardship would only be informed of their options to change providers or ask for a better deal once they've engaged with a financial counselling service. The Government should take steps to better inform people of their options and where to find more information. This can be done through public education campaigns and streamlining existing online resources to make them more user friendly with information and advice about how to ask for a better deal or switch providers.

As Australia shifts to a cleaner, more efficient energy sector, it will require concerted effort to ensure that households on low incomes are not left behind. If ability to pay becomes the key requirement for entry to Australia's low-carbon future, then economic inequality will only be further entrenched. The Government can use the Electricity and Energy Sector Plan to ensure that all Australians are able to access the benefits of a clean economy.

We would welcome the opportunity to discuss the matters raised in this letter further, or answer any questions that you may have.

Yours sincerely



Kasy Chambers
Executive Director

ⁱ Brotherhood of St Laurence (2022) [Power pain: an investigation of energy stress in Australia.](#)

ⁱⁱ Anglicare Australia (2023) [The Poverty Premium.](#)

ⁱⁱⁱ Solar Victoria (2023) [Victorian homeowners save thousands with solar.](#)

^{iv} Australian Bureau of Statistics (2023) [Socio-Economic Indexes for Areas \(SEIFA\), Australia.](#)