



## **WACOSS Information Sheet**

### **Utility Price Rises 2006-11**

**9 May 2011**

The West Australian Council of Social Service (WACOSS) has tracked the rising cost of living since 2006 for a representative household model. This information sheet sets out the increases of residential utility pricing of electricity, water and gas in Western Australia. It shows the impact of rising utility costs on WA households with average consumption. The data comes from a variety of sources, which includes the WA Government's budget papers and Office of Energy publications.

For low income and vulnerable Western Australians, the cost to access essential services such as electricity, water and gas, consumes a high, disproportionate percentage of their income. As a consequence, many are unable to pay utility bills on time and without additional assistance, end up in debt or, in the worst cases disconnected from an essential service.

It has also become evident that many middle income individuals and families are struggling with utility bills, which places increased pressure on community service organisations that are geared towards those on lower incomes.

WACOSS policy is guided by the recognition that electricity, water and gas are essential services for an acceptable standard of living in the WA community. Access to these essential services is the right of all Western Australians, regardless of a household's capacity to pay. This right must be balanced with a user-pays market and it is incumbent on the Government to ensure that the tariffs and concessions deliver a system for the provision of affordable essential services.

WACOSS has partnered with the Office of Energy to review the WA tariffs and concessions framework and recommend changes to the Government to improve the affordability of electricity.

## **Summary of key data:**

The table on the next page sets out the increases of electricity, water and gas since 1 June 2006. This summary below provides a snapshot of key impact areas of increased utility costs:

### **Electricity**

- From 1 April 2009, the electricity tariff price has increased cumulatively by 50% (a 10% increase on 1 April 2009; a 15% increase on 1 July 2009; a 7.5% increase on 1 April 2010; and a 10% increase on 1 July 2010)
- Before the 1 April 2009 electricity tariff price, the annual average expenditure of a WA household was \$876 compared to \$1404 after the last increase on 1 July 2010, which represents an increase of \$528
- It is expected that electricity prices will continue to rise due to the State Government's move towards cost-reflective electricity tariffs

### **Water**

- The annual average expenditure for water (consumption only) by a WA household has increased by almost 10% between 1 July 2008 to 30 June 2010, which represents an increase of around \$40

### **Gas**

- The annual average expenditure of gas by a WA household increased by around 32% between 1 July 2008 and 30 June 2010, which represents an increase of around \$150.
- This increase coincided with the electricity tariff price rises between 1 April 2010 and 1 July 2010, compounding the cost of living pressures on all Western Australians and an increased incidence of utility related hardship.

### **TOTAL**

- A WA household with average consumption of electricity, water (consumption only) and gas would have spent approximately \$2297 between 1 July 2009 and 30 June 2010, compared with \$1847 between 1 July 2008 and 30 June 2009. This amount of \$450 represents a 24.4% increase between 1 July 2008 and 30 June 2010.
- It is forecast that a WA household with average consumption of electricity, water (consumption only) and gas would spend \$2543 between 1 July 2010 and 30 June 2011. This would represent an increase of almost 11% of \$244.60 between 1 July 2010 and 30 June 2011.

## WACOSS - COST OF LIVING - UTILITIES

	Jun-2006	Jun-2007	Jun-2008	Jun-2009	Jun-2010	Jun-2011	Sources
<b>ELECTRICITY</b>							
Daily supply charge (\$) GST Inclusive			0.256	0.281	0.347	0.382	Data supplied by the Office of Energy
Price per kWh of electricity (\$) GST Inclusive			0.139	0.153	0.189	0.208	Data supplied by the Office of Energy
Average household consumption (kWh per annum)			5625	5697	6074	6067	Economic and Fiscal Outlook, Budget papers of WA Government
<b>Annual household expenditure on electricity (\$) - calculated as a sum of annual supply and consumption charges</b>			<b>877.3</b>	<b>975.6</b>	<b>1276.7</b>	<b>1402.9</b>	
<b>Cost increase from previous year (\$)*</b>				<b>98.3</b>	<b>301.1</b>	<b>126.1</b>	
<b>Cost increase from previous year (%)</b>				<b>11.20</b>	<b>30.86</b>	<b>9.88</b>	
<b>Tariff increase from previous year (%)</b>				<b>10.0</b>	<b>22.5</b>	<b>10.0</b>	
<b>WATER</b>							
Average household consumption (kilolitres per annum)	300	300	300	300	300	300	Economic and Fiscal Outlook, Budget papers of WA Government
<b>Annual household expenditure on water (\$)</b>	<b>319.5</b>	<b>338.4</b>	<b>365.7</b>	<b>401.2</b>	<b>441.3</b>	<b>519.5</b>	Economic and Fiscal Outlook, Budget papers of WA Government
<b>Cost increase from previous year (\$)</b>		<b>18.9</b>	<b>27.3</b>	<b>35.5</b>	<b>40.2</b>	<b>78.2</b>	
<b>Cost increase from previous year (%)</b>		<b>5.9</b>	<b>8.1</b>	<b>9.7</b>	<b>10.0</b>	<b>17.7</b>	
<b>GAS</b>							
Daily supply charge (\$) GST Inclusive	0.10	0.11	0.11	0.1212	0.15	0.16	Appendix 3, Gas Tariffs Review Issues Paper, February 2008, Office of Energy
Annual level of supply charge (\$)	38.1	39.3	40.2	44.2	53.1	56.8	
Price per unit of gas- first 12 units	0.07	0.08	0.08	0.08	0.10	0.11	Appendix 3, Gas Tariffs Review Issues Paper, February 2008, Office of Energy
Price per unit of gas- next 24 units	0.05	0.05	0.05	0.07	0.09	0.10	Appendix 3, Gas Tariffs Review Issues Paper, February 2008, Office of Energy
Daily cost of gas- Average household consuming 14.6 units per day (\$)	1.01	1.04	1.07	1.17	1.44	1.54	
Average annual household consuming 14.6 units per day (\$)	5329	5329	5329	5329	5329	5329	
<b>Annual household expenditure on Gas (\$)</b>	<b>407.7</b>	<b>419.8</b>	<b>430.2</b>	<b>470.8</b>	<b>578.8</b>	<b>619.2</b>	
<b>Cost increase from previous year (\$)</b>		<b>12.1</b>	<b>10.4</b>	<b>40.5</b>	<b>108.0</b>	<b>40.4</b>	
<b>Cost increase from previous year (%)</b>		<b>2.97</b>	<b>2.48</b>	<b>9.42</b>	<b>22.95</b>	<b>6.97</b>	

\*With the exception of the introduction of the GST in 2000-01, residential electricity tariffs in Western Australia did not increase from 1997-98 until 2008-09.