
Oil: Living With Less
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The Social Impacts of Increased Fuel Prices

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THANKYOU FOR INVITATION

I commend the Sustainable Transport Coalition for organizing this conference around such a relevant and important issue. The oil shortage crisis requires immediate, appropriate and sustainable responses from all areas of society.

The Western Australian Council of Social Service (WACOSS) agrees in principle with the policy recommendations of the Sustainable Transport Coalition. We recognize that the depletion of oil supplies necessitates appropriate and sustainable responses such as reducing car use and improving the efficiency of vehicles.

WACOSS is also acutely aware that some strategies which aim to manage this crisis also have direct impact on social outcomes, especially for those who are most vulnerable in our communities.

Today, I am going to talk to you about one key issue concerning the social implications of oil depletion. I will be focusing on the impact that rising petrol prices have on the social services sector and the people that we represent.

WACOSS believes that increased petrol prices are already having a significant socially detrimental impact on society and will continue to do so as petrol prices continue to rise.

The individuals and groups who are disproportionately disadvantaged by the increasing price of petrol are:

- Vulnerable people including, for example, with a low income or on welfare or people with a disability;
- Community organizations, and
- Regional, rural and remote communities

The increasing price of petrol has increased the financial pressure experienced by the community. This makes it harder for people and agencies to 'make ends meet'. Last year, our research told us that community agencies were forced to turn away one in three clients. The increasing incidence of, and more complex nature of poverty has already left agencies struggling to respond to the

community's demand for their services. More increases to petrol costs will add to this burden.

Consider the situation of community organizations working in regional and remote areas. High fuel costs are increasing the risks of individuals and small community services becoming isolated from the wider community

Given that the average price of unleaded petrol has increased from 68c per litre in 1998 to 95c per litre in 2004, it is apparent that these effects are already being felt. Should petrol prices continue to rise at this rate the social effects will be disastrous.

Today, I am going to briefly talk to you about these 3 impacts on the groups outlined – low income and disadvantaged people, community organizations and rural communities.

Before I go into this, I would like to make sure that you are all aware of the work that WACOSS does as well as an overview of the extent and experience of poverty in Western Australia.

WACOSS is a peak organization. We represent the community services sector in social policy and advocacy issues. Our charter is to represent the social issues affecting the community at a policy level. At the heart of our activities lies the belief that the mark of a civilized community is in the help and support it gives to those most in need.

Poverty means different things to different people. In WACOSS, we define poverty as 'a lack of access to an acceptable material standard of living'.

Over the last 12 months, nearly 20% of households in WA have experienced cash flow problems.

10.3% of households experience one or ongoing instances of financial hardship where they are unable to afford a meal, have to pawn or sell something for cash and/or access the services of a community agency.

Over 10% of our community have needed to access the services of a community agency in the last twelve months – more than half a million people.

The face of poverty has been undergoing substantial change in the last few years.

- More individuals and families are experiencing poverty
- New groups are experiencing poverty e.g employed people
- Problems faced by those in poverty are becoming more complex
- There are increased levels of debt compared to 10 years ago.
- Rural communities continue to be doubly disadvantaged.

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- Pressure on Emergency relief agencies is increasing substantially and increasing numbers of clients are receiving assistance from ER agencies.

Many ER agencies have reported that they are having to turn clients away because they do not have the resources or funds to assist them

- Increased costs of living have been associated with this increased incidence of poverty
These costs of living include petrol and so naturally, if the cost of petrol rises so will poverty within our community and the current provision of services that support those in poverty will be less able to cope .

FINANCIAL IMPACT OF INCREASED FUEL PRICES

The Community agencies in the human services sector are already strapped for resources.

Many of these agencies are tiny and located in your local neighborhood. They are often staffed by volunteers and use their scarce resources to meet accountability and reporting requirements of their funding bodies. In addition to the costs that they incur that may be directly assigned to providing services to clients, they also pay for: administration, property rental, utilities such as telephone and power, paid staff.

In a study undertaken in 2000 by WACOSS into the impact of fuel costs on member agencies, **100% of participating organizations reported that they required increased funding to reduce the impact of increased fuel costs.**

Many agencies acknowledged that staff and volunteers have traditionally not claimed work related vehicle expenses due to the knowledge that the services do not have the income capacity to meet vehicle costs. Recently, however they have noticed a substantial budget variance of up to 30% as staff and volunteers were facing significant increased fuel costs, and therefore the number of claims increased.

Increased petrol prices affect agencies ability to provide the services they are designed to provide

What about the effect of increased petrol prices on those of us on a low income or vulnerable or disadvantaged people?

Cars for some people are a necessity rather than a luxury

There are many reasons for people not using alternate forms of transport: such as it may be inaccessible, safety concerns, disability that prevents them from accessing public or alternative forms of transport.

Increased fuel costs for low income earners and disadvantaged people are unlikely to result in the majority of these people using alternate forms of transport.

Remember that public transport is not always accessible especially in areas in the outer suburbs of Perth where many low income individuals and families can afford to purchase a home or rent accommodation. The so called 'working poor' rely on cars to get to places of employment.

In addition, rising costs of public transport associated with rising fuel costs would provide further financial difficulties for low income earners

It may be that people are forced to go without other essentials to cope with increasing petrol costs. Negative impacts may already be being felt in areas such as health, housing and education

Rural Communities

Many individuals living in rural areas are forced to drive to access necessary services. It is **simply not an option for them to adopt other forms of transport**. Instead, increased fuel prices will cause greater hardship and force many people to seek more central living arrangements

There is a high reliance on road transport in rural areas for food and other goods

A small increase in petrol prices has a significant impact on transport costs. WACOSS concerned that these costs would be passed on to consumers. Increased food costs would result in a range of **poor social outcomes** including: poor health outcomes associated with inadequate and/or poor quality diet; people sacrificing other essentials such as housing in order to put food on the table which in turn often results in detrimental outcomes in a number of areas including health, employment and education; and children being unable to achieve their educational potential as a result of an inadequate diet.

SERVICE PROVISION IMPACT DUE TO INCREASED PETROL PRICES

In WACOSS's 2000 survey of increased fuel costs on community organizations, **almost 40% of respondent agencies reported that they have decreased services to reduce the impact of increased fuel costs**. Other strategies being implemented included closer targeting of services to those most in need (which may often have the implication that not all people in need of assistance will receive it), limiting the provision of services to specified areas closer to the

agency base, directing resources away from other services that an agency provides (for example reducing food parcels distributed in favour of allocating greater resources to transport costs)

For example, one service stated that:

“ Fuel prices impact heavily on our services and further increases will seriously hamper our efforts to provide meals to those people who need them. The ultimate impact of rising fuel prices on our services will be the possible loss of many dedicated volunteers, without whom our services cannot function, restriction on increasing services in the area and possibly a reduction of existing services, and that services to rurally isolated people will just not be possible.”

Low-Income and Disadvantaged People

Decreased services will mean that many people that need assistance may not be able to access them.

Strategies such as targeting and rationing services can only result in negative outcomes in health and quality of life.

Delay to clients in being able to access services will mean that many people, in need of support will have to struggle on without it. This is likely to result in the worsening of health and support problems.

Rural Communities

Rural communities are likely to experience the brunt of service limitations due to increased fuel costs of organizations.

We are already seeing that services traveling to these areas e.g meals on wheels and various other outreach programs are being rationalized and in the future we may see these services being severely limited or stopped completely if the providers cannot cope with the increased transport costs.

INCREASED INCIDENCE OF ISOLATION DUE TO INCREASED PETROL PRICES

Many of the smaller organizations have reported to WACOSS that linkages with other agencies in the community are vital. These linkages are often in the form of attending meetings with other agencies and with peak bodies. It is important that agencies are given the choice whether to attend these so they can access much needed support and information.

Increased costs for fuel are likely to provide an additional barrier for smaller agencies to network and develop relationships with other organizations in the

sector. It is highly likely that given the need to closely ration resources, this may be an area that will not be affordable to agencies.

Low-Income and Disadvantaged People

Many low-income and disadvantaged people live in the outer suburbs of Perth. They often face increased barriers to accessing essential services such as shopping complexes, public transport, health services, venues of worship and other places which allow greater participation in the community.

In many areas, public transport is inadequate or people feel unsafe having to wait at the bus-stops, especially at night.

If people are not given the option of appropriate and affordable forms of transport, it is possible that many will become further isolated from the community. This has many negative outcomes on health – both mental and physical as well as on their ability to obtain and/or maintain employment, contribute to society, and give children much needed opportunities. Broader impacts of social isolation on society also need to be considered.

Rural Communities

Rural communities already face increased risk of isolation due to their location. It is unjust and inequitable to increase the barriers already experienced by these people to participate in society.

It will prove to be a real disincentive for people to live in areas away from major cities and will also mean that it will make travel between rural areas and the city's increasingly difficult. If people cannot afford the costs associated with increased fuel prices on personal cars, then it is likely that they will have substantial barriers in being able to afford public transport for long bus journeys as it will be inevitable that these costs will also rise.

RECOMMENDATIONS

Before accepting increased fuel costs, a number of questions need to be researched and discussed further:

What alternatives exist and/or could be developed for transporting goods to regional Western Australia?

How can regional Western Australians be protected from bearing the burden of increased costs associated with transporting food and other goods?

What safety net strategies would be appropriate to protect low-income Western Australians from further economic disadvantage as a result of increased costs in running their cars, particularly those living in outer urban areas?

How can we measure the broader social impact of increased petrol costs, including the financial and social cost of poor health and educational outcomes?

What are the range of factors impacting on people's car usage and how can these be addressed without creating an increased financial burden through increased petrol prices?

CONCLUSION

Increasing fuel prices are a matter of great concern to the social services sector and the individuals and families that represent.

While WACOSS strongly agrees with the policies recommended by the Sustainable Transport Coalition, we believe that there is considerable need to take into consideration the needs of community organizations, low income and disadvantaged groups and rural communities before any of the policies are implemented.

As automobile use continues to be favored disproportionately in current transport infrastructure in Western Australia other alternatives forms of transport remain inaccessible to many organizations and individuals. Until viable alternatives are developed and given the attention and funding they deserve it is socially inequitable to raise the price of petrol any further.