

## Cost of Living (Utilities) Facts

### Electricity

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From April 2009 household electricity tariffs have risen by 10.95cents/unit or 78.55%. Of this increase the carbon price added only 2.255cents/unit (accounts for 9% of a unit of electricity).

Western Australia has a uniform tariff policy whereby all households pay the same A1 electricity tariff regardless of where they live. Electricity costs for Horizon Power customers in regional and remote areas are subsidised through a levy on Synergy consumers called the Tariff Equalisation Contribution. From 1<sup>st</sup> July 2012 to the 30<sup>th</sup> June 2017 Synergy customers will subsidise Horizon Power customers to the tune of \$782 million.<sup>1</sup>

WACOSS supports the uniform tariff policy, but believes that using a levy to fund it impacts disproportionately on low income households who spend a greater proportion of their income on energy bills. A more equitable method is to fund the TEC from consolidated revenue.

Given that regional and remote electricity is more expensive to produce and deliver (so that, on average, each Horizon Power customer is being subsidised \$17,389 over a 5 year period<sup>2</sup>) anything we do to reduce their energy usage also reduces electricity costs for all consumers. A regional energy efficiency or renewable energy scheme provides a double benefit by reducing more expensive power generation and transmission and by reducing the subsidy paid by others.

### Water

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Since 2005/06 water usage costs for a household consuming Perth's residential average level of water has more than tripled<sup>3</sup>, from \$161.79/year (2005/06) to \$410.04/year (2012/13).

The ERA has recently recommended changing the tariff structure for the wastewater charges to a flat fee, rather than being based on the household's property value which is currently the case. If the next government decides to take up these recommendations many low income families' will see their water bills substantially increase.

### Gas

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In addition to the daily supply charge, gas customers saw the introduction of the Retail market levy and Account Administration fee on the 4th September 2011. The daily fees and charges for gas have increased by close to 50% from the 1<sup>st</sup> of July 2009 to the 30<sup>th</sup> June 2012.<sup>4</sup>

Perth's gas prices have increased by more than 17% from 1<sup>st</sup> July 2009 to 30 June 2012 for a household using an average of 12.95 units of gas a day (Perth's average).

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<b>Electricity</b>	2009/10	2010/11	2011/12
Average household consumption (kWh/year)	5801	5801	5801
Annual household expenditure on electricity (\$)	\$1,160.85	\$1,347.89	\$1,415.19
Cost increase from previous year (\$)		\$187.03	\$67.30
Cost increase from previous year (%)		16.11%	4.99%

<b>Water</b>	2009/10	2010/11	2011/12
Average household consumption (kilolitres/year)	270	270	270
Annual household expenditure on water (\$)	\$214.50	\$295.74	\$363.00
Cost increase from previous year (\$)		\$81.24	\$67.26
Cost increase from previous year (%)		37.87%	22.74%

<b>Gas</b>	2009/10	2010/11	2011/12
Average daily household gas usage (units)	12.95	12.95	12.95
Annual household gas charges (\$)	\$536.11	\$563.87	\$628.95
Cost increase from previous year (\$)		\$27.77	\$65.08
Cost increase from previous year (%)		5.18%	11.54%

Based on average household consumption figures and standard costs. To obtain background data on how these figures were calculated please contact Brent, at [brentsavage@wacoss.org.au](mailto:brentsavage@wacoss.org.au)

## Utility hardship

Compared to 2010/11, Horizon Power's residential disconnection rate has fallen from 2.19 to 0.96 per 100 customers in 2011/12<sup>5</sup>. Their disconnection rate is close to 8 times less than it was 2007.

**Table 1: Residential energy customers disconnected for a failure to pay a bill (Horizon Power)<sup>5</sup>**

	2007	2008	2009	2010	2011	2012
Per 100 customers	7.64	5.78	1.95	1.97	2.19	0.96
Actual	2,302	1,793	615	604	664	328

Synergy has had its highest number of disconnections in 2011/12 since in being formed in 2006. Synergy had the same number of disconnections per 100 customers in 2011/12 as it did in 2010/11<sup>5</sup>.

**Table 2: Residential energy customers disconnected for a failure to pay a bill (Synergy)<sup>5</sup>**

	2007	2008	2009	2010	2011	2012
Per 100 customers	0.81	0.58	0.49	0.32	0.86	0.86
Actual	6,535	4,833	4,188	2,744	7,631	7,723

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## Concessions

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Last year saw the introduction of the Cost of Living Assistance payment, which pays eligible households \$200 a year (\$33 per electricity bill). This is an increase of \$52 in the concession rate that eligible households used to receive under the former Supply Charge rebate.

Some of the most marginalised in our community are missing out on concessions due to:

- A lack of awareness about available assistance;
- The complexity in applying for support; and
- The stigma associated with claiming assistance<sup>6</sup>

The State Government recently launched the **Concessions WA** website, a single portal that provides easier access to information on all state concessions. It represents an important first step towards concessions reform.

WACOSS remains concerned however that our concessions in WA are inadequate, inconsistent and poorly targeted, and continues to call for **an evidence-based approach to concessions policy** – so that assistance is proportional to need and targeted to those who need it most.

## Tariffs

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Western Australia currently has a flat price for electricity, where all households pay the same A1 household tariff, regardless of how much electricity they consume.

During 2010/11 the WA Government commissioned the Tariff and Concession Framework Review. The review examined Inclining Block Tariffs (where the price increases with consumption – as happens with water and gas) and also considered Time of Use Tariffs (where electricity cost more during peak periods). The review included some important research in patterns of energy use by different types of households and modelling of the impact of different tariff structures on their electricity bills.

The findings of this review were provided to the Energy Minister in August 2011,<sup>7</sup> but 18 months later neither the research nor the recommendations have been released. WACOSS has previously called on the WA Government to release the findings of the report, and hopes whichever party forms government after the State Election on 9<sup>th</sup> March will do so.

WACOSS is concerned that some types of low income households, particularly larger families in poor quality rental or public housing, have higher energy usage and less opportunity to benefit from efficiency measures – resulting in increasing financial hardship. Tariff and concessions reform should encourage households to reduce their energy use, but should make allowances for and not penalise those who cannot.

WACOSS is calling on the next State Government to introduce **a new concessional electricity tariff** for households experiencing financial hardship, set at **15% below** the existing tariff rate.

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<sup>1</sup> TEC figure from the Western Australian [Government Gazette](#) No 142, page 3795

<sup>2</sup> 44,971 customer connections figure is from Horizon Power's Annual [Report](#) 2011/12, page 4

<sup>3</sup> Water services cost only, excludes sewerage and other fixed charges. Assumes household uses 270kL a year as the average indicated by the WA state budget papers (State [budget paper - number 3](#), page 328)

<sup>4</sup> Overall the daily fees and charges used to total \$0.1532/day at the 1<sup>st</sup> July 2009, at the end of the last financial year they reached \$0.2262/day (or \$82.55 if charged over a year)

<sup>5</sup> Economic Regulation Authority, 2013 [2011/12 Annual Performance Report - Energy Retailers](#) page 47

<sup>6</sup> Baker, D. 2010, Missing out – [Unclaimed government assistance and concession benefits](#), TAI

<sup>7</sup> [Tariff and Concession Framework Review](#) Department of Finance

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