

Australian National University

# CLIMATE CHANGE

## Impacts on Low Income Australians

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# The Southern Cross Climate Coalition

*“calls on all Australians to work together, constructively, to unlock the substantial economic and job opportunities in tackling Climate Change and moving to a clean, safe economy”*

- Australian Conservation Foundation
- Australian Council of Social Services
- Australian Council of Trade Unions
- The Climate Institute

# The Southern Cross Climate Coalition

## 4 Foundations for Change

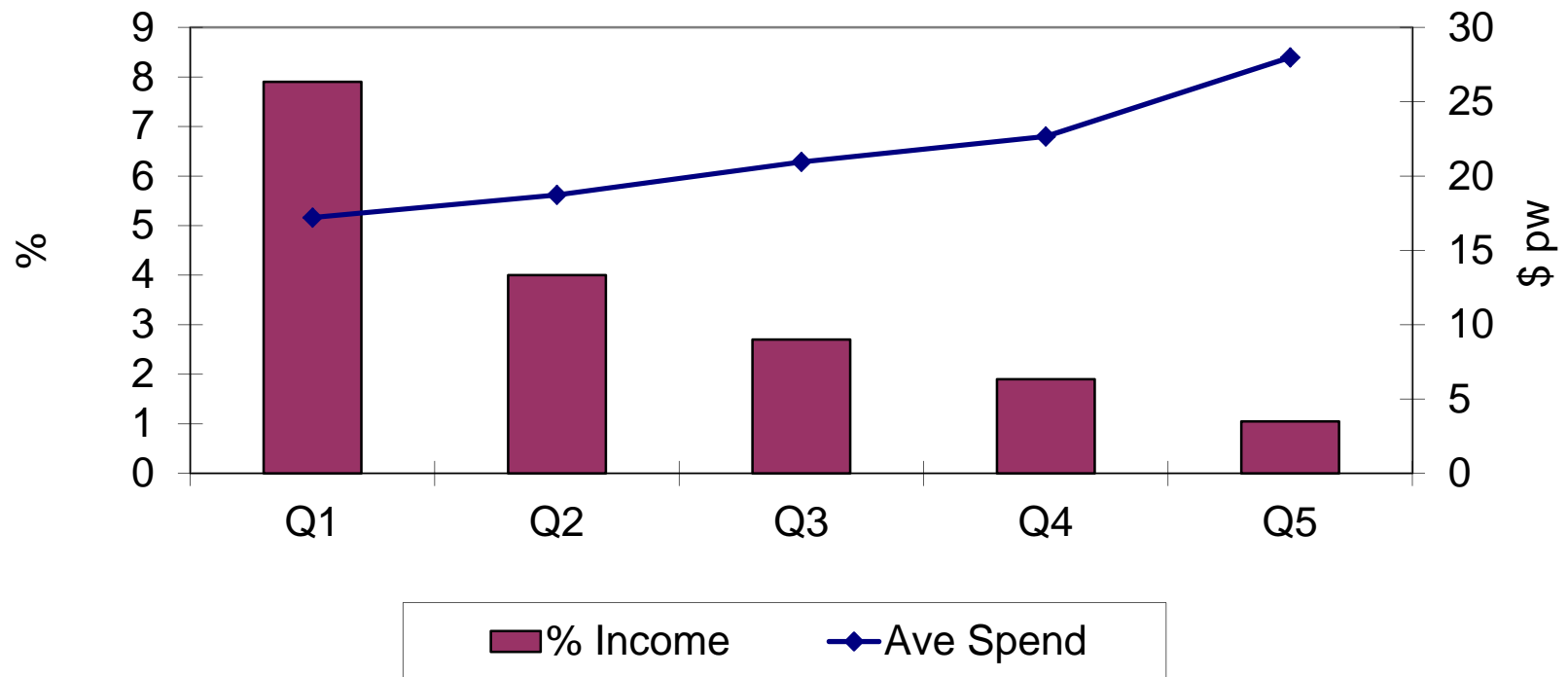
- Urgency for Action
- Investment in Alternative Energy & Carbon Reduction
- Fairness for all Australians
- Jobs Growth Opportunities

# Why an Interest in Climate Change & Carbon Pricing Policy?

- Poor are the hardest hit by Climate Change
- Poor must be protected from Carbon Pricing cost hikes
- Fairer Access to Energy Efficiency Measures
- Increased Costs for Charities - Not for Profits to be compensated

# Why Climate Change & Costs Matter for Poor Households (B)

% Disposable income spent and average spend, electricity, Quintile, SA Housholds, 2003-04



# Why Climate Change & Costs Matter for Poor Households (C)

## Payment Rates, March quarter, 2000 - 2010

Newstart Allowance*			Age Pension	Youth Allowance		
	Single,21+, no children	Partnered	Single	Under 18, at home	Under 18 & over 18, away from home	18+, at home
Mar-00	\$331.60	\$299.10	\$372.00	\$148.20	\$270.30	\$177.90
Mar-01	\$357.80	\$322.80	\$402.00	\$158.80	\$290.10	\$190.90
Mar-02	\$369.00	\$332.80	\$421.80	\$165.10	\$301.70	\$198.60
Mar-03	\$380.10	\$342.80	\$440.30	\$169.70	\$310.10	\$204.20
Mar-04	\$389.20	\$351.10	\$464.20	\$174.30	\$318.50	\$209.70
Mar-05	\$399.20	\$360.30	\$476.30	\$178.70	\$326.50	\$214.90
Mar-06	\$410.60	\$370.50	\$499.70	\$183.20	\$334.70	\$220.30
Mar-07	\$424.30	\$382.80	\$525.10	\$190.50	\$348.10	\$229.10
Mar-08	\$437.10	\$394.40	\$546.80	\$194.50	\$355.40	\$233.90
Mar-09	\$453.30	\$409.00	\$569.80	\$203.30	\$371.40	\$244.40
Mar-10	\$462.80	\$417.70	\$644.20	\$206.30	\$377.00	\$248.10
Increase(\$)	\$131.20	\$118.60	\$272.20	\$58.30	\$106.70	\$70.20
Increase(\$%)	39.6%	39.7%	73.2%	39%	39.5%	39.5%

All amounts per fortnight payments \* May eligible for Rent Assistance

SOURCE: Centrelink:A guide to Commonwealth Government payments, March-July 2000 – 2010.

April 2011

# Why Climate Change & Costs Matter for Poor Households (D)

CPI Subcategories, 2000 - 2010

Annual	CPI	Rents	Utilities	Electricity	Gas and other Household fuels	Water and sewerage
2000	128.4	127.3	127.8	123.8	141.2	107.3
2001	134.0	131.4	135.0	132.4	142.7	109.6
2002	138.1	134.5	140.6	137.1	150.5	113.9
2003	141.9	137.1	158.2	145.1	159.8	118.6
2004	145.2	140.5	153.0	147.9	168.8	123.1
2005	149.1	143.7	158.7	152.1	177.5	128.3
2006	154.4	148.3	165.4	156.4	185.5	136.7
2007	158.0	156.4	173.0	163.5	193.0	144.2
2008	166.2	168.6	189.4	179.9	208.6	158.0
2009	167.9	179.9	211.6	201.5	226.5	179.9
2010	172.6	187.7	239.9	232.0	246.8	203.9
Change	44.2	60.4	112.1	108.2	105.6	96.6
% increase	34.4%	47.4%	87.7%	87.4%	74.8%	90.0%

SOURCE: Australian Bureau of Statistics: Consumer Price Index 2000 – 2010

# How are Poor Households Protected by the 'Clean Energy Future' Package? (A)

- Adequate
- Fair
- Accessible
- Timely
- Sustainable



# How are Poor Households Protected by the 'Clean Energy Future' Package? (B)

## Adequacy

Effect of \$23/t CO<sub>2</sub>-e carbon  
price

	Weekly expenditure	Consumer prices
	\$ per week	Per cent
Electricity	3.30	10
Gas	1.50	9
Food	0.80	<0.5
Overall effect	9.90	0.7

Source: ABS, average of SKM MMA and ROAM.

# How are Poor Households Protected by the 'Clean Energy Future' Package? (C)

## Adequacy

Price increases, household assistance and 'buffer' for low income households in 2012-13(\$ per year)

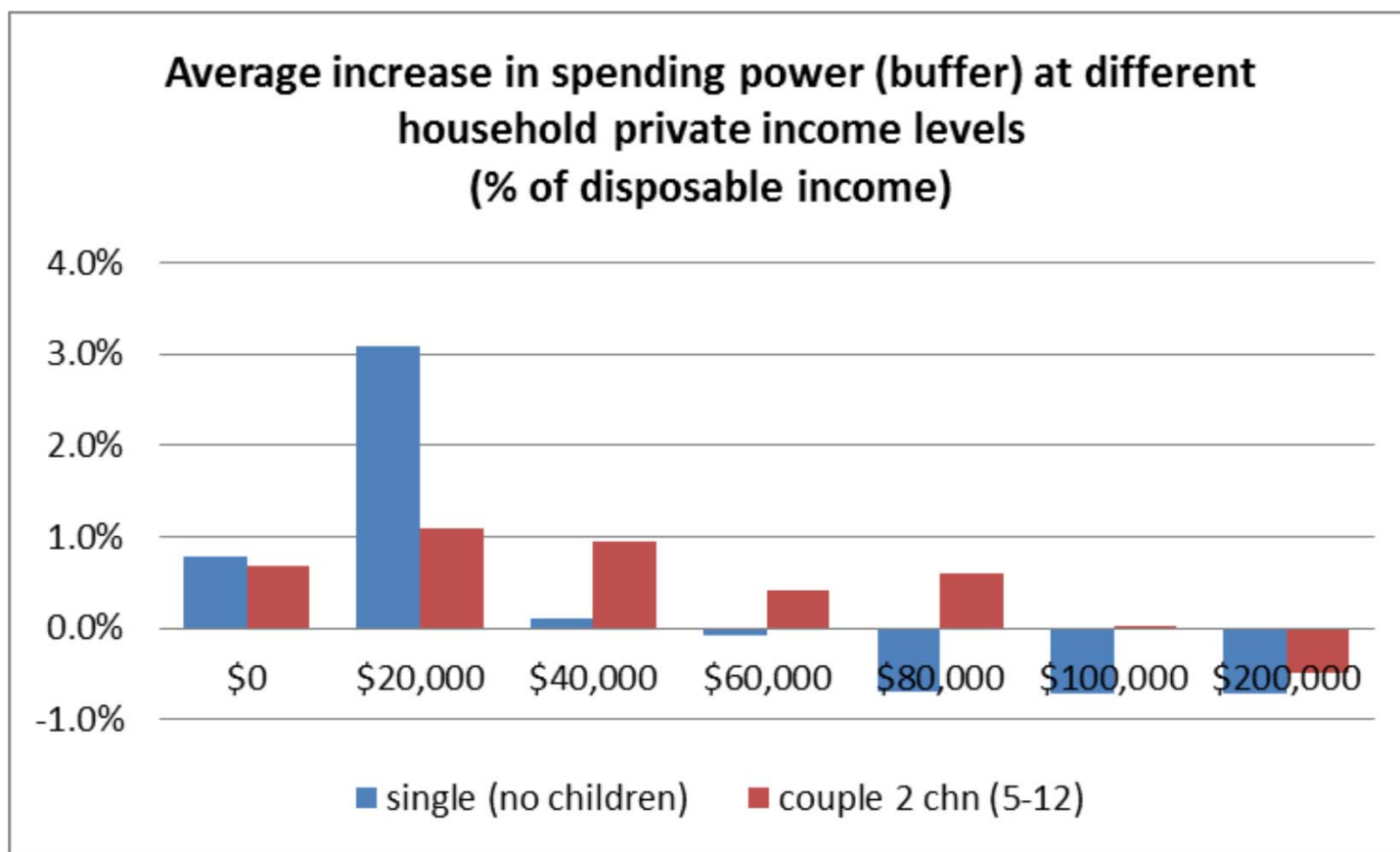
	single (senior)	couple (senior) 70:30 split	single, no chn	couple, no chn 50:50 split	single parent, 2chn	couple 2 chn 70:30 split
<b>zero private income</b>						
price increase	204	284	117	212	322	331
assistance	338	510	218	390	482	577
buffer	134	226	101	178	160	246
(% of income)	0.7%	0.8%	0.8%	0.8%	0.5%	0.7%
<b>private income \$20,000</b>						
price increase	275	355	191	329	386	393
assistance	338	510	845	390	1030	890
buffer	63	155	654	61	644	497
(% of income)	0.2%	0.4%	3.1%	0.2%	1.7%	1.1%
<b>private income \$40,000</b>						
price increase	298	398	270	377	450	434
assistance	840	1259	303	1755	551	935
buffer	542	861	33	1378	101	501
(% of income)	1.4%	1.7%	0.1%	3.4%	0.2%	1.0%

Source: Australian Government (2011), *Clean energy future: supporting Australian households* and ACOSS calculations

Note: 'buffer' refers to Government assistance minus the average price increase for each group

# How are Poor Households Protected by the 'Clean Energy Future' Package? (D)

## Fairness



Source: Australian Government (2011), Clean energy future: supporting Australian households and ACOSS calculations

Note: 'Buffer' refers to Government assistance minus the average price increase for each group and is calculated in proportion to disposable incomes. A negative buffer indicates that price increases exceed household assistance. The household types are single person households of working age and couples with two children aged 5-12 years (with a 70:30 income split between partners).

# How are Poor Households Protected by the 'Clean Energy Future' Package? (E)

## Accessibility

- Benefits of using Social Security & Personal Taxation Systems
- Low take up rates for Self Seeking Support
- High transaction costs for Concession Payments

# How are Poor Households Protected by the 'Clean Energy Future' Package? (F) Timely

- Lump Sum Advance Payments for Social Security Recipients
- Clean Energy Supplement—Fortnightly/Quarterly
- Tax Cuts to flow directly to regular tax payers

# How are Poor Households Protected by the 'Clean Energy Future' Package? (G) Sustainable

Need to Increase Assistance through Tax & Transfer System & Maintain Buffer as Price Increases to:

- \$24.15 (2013/14)
- \$25.40 (2014/15)
- \$29.00 (2015/16)

# Employment Incentives & Tax Cuts (B)

- Work Incentives for those moving from Newstart to Part Time Employment & Combined Income < \$30k
- Replace LITO (Low Income Tax Offset) with Higher Tax Free Threshold  
= More \$'s in pocket each week

# Energy Efficiency & Affordability for Australian Households (A)

## Challenges for Low Income Households

- Poor quality housing stock – low thermal quality public/private rental
- High dependency on rental
  - (37% lowest incomes / 23% highest incomes)
- Limited potential to improve efficiency with better appliances



# Energy Efficiency & Affordability for Australian Households/Communities

## Low Income Household Assistance

- \$100m Energy Affordability Scheme (2012-16)
- \$30m Household Energy & Financial Sustainability Scheme (2012-16)
- \$40m Remote Indigenous Energy Program (2011-16)

## Local Government & Community Organizations

- \$120m Low Carbon Commitment (Up \$40m) 2012-16
- \$30m Energy Efficiency Information Program (2014-15)