

'Energy poverty' a growing problem

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(Phys.org) -- Low-income households in Australia are increasingly at risk of "energy poverty", a situation in which a household must spend more than 10 percent of its disposable income on energy bills, according to a paper published in the latest issue of the *Australian Journal of Social Issues*.

'A new form of energy poverty is the hallmark of liberalised electricity sectors' is co-authored by Dr Lynne Chester of the University of Sydney and Dr Alan Morris of the University of [New South Wales](#).

"Low-income households are the most vulnerable to this kind of poverty because their [energy bills](#) take a larger proportion of their disposable income," Dr Chester said.

In the five-year period from 2007 to 2012 the average increase in household electricity prices was 80 percent in NSW, more than 60 percent in Queensland, South Australia and Tasmania; and 38 to 45 percent in Northern Territory and the ACT. Further increases recently occurred in NSW, Victoria and Queensland.

Across the globe, the liberalisation of electricity sectors has resulted in increased consumer electricity prices that are far in excess of inflation and [wage increases](#).

Many disadvantaged households are experiencing discomfort and ill health as well as other forms of material and [social deprivation](#) because of the need to choose between essential [household items](#) and using

electricity to maintain a decent standard of living.

Electricity and gas bills have been found, for example, to be the greatest cause of rental arrears in Victorian low-income households.

Yet the authors warn there is no large-scale Australian research to provide a substantial evidence base of the consequences for low-income households and that policymakers rely on measures that significantly underestimate electricity price changes.

There is consequently little understanding of the pressures and circumstances confronting the poorest Australian households. The paper calls for this to be addressed from a policy perspective in order to prevent the problem becoming more widespread.

"Energy poverty needs to be explicitly recognised as a distinct and growing social problem for Australia's 3.5 million households, who fall in the two lowest-income quintiles as defined by the Australian Bureau of Statistics."

"Steep increases in [electricity prices](#) will cause hardship for low-income households because they have far less capacity to reduce their energy demand."

The paper suggests that current policies are reactive and ineffective and further embed the problem. "A new approach to electricity pricing is needed to prevent adverse impacts on the standard of living for millions of Australians," Dr Chester said.

Provided by University of Sydney

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