

**Submission
No 11**

**INQUIRY INTO THE SUPPLY AND COST OF GAS AND
LIQUID FUELS IN NEW SOUTH WALES**

Organisation: Ethnic Communities' Council of NSW
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Submission to the NSW Government's *Gas Plan*

The Ethnic Communities' Council of NSW (ECC) welcomes the opportunity to provide input into the NSW Government's Inquiry into the supply and cost of gas and liquid fuels in New South Wales

Since its formation 39 years ago the ECC has been the peak body for culturally and linguistically diverse (CALD) community members and representative organisations in NSW. The ECC's main activities are advocacy, education and community development. It is a member of the Federation of Ethnic Communities Councils of Australia (FECCA) and the energy advocacy role represents FECCA in the NEM.

The ECC thanks the Department of Resources and Industry for the opportunity to contribute to the discussion on the supply and cost of gas and liquid fuels in New South Wales. The ECC would like to provide comments focusing on possible impacts of the NSW Gas Plan for CALD energy consumers, as well as some opportunities for improving understanding and information about the involvement of CALD communities in the gas market. Our observations and recommendations relate to the following areas:

- Impacts of gas and liquid fuel price rises on CALD communities.
- The need for ongoing research into CALD communities' knowledge of, and engagement with, the gas market, energy efficiency and the cost benefits of single or dual-fuel households and businesses.
- The need for a review of energy concessions for disadvantaged and vulnerable consumers within CALD communities.
- Support for a National Productivity Plan to coordinate energy efficiency policies and standards.
- Potential expansion of regional gas networks in NSW.

Impacts of gas and liquid fuel price rises on CALD communities.

Currently over one million NSW households have some form of gas supply for cooking and/or heating¹ and have suffered significant cost increases in the last four years. A

¹ NSW Government, NSW Gas Plan (NSW Government, 2014).

considerable proportion of these households are in CALD communities. Indications of the increase to the annual gas bill of average gas consumption households in the period July 2009-12 was approximately 33%.² Coupled with the significant escalation in the cost of electricity over the period 2009 - 2014, energy costs have effectively doubled for consumers in that period.³ Analysis for the St Vincent de Paul Society shows that for the last financial year (2013/14), the annual energy cost for dual-fuel households with typical consumption levels increased by between \$125 and \$230 (16-22%)⁴.

In its price determination for the cap on regulated retail gas prices in NSW, the Independent Pricing and Regulatory Tribunal (IPART) agreed to proposals by retailers to increase prices for 2014/15 by 17-21% (varying by region)⁵. IPART indicated that the main driver of future price rises was the development of export facilities on the East coast⁶ and projections by Jemena of a doubling of the wholesale cost of gas in the next five years have the potential to increase the cost of gas to NSW consumers by about 20%. The ECC welcomes predictions by Jemena that they will reduce their network costs to consumers by about 20% over the same period to offset some of these rises.⁷

CALD communities significantly affected by expected rises in the price of gas in NSW include:⁸

- Communities who arrived in Australia in the 1940s and 1950s (largely Greek and Italian) and who have been identified as being less likely to be aware of energy use and conservation and hence would be less able to adjust their consumption profiles and will be significantly affected by increasing gas prices.
- Newly arrived migrants and refugees including Sudanese (Arabic speakers), Chinese (Mandarin speakers), Tamil and Hazara (Afghan) who may be low income and/or vulnerable consumers with slight knowledge of energy issues and hence would be less able to adjust their consumption profiles and will be significantly affected by increasing gas prices.
- Communities who arrived in the 1970s and 1980s (Vietnamese, Thai, Chinese (Cantonese speaking) and Spanish speakers from Latin America). These communities, while being identified as being the most knowledgeable about energy issues, have often established small businesses which will be affected by rising gas prices.

² Gavin Dufty, *Creating fairer energy and water markets for all* (PIAC Conference presentation, 9 October 2013, St Vincent de Paul Society).

³ Independent Pricing and Regulatory Tribunal, *Review of regulated retail prices for electricity from 1 July 2013 to 30 June 2016* (Final Report, IPART, 2013), 18.

⁴ May Mauseth Johnston, *New South Wales Energy Prices July 2013 – July 2014: An Update Report on the NSW Tariff Tracking Project* (Report, St Vincent de Paul Society and Alviss Consulting Pty Ltd, 2014)

⁵ IPART, Fact sheet: Regulated retail gas prices from 1 July 2014 to 30 June 2016 (IPART, 2014) page 2.

⁶ IPART, *ibid*, page 3.

⁷ Jemena, *Jemena's 5-year plan: Customer overview* (Jemena, 2014) 4.

⁸ Ethnic Communities' Council of NSW, *Experiences of Energy Consumption for CALD communities Research Report 2012*

Recommendation:

1. *The ECC recommends that a detailed analysis be made of the impacts of rising gas prices on low-income and vulnerable CALD community customers as well as the effect of steeply rising gas prices on CALD small businesses.*

The need for ongoing research into CALD communities' knowledge of, and engagement with, the gas market, energy efficiency and the cost benefits of single or dual-fuel households and businesses.

The ECC has undertaken some preliminary research on CALD communities' knowledge of energy issues and consumption. This research has indicated several areas for further development and research;

- All respondents in the households surveyed preferred to receive information about energy costs and savings in their first language. There is a need to develop information material in the major community languages as well as the languages of new and emerging communities.
- Use of the Post Office as an outlet to disseminate information to CALD householders in community languages about any new technologies (smart meters), the financial help option and other information about energy consumption and conservation.
- CALD small businesses need assistance to understand the different types of contracts and their implications. This information needs to be in community languages and developed as part of an energy information package for businesses.
- CALD small businesses need assistance to understand their businesses' energy use and how they can reduce or conserve energy. This can be done through individual business energy audits and/or through information sessions delivered in community languages.
- Recruitment and training of bilingual educators in the languages of the new and emerging communities to deliver information sessions on energy markets and conservation, demand side participation and hardship assistance.
- The impact of price changes (including the Carbon Tax and its repeal) on CALD households and small businesses is not well understood. Further information and clarification about how price changes will affect CALD consumers should be included in broader energy information sessions for CALD householders and small businesses.

The Alternative Technology Association (ATA) has recently undertaken detailed research into the comparison of the costs of gas and electricity for consumers, in particular to understand the impact of projected retail gas price rises on energy consumers across the National Energy Market (NEM), and to identify cost effective alternatives for household energy management, where they may exist. The report by the ATA: 'Are we still Cooking with Gas? An Analysis of Cost Effective Energy Options'⁹ found that in some circumstances (especially in homes with LPG and in mild climates where there is an air conditioning system that can also be used for heating), it is already cost-effective for households to disconnect from gas and replace gas appliances with electric ones.

Despite this research, there is poor publicly available information regarding the number and nature of dual fuel (gas/electric) connections in NSW households, particularly with respect to CALD communities, public and community housing and rented dwellings.

The ECC believes that further research and subsequent detailed analysis needs to be undertaken of the impacts of rising gas prices on the range of CALD communities in New South Wales.

Recommendation:

2. *The ECC recommends that further detailed research and analysis be conducted to establish:*

- *CALD communities engagement and understanding of energy issues, particularly with respect to gas pricing and use.*
- *CALD communities' understanding of the changing cost benefits of gas usage in both domestic and small business consumption.*

The need for a review of energy concessions for disadvantaged and vulnerable consumers within CALD communities.

The dramatic price rises seen in the electricity and gas markets over the past five years, coupled with projected gas price rises for the next five years, points to the urgent need for a wide-ranging review of the energy concessions regime in NSW.

The findings from the Australian Council of Social Services' (ACOSS) discussion paper, *Preventing shocks and addressing energy poverty*,¹⁰ released earlier this year, highlights:

⁹ Alternative Technology Association, *Are we still Cooking with Gas? An Analysis of Cost Effective Energy Options* (Report, ATA, 2014)

¹⁰ Australian Council of Social Service, [*Preventing shocks and addressing energy poverty*](#). (Report, 2014, ACOSS)

A proportional rebate that reflects actual energy bills would better assist families on low incomes, and give large families with higher base energy needs a higher rebate.

This proportional rebate could be funded by combining funding for the Family Energy Rebate and Low-Income Household Rebate.

Low-income regional households are paying more, but getting the same rebate, even when they use the same amount of electricity.

The ECC notes that CALD communities are heavily represented among vulnerable and disadvantaged consumer groups and recommends concession rates be changed to be proportional rebates as soon as possible.

Recommendation:

3. The ECC recommends that the NSW Government change energy concessions to a proportional rebate at least equivalent to that offered in Victoria (17%) to address the cost of living impact of current and projected gas price increases on low-income and vulnerable CALD consumers.

Support for a National Productivity Plan to coordinate energy efficiency policies and standards.

The ECC welcomes the commitment in the Gas Plan to 'support households and businesses to use gas more efficiently to help reduce their bills and release pressure on overall gas supplies'¹¹.

The ECC has made submissions to the review of the Greenhouse Energy Minimum Standards Scheme (GEMS) review and research conducted by the ECC and others on the value of star rating and GEMS will be attached to the report undertaken by Databuild for the Federal Government. The star rating scheme is a particularly useful and well-used tool in CALD communities.

In its submission in response to the Energy Green Paper the ECC supported the proposal for a National Productivity Plan outlined in the Green Paper:

Recommendation:

4. The ECC recommends that the NSW government support the development of a National Productivity Plan through its membership of the COAG Energy Council and provide resources and personnel as needed.

¹¹ NSW Gas Plan 2014 Key Action 17, pages 6, 14

Potential expansion of regional gas networks in NSW .

Research by the ATA mentioned earlier¹² identified that there are no climate zones in NSW where it is cost effective for new homes to be connected to mains gas when efficient electric appliances are an option. Given this, the ECC is concerned both that Jemena is budgeting to expand its customer base by 150,000 customers over the next five years and that the State and Regional Development Committee report 'Downstream gas supply and availability in NSW'¹³ recommended that NSW adopt a policy termed 'Gas for the Bush'. Effectively, if adopted, this recommendation would see the NSW Government potentially subsidise private companies to connect regional communities to mains gas. Given that this is likely to lock in higher overall energy costs for those regional households, the ECC is very concerned about this recommendation.

Recommendation:

5. *The ECC recommends the NSW Government does not subsidise new or existing residential gas connections and instead develops programs that directly address energy affordability in regional areas.*

If you require additional information please contact Iain Maitland, Energy Advocate

Sincerely yours,

Sue Burton
Acting Executive Officer
Ethnic Communities' Council of NSW Inc.

¹² ATA 2014 op.cit.

¹³ State and Regional Development Committee, *Downstream gas supply and availability in NSW*, (NSW Parliament, 2014)