Comment

on the

Standing Committee on Climate Change, Energy and Water Inquiry into ACT Greenhouse Gas Reduction Targets

(April 2009)

INTRODUCTION

ACTCOSS acknowledges that modern day Canberra has been built on the traditional lands of the Ngunnawal people. We pay our respects to their elders and recognise the displacement and disadvantage they have suffered since European settlement. ACTCOSS celebrates the Ngunnawal's living culture and valuable contribution to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) is the peak representative body for not-for-profit community organisations, people living with disadvantage, and low-income citizens of the Territory. ACTCOSS is a member of the nationwide COSS network, made up of each of the state Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS' objectives are representation of people living with disadvantage, the promotion of equitable social policy, and the development of a dynamic, collaborative and sustainable community sector.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS receives funding from the Community Services Program (CSP) which is funded by the ACT Government.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

Introduction

ACTCOSS thanks the Standing Committee on Climate Change, Energy and Water for the opportunity to comment on the impacts of climate change and greenhouse gas reduction in the ACT. As a peak body representing and advocating for people experiencing disadvantage in the ACT, our concern is ensuring the ACT response to climate change is equitable.

It is clear that the social, environmental and economic impacts of climate change are likely to impact disproportionately on low income households. People on low incomes are less able to absorb increases in prices and are often in private or public rental accommodation resulting in less capacity to adapt their households and behaviour to improve energy efficiency. While we recognise the urgent need to reduce greenhouse gas emissions to prevent further long-term damage to our environment, the mechanisms and means to achieve reduced emissions must be equitable and not result in further disadvantage to vulnerable people in the ACT.

As a result, our comments will be specifically directed at part (2)(c)(iv) of the Committee's terms of reference, the social equity issues, costs and opportunities in achieving the greenhouse gas reduction target.

Price Increases

The costs of essential services, including electricity, water and fuel will rise, as we attempt to reduce greenhouse gas emissions through a growing number of initiatives at local, state/territory and national levels. For example, in relation to energy, the Carbon Pollution Reduction Scheme (CPRS) is a Commonwealth Government initiative to tackle climate change by placing a price on greenhouse gas emissions, to bring about a decline in energy use.

In regards to water, ACTEW's Managing Director recently announced that he expected Canberra water bills to rise $60 per year on average, as a result of storing water in the Tantangara Dam.[1] This will come on top of a 15% increase in 2008 for water and waste water charges, which added about $150 to average annual household costs and maintains Canberra's position in having the most expensive water of any major Australian city.

The problem with addressing climate change through such measures is many low income and vulnerable households cannot respond to price signals in the manner envisaged (eg. by switching to energy efficient appliances and behaviours). Many low income households are limited in their ability to modify and adapt their homes to increase energy and water efficiency, through lack of finances, knowledge or ownership of the property.

A 2009 NATSEM Report, commissioned by ACTCOSS showed that in 2003-04 low income households in the ACT were spending a 64% greater

[1] Graham Downie, Canberra Times, 27/3/2009, *Canberra water to cost extra $60 a year.*

proportion of their weekly expenditure on electricity than the average ACT households, and 41% more on water and sewerage.[2] Increasing costs of essential services will continue to place pressure on households already struggling to meet essential living costs, emphasising the need for initiatives to support low income households.

When setting a greenhouse gas reduction target for the ACT, it is essential that the specific needs and circumstances of low income and vulnerable households are considered.

There are a number of measures that could address and support low income households to lower their energy and water use, and therefore assist in meeting greenhouse gas reduction targets and in reducing expenditure on essential services. These include:

- Providing financial assistance and education to low income households to assist in modifying their homes and achieving behavioural changes that can reduce their costs of living and make a contribution to mitigating climate change;
- Providing greater incentives to landlords to make modifications to rental properties;
- Providing support to local and community based programs that assist and support communities in climate change mitigation and adaptation.

Concessions

The Commonwealth Government has undertaken to compensate low income households for the higher costs of energy, transport and food as a result of the CPRS. However, complementary measures are required at the ACT level to ensure the effects of the CPRS and other ACT schemes aimed at reducing emissions are not disproportionately felt by people experiencing disadvantage. One such measure is an increase in concessions to ensure that their real value is maintained as energy and water prices rise.

Energy Efficiency Programs

The ACT, in responding to the global financial crisis, has the opportunity to introduce measures of stimulating the economy that have the additional benefit of promoting energy efficiency and decreasing levels of hardship experienced as a result of rising utilities costs. The recently passed *Third Appropriation Bill,* for example, appears to be a lost opportunity to develop measures to assist low income households to become more energy efficient and adapt to rising costs of energy and water.[3]

The Commonwealth financial stimulus package has allocated funding for both new social housing stock and the upgrade of existing public housing

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[2] Alicia Payne & Quoc Ngu Vu, NATSEM (2008) *Expenditure of Low Income Households in the ACT,* p 5.
[3] See ACTCOSS (2009), *Comment on the Inquiry into the Appropriation Bill 2008-09* (no 3).

stock. Increasing the energy efficiency of these older properties should be an essential element of the upgrades. This should be done in conjunction with the *ACT Labor – ACT Greens Agreement* commitment to energy efficiency makeovers for Canberra homes, with the aim that all homes should have improved to above three stars for energy efficiency within ten years. [4] The focus of these makeovers should first be low income and disadvantaged households who are least able to absorb increases in water and energy prices.

ACTCOSS understands the Commonwealth financial stimulus package will also provide assistance to home owners in installing solar hot water heaters. Many people on low incomes are in private or public rental accommodation so will not have access to this measure. ACTCOSS encourages the Committee to consider innovative ways to support private landlords in particular to make energy efficient modifications to their rental properties, such as providing tax or other incentives and education programs. Similarly, specific programs should be developed that target private rental tenants, by educating and assisting them to modify and adapt their behaviour and properties where possible, to become more energy efficienct.

The ACT could also learn from the experiences of the United Kingdom, where it has been shown that energy efficiency programs offered to every household on the same basis tend to be used disproportionately by financially better off households. The UK has now put in place programs targeted at low income and disadvantaged households. The Energy Efficiency Commitment (EEC) was introduced in 2002, requiring energy retailers to achieve at least 50% of kwh energy savings from the Priority Group, which included a range of households eligible for social security benefits, including low income families, older people and people with disabilities.[5] The EEC funds insulation and energy efficient appliances and lighting. About 35% of UK households fall into the priority group and it is estimated that about two thirds of eligible households received some assistance through the EEC over a 4 year period.[6]

Impact on Community Organisations

Consultations for the ACTCOSS 2009-10 ACT Budget Submission[7] revealed that many community organisations are already struggling to meet the needs of current clients, and that they are experiencing higher demands as the effects of the global economic crisis are felt among middle and low income people.

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[4] ACT Labor and the Greens, *Parliamentary Agreement for the 7th Legislative Assembly for the ACT*, Appendix 2, p1.3.
[5] Office of the Gas and Electricity Markets, *Energy Efficiency*, accessed http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/Pages/EnergyEff.aspx
[6] Ibid.
[7] ACTCOSS (2009) *Prioritising People: A person-centred approach to today's challenges*.

Demand on community organisations, including crisis services and financial counselling services, is likely to continue increasing, as climate change impacts on ACT residents and costs of essential services rise. Australia and the ACT are also likely to experience a significant increase in regional and environmental refugees, borne from climate impacts, seeking assistance and relocation who will require support from local community organisations.

Community organisations require ongoing resources and support to meet the increasing needs of a growing body of clients.

ACTCOSS welcomes the additional funds allocated in the recent Third Appropriation for energy improvements in community and childcare facilities. Community organisations and other not-for-profit services often lack the funds to modify and adapt their facilities to increase energy and water efficiency. By improving energy efficiency for these facilities we are assisting organisations to make savings on energy and water bills and ensuring maximum resources are available for service delivery.

Conclusion

ACTCOSS commends the Committee for looking into the important issue of greenhouse gas emissions reductions. While we also commend the Committee for potentially leading the ACT to the forefront of climate change mitigation in Australia, we emphasise the importance of ensuring any policies give due consideration to equity and the impacts on low income households and people experiencing disadvantage. The social equity impacts must be considered equally important as the environmental and economic considerations in determining the effectiveness and appropriateness of our responses to climate change.