

Australian utility companies disconnect thousands of households

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Increasing numbers of Australian households are being disconnected from electricity and gas supplies because of soaring energy bills, according to recent surveys. The figures indicate that the most vulnerable people—unemployed, disabled and the elderly—as well as ordinary working-class families, are being pushed over the financial edge by rising utility prices.

The Independent Pricing and Regulatory Tribunal (IPART) found that 23,000 households in New South Wales (NSW) had their electricity disconnected last financial year for non-payment. This was a 25 percent increase on the previous year, when 18,500 were cut off. The number of gas disconnections rose by 15 percent.

Similar increases are occurring in other states. According to the Essential Services Commission (ESC), 24,000 households in Victoria suffered electricity disconnections last financial year, up 33 percent on the previous 12 months. Gas cut-offs rose 50 percent to 20,000. In South Australia there was a 34 percent increase in electricity disconnections, to 10,100, and gas cut-offs leapt by 62 percent.

Figures from the Queensland Competition Authority show that in the 2010-11 financial year, more than 24,500 residences in that state were disconnected from electricity for non-payment, a 37 percent annual rise. In the first quarter of this financial year, the disconnection rate rose further—over 7,000 households had their power cut-off.

A submission by Dr Lynne Chester to this year's Senate Select Committee on Electricity Prices noted that increases in electricity prices for households "clearly outstripped average wages growth, the CPI [consumer price index], the Pensioner and Beneficiary Living Cost Index [PBLCI] and the CPI Electricity Price Index."

Chester, from the University of Sydney's department of Political Economy, noted that the PBLCI had increased by more than 17 percent over the past five years to mid-2012. During the same period, average household electricity costs rose nearly 80 percent in NSW, over 60 percent in Queensland, South Australia and Tasmania, 57 percent in Western Australia, 37.5 percent in the Northern Territory and 44.9 percent in the Australian Capital Territory. Victoria electricity prices rose by 39.3 percent from 2007-08 to 2010-11.

The Combined Pensioners & Superannuants Association stated in its submission that the utility increases had a "dramatic adverse impact" on low income households. "The CPSA regularly receives distressed calls from older people," it reported, "who are refraining from using heaters, taking fewer showers and minimising television and light use from fear of the costs involved."

In a letter to the Senate, Jan Turner, a pensioner, wrote: "We had an electricity audit done last year and were told then there was nothing further he [the auditor] could advise us to cut down on as we are already pared to the bone..."

"We use neither electric heating nor air-conditioning, cook on an electric stove but seldom use the oven as that is too expensive, using stove top or microwave instead. We both take one minute showers and I follow my husband into the shower to save waste.

"Exactly how are we supposed to cut down any more? Eat our meals raw or eat in the middle of the night? Give up watching television at night? Surely this is not something people should be reduced to."

Another submission from a near retirement-age couple said: "For the first time in our lives, we had to ask for extensions to pay our electricity bills last year..."

We are really worried that we just won't be able to

afford to pay energy and water bills once we retire—already we are having to use our savings just keep our heads above water.”

The sharp rise in energy prices is having a devastating impact on low income families—the 3.5 million Australian households that fall in the two lowest quintiles. Research shows that an ever-greater proportion of their income is going to paying domestic energy costs.

According to Australian Bureau of Statistics figures, households in Victoria in the second and third lowest quintiles of income spend around 4.5 percent of their income on energy—more than twice the 2.1 percent for the wealthiest 20 percent of households.

Growing numbers of poorer households either go without other basic necessities, such as food and clothing, in order to pay energy bills or, unable to find necessary funds, remain disconnected. In South Australia, one third of the 10,000 households whose power was cut off for non-payment in 2011-12 failed to reconnect.

Last month, an Australian Council of Social Services representative told the media that “many people are choosing not to reconnect because they simply don’t feel like they can afford [to] and so they’re operating their households without electricity any more, using candles.” Another charity group reported that some disconnected households were “heating rooms with barbecues.”

Disconnections not only create the conditions for house fires, as people begin using alternative methods for lighting, heating and cooking, but also have other health consequences.

A recent Public Interest Advocacy Centre study of family experiences following a utility disconnection reported that 34 percent of household members became anxious or distressed, and 17 percent of children were unable to do homework. Others could not use a medical device or became ill.

Whilst escalating utility prices have produced ever-greater levels of social hardship, there have been windfall profits for power companies. AGL recorded a 13 percent rise in profit, to \$429 million, in the past financial year. Origin Energy increased its profit by 10 percent to \$585 million, Energex by 44 percent to \$185 million and Ergon by 28 percent to \$166 million.

Prime Minister Julia Gillard is cynically using the

widespread concern over rising electricity prices to press for further free market “reform” of the energy sector. This includes full privatisation of remaining state-owned energy assets and the removal of any regulations that restrict the right of power companies to determine electricity prices. The Labor government’s moves will further boost profits of energy providers at the direct expense of the living standards and health and safety of ordinary people.



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