

Thousands of Australian households cut off electricity

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Based on figures from just one major energy supply company, almost 200,000 households in eastern and southern Australia were threatened with having their power disconnected between 2012 and 2015, and about half were cut off.

In a recently released report, *Households in the Dark*, St Vincent de Paul Society researchers found that extreme financial distress was the basic reason, not just the high cost of electricity. The study provides a glimpse into the severe hardships and mounting difficulties that working class households are facing.

St Vincent de Paul, a Catholic charity, undertook the research using data provided by AGL, a big electricity and gas retailer, on electricity disconnections in South Australia, Victoria, New South Wales (NSW) and parts of southeast Queensland.

In total, AGL requested that its bulk electricity suppliers carry out 199,704 disconnections over the three-year period. The supply companies completed 50 percent of these service orders, while 45 percent were not completed and 5 percent were partly completed.

AGL's cut-offs, which showed a slight decrease in disconnections requested from 78,156 in 2012–13 to 63,644 in 2014–15, are only part of the picture. Overall national figures are not readily available, but other statistics point to a rise in cut-offs. Data from the Australian Energy Regulator (AER) covering just NSW, the most populous state, indicates that disconnections doubled per year from 15,835 in 2009–10 to 31,978 in 2014–15.

Thousands of people are being cut off despite reassurances by governments and regulators that strict provisions exist, requiring utility companies to disconnect as a last resort, and to provide payment plans for people facing hardship.

During 2014–15 another 77,838 households in NSW

were on payment plans, due to difficulties meeting their electricity bills. Despite regulations barring households from being cut-off if they require electricity for life support or have payment plans, the AER web site indicates that such disconnections are still taking place.

Households in the Dark identifies the 50 postcode areas in each state where the largest number of disconnections occurred during the three years from 2012 to 2015. Towns in rural and regional New South Wales, and some working class suburbs in Melbourne, Sydney, Adelaide and Brisbane had the greatest numbers of cut-offs.

Analysis found that in the worst-affected postcodes, some 53 percent of households were experiencing housing stress and 63 percent were on low incomes of less than \$600 per week. Over 60 percent were headed by sole parents, more than 60 percent rented their homes, 58 percent were younger age householders and of the two-parent households 49 percent were “both not working.”

St Vincent de Paul Society spokesman Gavin Dufty said the results showed the cost of housing, food and transport were making it difficult for people to pay their bills.

Cut-offs entrenched hardship and poverty, St Vincent de Paul CEO John Falzon said; “Being disconnected can have profound impacts for households already struggling with everyday living costs, leading to adverse health and wellbeing effects, including an inability to cook, store food, heat or cool rooms, or stay in touch with the wider world.”

Previous studies found aged pensioners refraining from using heaters, taking fewer showers and minimising television and light use for fear of being cut off. Disconnected households use candles for light and outdoor barbecues for heat, risking fires. Food is

damaged without refrigeration in summer. People are forced to eat take away meals and to bathe in cold water, often suffering physical and mental ill health, depression and anxiety. Children and the elderly are most vulnerable.

The latest study found a number of postcodes in rural and regional areas as well as working class suburbs in Sydney and Melbourne where 200 customers or more had been disconnected at least twice.

Generally, there was a delay in carrying out disconnections, due to distance and the requirement for a serviceperson to visit the premises. However, in Victoria, the state with the largest number of actual disconnections, they could be carried out remotely, due to the introduction of “smart meter” technology.

Working-class and poor families face a choice every week, of whether to pay utilities, rent or mortgage payments, health care costs, including the purchase of medicines, educational expenses for their children, or just to put food on the table. In particular, the cost of housing has increased astronomically, above all in Sydney and Melbourne.

The correlation between multiple disconnections, job losses and general poverty levels could be seen in areas like the northern suburbs of Adelaide, where larger numbers of multiple utility disconnections have been recorded with the shutting down of the car industry.

Utility costs have soared since 2008. From 2007–08 to 2010–11, 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. Victorian electricity prices rose by 39.3 percent.

Successive state governments, Liberal-National and Labor alike, have privatised all or most of the electricity generation, supply and retail networks. The last federal Labor government urged states to accelerate this “free market” reform.

This process has allowed corporate giants like AGL to profit directly at the expense of working class households. Despite being hit by falling natural gas prices, AGL’s underlying profit of \$375 million for the second half of 2015 was up 24.2 percent on the previous corresponding period.

In the campaign for the July 2 federal election, all the

major establishment parties are insisting that “we must live within our means,” that is accept the austerity dictates of the financial elite. Constantly being threatened with being cut off essential services, like electricity, is not “living.”

Despite the impact these disconnections are having on the lives of working class and poor families, the mass media all but ignored the *Households in the Dark* report. This indifference and cover-up serves a political purpose. To report the social reality would further fuel the widespread opposition to the welfare and other budget cuts that governments have sought to impose.

The report’s authors make various proposals which, even if implemented, would have only a marginal impact. These include “energy efficiency programs” to encourage frugality by low-income households, greater energy concessions, increased welfare payments and education programs about “how to navigate the energy retail market, by shopping around for the best deal.”

In reality, the research shows the need to totally reorganise economic life along socialist lines to meet human need, not corporate profit requirements.



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