

# Energy Prices as share of disposable income – a problem for low-income households



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## About ACOSS

The [Australian Council of Social Service \(ACOSS\)](#) is a national advocate for action to reduce poverty and inequality and the peak body for the community services sector in Australia. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life.

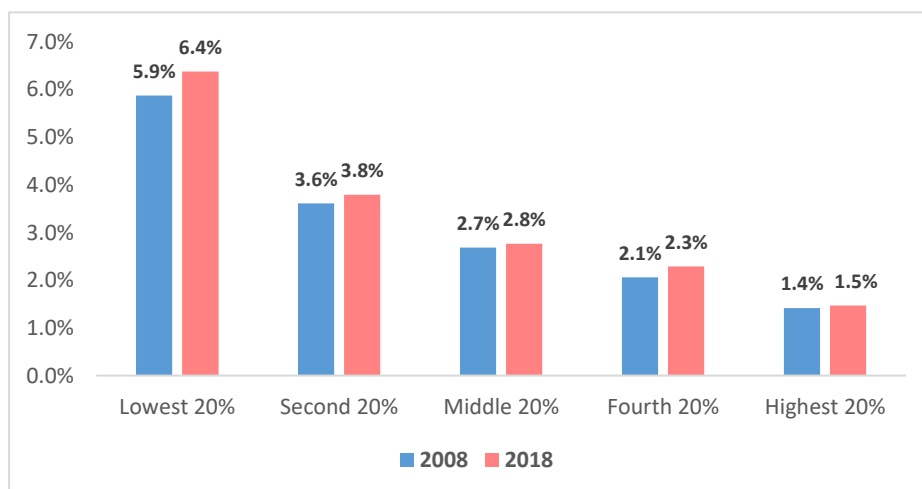
## Summary

ACOSS and BSL commissioned the Australian National University (ANU) Centre for Social Research and Methods to undertake a [distributional analysis of energy prices](#) and compare the results with a decade ago.

The results find that despite very strong energy price increases over the past decade there has been relatively little change in energy costs compared to incomes. The average share of energy costs to disposable income increased from 2.3% to 2.4% over the last decade.

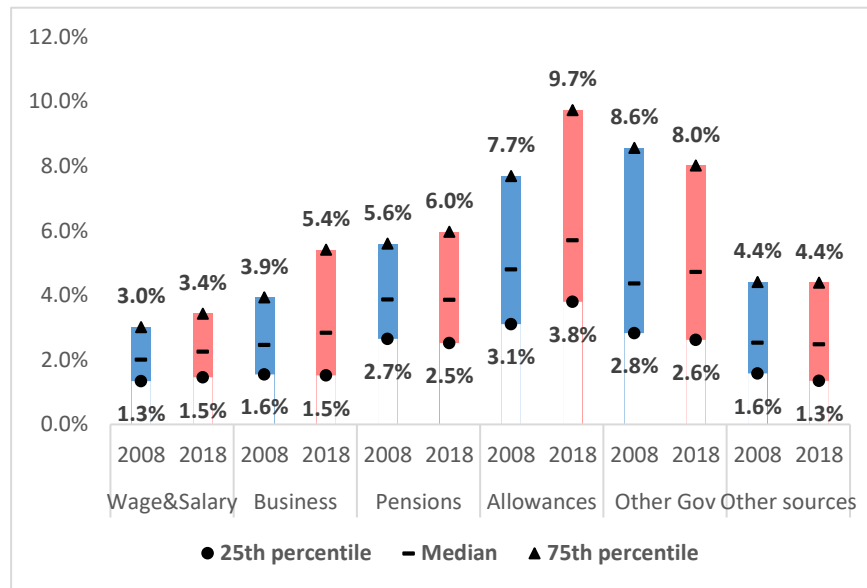
However, people on low incomes have fared far worse, paying disproportionately more of their income on energy bills (6.4%); and this has risen more than other income quintiles since 2008 (5.9%).

**Figure 1: Electricity and gas expenditure as a percentage share of income by disposable income quintiles**



*This graph shows energy expenditure as a share of income by each 20% of households, the lowest 20% of households by disposable income and the highest 20%. SOURCE: Phillips, 2018*

Figure 2: Percentile distribution for electricity and gas expenditure as a percentage of income by main disposable income



This graph shows the percentage of energy expenditure for different income groups. Within each group, the top of the column is the 75th percentile, the dash is the average, and the bottom of the graph is the 25th percentile. This graph shows over 25% of those on allowances spend over 9.7% of their income on energy. Source: Phillips 2018

ACOSS and BSL undertook [further research](#) to examine key policy solutions. Key recommendations included:

- Raising Newstart by at least \$75 a week.
- Invest in energy efficiency measures or solar for low-income homes. This could provide annual savings from \$289 for apartments to \$1,139 for houses.
- [Emissions reduction mechanism](#) to provide investment certainty.