

# Briefing Note

## Putting People and Communities at the Centre of Clean Energy Package

20 October 2023

### Key points

- The federal Government is preparing a package of clean energy *industry* measures to respond to the United States' multi-billion-dollar Inflation Reduction Act. Any Australian package must include supports for people and communities on low incomes.
- Cost of living is worsening for many people. Currently, 97% of people on low incomes struggle to afford their energy bills and are consistently left out of clean energy measures.
- ACOSS is recommending a range of funding and legislative measures to ensure people and communities on low income are at the centre of the transition to a clean energy economy.

### Why this is important

Climate change policies continue to be poorly targeted and inequitable, largely benefiting people with wealth, choice and control. This leaves people experiencing disadvantage paying disproportionately more for the energy bills and towards the cost of the transition to clean energy, while missing out on the benefits delivered through energy efficiency, electrification, rooftop solar, batteries, electric vehicles, or potential new jobs.

In a recent national survey of people on low incomes, 97% indicated they were struggling to afford their energy bills and are running out of options. People reported taking drastic measures like not heating their home in the middle of winter, turning fridges off overnight, limiting showers, not having visitors, and going without food or medicine to afford their bills.<sup>i</sup> People are getting sick and dying because they cannot heat their homes in winter and cool them in summer.<sup>ii</sup>

According to the Australian Energy Regulator, energy equity, particularly affordability, remains a significant concern in energy markets.<sup>iii</sup>

Energy affordability, combined with ongoing cost of living crisis are sending people and communities to break point. Recent polling shows support for action on climate change is slipping in priority as cost of living takes precedence.<sup>iv</sup> People and communities will not get behind a faster transition if we do not simultaneously address cost of living and put people at the centre of the transition.

Investment in distributed clean energy – rooftop solar, electric hot water, electric heating and cooling, insulation, batteries, and electric vehicles – targeting people on low-incomes, would build industries of the future, create thousands of jobs in manufacturing and installation, provide cost of living relief, improve energy reliability, and cut poverty and inequality.

We cannot keep prioritising profitable big industries ahead of people who are doing it tough, and struggling to afford housing, energy, transport, medicine and to put food on the table. We must put people and communities experiencing financial and social disadvantage at the center of policy making and funding decisions and embed fairness and inclusion in plans for a rapid transition to a clean energy economy.

If the US can make reducing poverty and inequality a key pillar of their Climate Change plan, and prioritising federal funding to enable people and communities on low incomes access zero emissions solutions,<sup>v</sup> so can Australia.

## Key policy asks of federal Government

In addition to support for clean energy industry, ACOSS is seeking support for the following funding and legislative measures to be part of a federal government clean energy package.

### **Funding measures**

- Fully fund energy efficiency, electrification, and solar retrofits to social housing (public, community and Aboriginal and Torres Strait Islander housing) over the next seven years.
- Provide subsidies and no-interest loans to support low-income homeowners to access energy efficiency audits and upgrades, electrify and install small-scale renewables over the next seven years. This could include funding third parties to implement the program.<sup>vi</sup>
- Provide funding and finance to support states and territories to implement mandatory energy performance rental standards. This could include subsidies and incentives to landlords and provide funds to third parties to implement an initial program targeted at low-income housing.<sup>vii</sup>
- Ensure First Nations free, prior, and informed consent, and in consultation with First Nations Communities, establish a First Nations Communities Clean Energy Fund to invest in clean energy, electrification, and energy efficiency for remote communities.
- Accelerate access to affordable electric vehicles for people on low-incomes by funding to stimulate a second-hand electric vehicle market; charging infrastructure in outer suburbs, regions, and remote communities; and provide no-interest loans and means tested subsidies for both new and second-hand cars.
- Lift income support payments, including JobSeeker and Youth Allowance to the pension rate to support people to afford energy and build resilience to climate change impacts.

### **Legislative and regulatory reforms**

- Amend the Climate Change Act to include **Amendments to the Climate Change Act 2022** to include an objective, principles, and processes to guide a fair, equitable and inclusive transition to net zero emissions.
- Include an **Equity and Inclusion workstream** in the Energy Ministers **National Energy Transformation Partnership**.

## Contact

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- <sup>i</sup> ACOSS (2023) Energy and Cost of living snapshot <https://www.acoss.org.au/wp-content/uploads/2023/10/ACOSS-Energy-Cost-of-Living-Snapshot-October-2023.pdf>
- <sup>ii</sup> <https://www.acoss.org.au/wp-content/uploads/2023/02/ACOSS-Plus-Submission-to-National-Energy-Performance-Strategy-Consultation-paper-07022023.pdf>
- <sup>iii</sup> AER (2023) State of the Energy Market 2023 <https://www.aer.gov.au/system/files/State%20of%20the%20energy%20market%2023%20-%20Full%20report.pdf>
- <sup>iv</sup> <https://www.smh.com.au/politics/federal/cost-of-living-crisis-drives-slump-in-support-for-urgent-climate-action-20230816-p5dwx7.html>
- <sup>v</sup> <https://www.americanprogress.org/article/the-inflation-reduction-act-reduces-emissions-and-income-inequality/>
- <sup>vi</sup> See for example ACOSS 2021 proposal for a National Low Income Energy Productivity Program. Analysis by Deloitte Access Economics of the program found that delivering energy efficiency and solar to low-income homes specifically could create an additional 1,800 jobs and could deliver an additional 4.9 billion in gross domestic product and deliver a 17% higher economic impact than and equivalent program across a broader base. Note new costings would be needed. <https://www.acoss.org.au/wp-content/uploads/2021/08/Brief-Proposal-and-implementation-plan-for-National-Low-income-Energy-Productivity-Program-September-2021.pdf>
- <sup>vii</sup> As above