



SACOSS

*South Australian Council
of Social Service*

**Submission to the Legislative Council
Select Committee on Peak Oil
May 2008**

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Introduction

SACOSS is the peak body for social services in South Australia. SACOSS is a not-for-profit independent organisation and our members represent a wide range of interests in social welfare, health and community services. SACOSS is part of a national network assisting low-income and disadvantaged people. SACOSS and its members have a *vision of justice, opportunity and shared wealth for all South Australians*.

This submission has been informed by the *Blueprint to eradicate poverty*, our long term anti poverty plan for South Australia as well as consultation with the SACOSS Policy Council¹ which informs and shapes SACOSS social justice policy positions. The *Blueprint to eradicate poverty* is organised into the five key themes of;

- Income,
- Education Employment and Training,
- Housing,
- Health and Wellbeing and
- Social Participation,

Each will be addressed in this submission. SACOSS does not have the resources to examine the extremely complex issues of oil depletion in detail, therefore we will make comments based on our *Blueprint*. Our primary focus in this submission will be on the costs of food and transport and the impacts on low income and disadvantaged people in South Australia. SACOSS has developed nine recommendations for the committee's considerations in mitigating the impacts of peak oil.

Poverty and Peak Oil

Poverty remains a persistent and entrenched feature of South Australian society. Poverty has many faces, and for many people it represents the ongoing and daily struggle to navigate through everyday life. It means the constant denial of living life to the full. For some people, poverty is going without nutritious and affordable food, for others it induces depression and stigma from the lack of decent employment, and for others it means that they are unable to engage with some of the 'staples' in life that many people take for granted, such as the opportunity to socialize or to pay for a school excursion for a child.

Australia is heavily dependent on rapidly declining petroleum sources. Petroleum is currently essential for agriculture and most facets of Australia's community life and economic systems as well as for transport. As supplies dwindle, flow on price increases will have long term and substantial impacts on the health and wellbeing of low income households. Whilst many households have sufficient financial assets to weather such cost increases, for low income households and people living in poverty, there is very little buffer. Alongside this, is the challenge of how to reduce reliance on petroleum sources in an integrated and sustainable way rather than a piecemeal approach.

¹ The Policy Council is a group of 40 elected members representing the broader interests of the non government sector in South Australia.

SACOSS main recommendation to the Peak Oil Inquiry is:

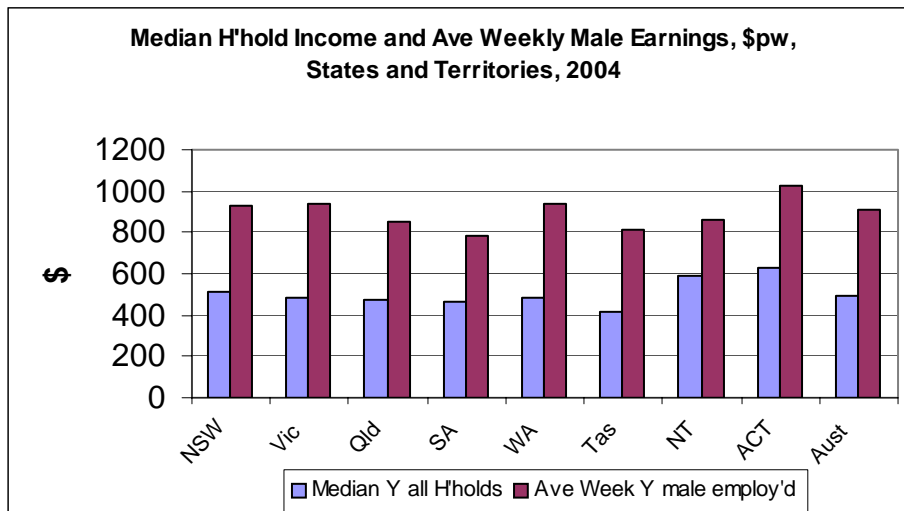
Recommendation 1: That the Committee recommend the development of a peak oil management plan for South Australia. This plan to include, at a minimum:

- **Major Transport and urban planning reforms in order to prepare the state for significant increases in fuel costs**
- **Major investment in public transport both in Adelaide and in rural and regional South Australian to ensure that travel to work and recreation remains affordable**

Income

While people living in poverty experience its damaging and harmful effects in different ways, they are all united in one of its main causes – the lack of a decent *income*. For people living on low-incomes, the ability to enjoy a healthy life and participate fully in social life is extremely curtailed. Many people in low-income households remain geographically isolated, live in poor quality housing, and struggle to pay the bills. An unexpected bill or an increase in utilities can be the tipping point for some households.

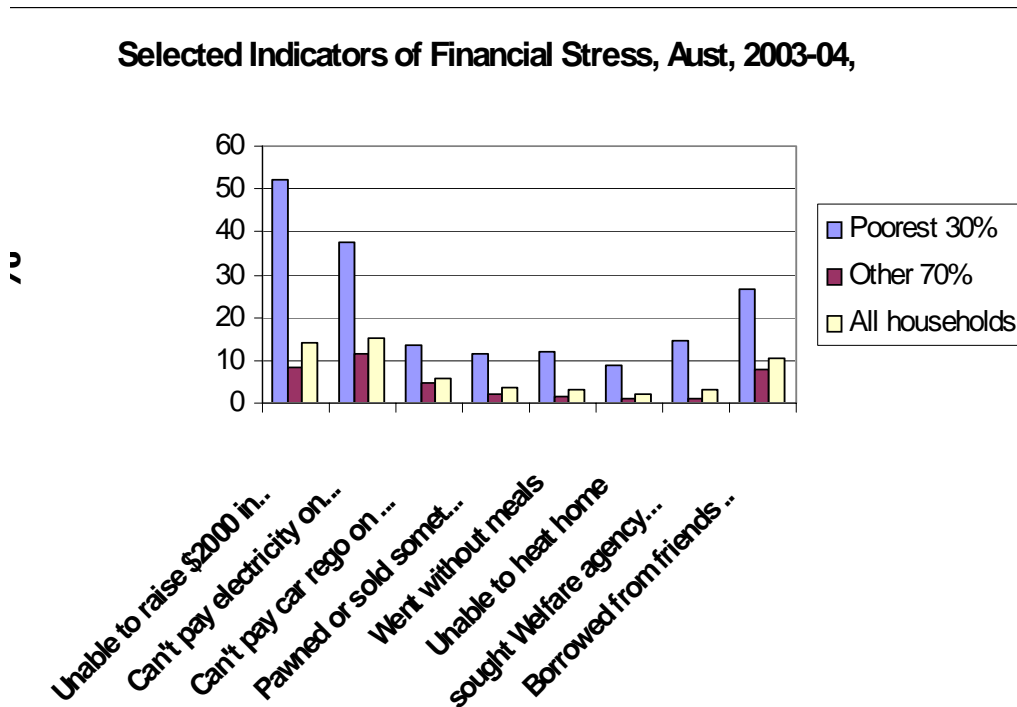
The following graph shows the gap between the median household equalised income and average weekly male earnings, which is often (erroneously) regarded as the sort of income level that most households enjoy. The reality is that a half of all South Australian households have an annual household (equivalised) income of less than \$27,200 per annum.



Raising the income levels of the poorest South Australians should remain a high priority, as it is the most important strategy to transform the lives of the most disadvantaged and

vulnerable people within the state, so that they are able to withstand the expected price increases of Peak Oil.

This graph shows that the poorest 30% of the population experience a wide range of financial stress.

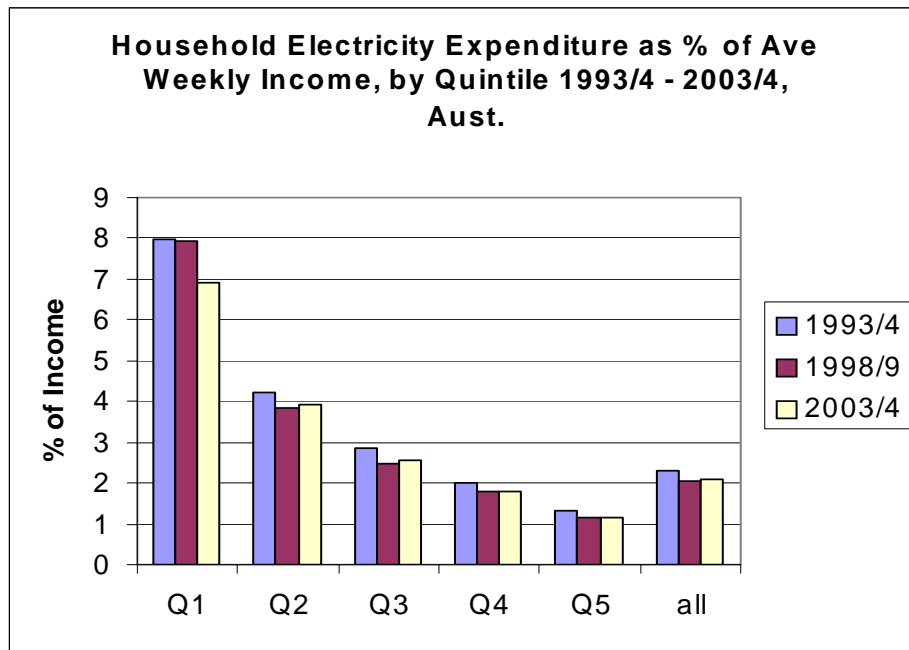


This data shows that at least 15% of South Australian households will struggle to pay utility bills because they are on very low incomes. Energy costs, particularly for electricity provide a critical issue for low income households confronting the implications of Peak oil.

Demand for energy is growing rapidly from the emerging economies, particularly India and China, but also Brazil and Russia. This coupled with diminishing supply of oil due to Peak oil, means that prices for all fuels are growing steadily at the moment and are likely to grow considerably in the future. Both coal and gas, as substitutes for oil in many applications, will experience major price rises which will feed into higher electricity prices in Australia for the foreseeable future. It is expected that renewable energy sources will remain a small component of Australia's energy generation for at least another decade.

The next graph shows that low income households pay significantly more for electricity, as a percentage of income, than higher income households, despite using less electricity. The graph shows a reduction in percentage of income spent by the lowest quintile in 2003/4, compared to 1998/9.

This graph underlines an important issue, namely that low income people spend a much higher percentage of their household budget on 'basic' living costs, because their incomes are low. Electricity is an excellent example because higher income people are unlikely to think about their electricity expenditure, but lower income people are very conscious of their electricity use, because even though they use less than higher income people, it is a much larger proportion of their household budgets



Source ABS

A concessions review is particularly relevant in ensuring that people on low incomes can be protected against expected price rises due to the impact of Peak Oil. State Government Concessions must be targeted very specifically at the poorest in our community in order to improve their standard of living. SACOSS believes that the current state government concession scheme lacks coherence and consistency, is poorly targeted and is not effective, efficient or as equitable as it could be.

Recommendation 2 : That the Committee call for an independent review of concessions in South Australia to examine the scope, targeting and possibility for an extended and cohesive concession system.

Concessions will also need to be adjusted regularly to keep up with the real growth in costs for low on modest income households.

Employment education and training

Education is a universal human right, and arguably the most important determinant of a person's life-chances. SACOSS believes that every person, irrespective of their background, should be given the opportunity to develop their own skills, knowledge and talents throughout the course of their life. Education is a fundamental ingredient for a healthy society, and is therefore instrumental in tackling social and economic inequality:

Health, disability, poverty and lack of transport are all barriers to employment, education and training. Each of these elements would be affected by expected price rises due to the impact of Peak Oil. Compound effects of transportation costs would significantly impact on low income people's ability to engage in employment education and training.

Recommendation 3: That the Committee consider the current barriers to improved employment, education and training outcomes for low income South Australians, with emphasis on the efficiency, affordability and reliability of public transport .

Health and wellbeing

Poverty and poor health and well-being are inextricably linked. Research from around the world has consistently shown that the poor are more likely to suffer ill-health than well-off members of society. Health inequities remain a persistent and enduring feature of Australian society. For the poorest 20% of people, only 35.2% rate their health as very good or excellent, while 65% of people (nearly double) in the highest 20% of the income distribution rate their health as very good or excellent

Health and Income



Recent data from the World Health Organisation also suggests that in Australia, behaviours that pose a risk to health such as smoking and obesity are increasing,

particularly among lower socio-economic groups. Despite a period of sustained economic growth, health inequities on a range of indicators have also increased in South Australia (for example the number of babies born with low birth-weight).

There are a range of transport barriers facing disadvantaged groups when accessing health services and engaging with their community. These barriers include, cost, availability and reliability of transport services. Any increases in transport costs, such as petrol and public transport must not impact on the ability of low income households to access health services or engage with their community.

Recommendation 4; That the committee consider a review of transport issues linked to health services. This review will seek to evaluate the extent and impacts of transport barriers on health and identify strategies for improving access for disadvantaged groups.

Transport costs also impact on the cost of food. New and innovative ways need to be found to deliver affordable fresh food options for low income consumers. There is an inextricable connection between good nutrition and health and as such any barrier that prevents access to good nutrition (income, price, availability of fresh nutritious food, transport, knowledge and skills etc) can increase the incidences of morbidity and death amongst low income consumers. There have been a range of activities funded across the Government and nongovernmental sectors over many years, such as peer based community development and education projects such as *Community Foodies* and place based initiatives such as *Community Gardens* and *Community Food Cooperatives*. These programs serve a number of purposes- they aim to increase social capital and social connections, increase the uptake of healthy and nutritious locally grown food, promote sustainability and minimise waste.

Recommendation 5: That the Committee consider a wider rollout of Community Foodies and related programs such as community gardens and food co-operatives

Housing

Housing impacts upon a person's life in very profound ways. A person's life chances can be substantially improved, or fundamentally harmed, by a range of factors related to housing. These include the type of house a person lives in, its location, and the amount of income spent on housing costs. Housing and health and well-being are also closely linked. Living in poor quality housing dramatically increases the chance of poor health (for example, evidence from the UK suggests that children living in poor quality housing are 25 times more likely to be at risk of meningitis). As the *Social Health Atlas of South Australia* confirms poverty and housing issues are also entwined. Housing is a crucial ingredient in the overall 'health' and vibrancy of a community.

The impacts of peak oil on transport and housing for rural, regional and remote communities should be given highest priority.

Recommendation 6: That the committee consider an audit of rural housing stock and transport need with a 10 year future projections to ensure supply of affordable rural housing and reliable transport.

To minimise petroleum based transport usage and maximize other forms of transport, urban density and innovation should be increased. The current trend to supporting new housing developments on urban fringes without sufficient planning for regular and reliable public transport and other services is unsustainable and a target for urban density and design will optimize the space for sustainable housing in the main metropolitan areas across SA.

Recommendation 7: That the committee consider targets for urban density and innovation in urban design for state and local Government

Social participation

Social Participation is a key indicator of the overall 'health' and vibrancy of a community. Research has consistently shown that there is a 'social gradient' across society. In other words, people from poorer communities, are less likely to be happy with the area they live, are less likely to volunteer their time, and generally become less involved in community activities. Poverty remains one of the most fundamental barriers for wider social participation.

Qualitative focus group research with low income Australians confirms that the lack of adequate, affordable and reliable transport is a constant source of difficulty and cause of social isolation. SACOSS advocates that the State Government develop a model for social impact assessments, with a Dept of Transport pilot. The intention would be to improve access to transport for low income and disadvantaged households.

Transport is consistently raised by SACOSS members and low income people as a major concern for them, however transport as the social policy priority is always running 'second fiddle' to the crucial questions of housing, health and education. Years of disconnect between transport and land use planning need to be reversed, with an expanded network of train, light rail and bus services coordinated to provide a seamless network in order to ensure that public transport alternatives remain affordable and reliable.

Recommendation 8: that the committee consider the development of a model for social impact assessments on all major development works concerned with housing or transport.

Recommendation 9: That the committee considers the impacts of accessibility and availability of transport as an impediment to social participation for low income and excluded groups.