



21 September 2023

Professor Allan Fels AO (Chair)  
Inquiry into price gouging and unfair pricing practices  
Reporting to the Australian Council of Trade Unions (ACTU)  
<https://pricegouginginquiry.actu.org.au/>

Dear Chair,

**RE: Price gouging and unfair pricing practices**

I thank you for the invitation to make a submission to this inquiry. For the St Vincent de Paul Society, the issue of fairness is at the core of all we do. We are a lay Catholic organisation comprising over 45,000 members and volunteers and over 6,000 employees. The Society has operated in Australia since 1854 helping people with emergency relief, and other support services.

The Society operates the largest homelessness prevention service outside of government offering short-term crisis accommodation, transitional housing, medium to longer-term- community housing, accessible housing for people living with disability and specialist homelessness services.

In addition to our housing services, the Society distributes around \$50 million a year to help people meet their basic needs such as food, utilities, accommodation, transport, medical and educational costs. This assistance is additional to the help given through our vans, shops, drop-in centres or our transitional and community housing services. Emergency relief is intended as a short-term form of assistance, but we are seeing more people come to rely on it due to the current housing and cost of living crises and income support payments that fail to cover the necessities of life.

**Common Good**

We would like to think that a fair community is one that would not turn a blind eye to unfair pricing practices, even though parts of that community may stand to benefit from them. Our position is informed by Catholic Social Teaching principles, particularly the 'common good', where the aim is to work together to improve the wellbeing of people in our society and the wider world. The rights of the individual to personal possessions and community resources must be balanced with the needs of the disadvantaged and dispossessed.

**The Poverty Premium**

The Society considers that governments should look to implement laws that reduce opportunities for price gouging and unfair pricing practices. Raising prices significantly higher than inflation, or higher than what is considered reasonable, is deeply unfair as it disproportionately affects low to middle income households.

The recent Anglicare Report *The Poverty Premium* demonstrates people living in poverty often end up paying more for food, credit, transportation, data/telecommunications, energy, and insurance.<sup>1</sup> People on low incomes pay:

- 10 percent more on fuel for less efficient cars
- 20 percent more on energy
- 23 percent more on public transport
- 45 percent more on credit and loans
- 61 percent more on insurance
- 93 percent more on groceries, and
- 142 percent more on phone data.

A recent report commissioned by the Society, [A Fairer Tax and Welfare System](#), identifies that the households most likely to be living in poverty are those relying on JobSeeker (59.6 per cent) and working age pensions (Disability Support Pension, Parenting Payment (Single) and Carer Payment (25.7 per cent)), followed by single parents (25.5 per cent), lone persons (18.7 per cent) and renters (17 per cent).

While recent increases and changes to JobSeeker, Commonwealth Rent Assistance and Parenting Payment (Single) are welcome, they are not enough.

Australian Bureau of Statistics data show that over the 12 months to June 2023, all living cost indexes rose by between 6.3 per cent and 9.6 per cent. Insurance and financial services, food and non-alcoholic beverages, and housing were the main contributors to the rises.<sup>2</sup>

Research by The Australian Institute revealed that in the fourth quarter of 2022 companies 'raised prices 160 per cent above the cost of labour, taxes and inputs, and over and above new profits.'<sup>3</sup> Further, large profits made by banks, supermarkets, insurance companies, energy companies and property investors during COVID-19 have continued into the post-lockdown period, particularly in wake of the Ukraine war.

### **What we see**

Cost of living statistics are also borne out by the Society's experiences over the last 12 months. We are witnessing overall increases in demand for emergency relief, particularly help with food, utility, transport and accommodation expenses. Requests for assistance are increasing month on month. In NSW, overall requests for assistance have increased 20 per cent, with the majority (80 per cent) seeking help with food.

And while those in low-income households often must go without or make difficult decisions like skip a meal or medications to pay rent, these situations are increasingly being experienced by middle income households.<sup>4</sup>

Of those the Society assists with emergency relief:

- most are aged between 30 to 70 years (around 70 per cent)
- females are overrepresented (around 60 per cent)
- most are renters (around 70 per cent) and around one-fifth are homeless
- around one-third are single parent families, but many also live alone (30-50 per cent)
- many seek our help multiple times a year, on top of seeking help from other charities
- most are on income support (90 per cent)
- around one-third live with a disability, and
- more people are seeking help for the first time (around 20 per cent).

The Society also assists households to meet education costs, especially those with school-aged children. This includes covering the basics such as uniforms and IT needs.

The Society helps when disasters strike, in the immediate aftermath and longer-term. A common theme is that many of those seeking assistance often have no insurance or are underinsured. And those who choose to remain or rebuild in high-risk areas, are faced with high insurance premiums that they are unable to afford.

The evidence base and our experience have shown that:

- Low to middle income households are unable to benefit from economies of scale. Often their circumstances are such that they cannot buy in bulk and are unable to set up regular, direct debit payments. They often have no choice but to make multiple, short-term payments which are nearly always more costly than paying bills on time and in full. This is exacerbated by limited consumer choice, particularly in regional or remote locations and in certain sectors, such as insurance and telecommunications.
- Low to middle income households have no or limited discretionary money which means they are more impacted by price increases and, with limited capacity to absorb these increases, often have to make difficult choices between essential items.
- Low to middle income households may have poor credit histories which impede their purchasing power and limit their financing choices.
- Low to middle income households in regional and remote locations are likely to have fewer public transports options necessitating vehicle ownership and all its associated costs including fuel (which is likely to be higher), maintenance, registration and insurance.

### **What should be done**

The Society considers the following actions could cushion the effects of price gouging and unfair pricing practices for low to middle income households namely

- regulating the Buy Now Pay Later sector. The Society is a member of the *Close Lending Loopholes Alliance* and was a co-signatory (along with 21 other community organisations) to its submission calling for regulation.
- improving access to energy efficiency schemes. The Society was a signatory to an [open letter](#) to Government calling for funding to support home energy retrofit packages that prioritise low-income households.<sup>5</sup>
- improving access to and targeting of energy assistance programs. The Society supports findings of the *Energy Concessions Report* released by Alviss Consulting (21 December 2022).<sup>6</sup> The Report found that current state and territory concessions and rebates schemes fail because they are not adequate, equitable, responsive, available, easily accessible and complementary. The Society co-signed letters to Government and various agencies calling for a percentage-based energy concession, a review of eligibility for energy concessions and improved accessibility.
- regulating the telecommunications sector, particularly Wi-Fi and mobile phones plans. Currently only Telstra is required to offer products and arrangements to customers on low incomes under its Carrier Licence Conditions.<sup>7</sup>
- developing a national food strategy to create a healthy, sustainable, equitable, and affordable food.
- improving access to and tailoring of insurance schemes for households on low incomes. This is particularly important in locations prone to significant weather events. Subsidies are also needed for those who cannot afford coverage.
- funding to increase financial counsellors to help individuals and families experiencing financial stress manage their debts
- funding to increase the availability of the No Interest Loans Scheme.

Please do not hesitate to contact me if you require further information.

Yours sincerely



Mr Toby oConnor  
**Chief Executive Officer**

---

<sup>1</sup> Anglicare Australia, Australia Fair Series September 2023. *The Poverty Premium -The High Cost of Poverty in Australia*. Accessed at: <https://www.anglicare.asn.au/publications/the-poverty-premium/>.

<sup>2</sup> Selected Living Cost Indexes. Australia. June 2023. Australian Bureau of Statistics. Accessed at: <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/latest-release#media-releases>

<sup>3</sup> Stanford, J. 24 February 2023. *Profit-Price Spiral: The Truth Behind Australia's Inflation*. Australia Institute, Accessed at: <https://australiainstitute.org.au/report/profit-price-spiral-the-truth-behind-australias-inflation/>.

<sup>4</sup> Melbourne Institute Research Insights. May 2023. *Most Australians, not just the poor, are facing constraints in covering basic needs*, University of Melbourne, No. 04/23 Accessed at: [https://melbourneinstitute.unimelb.edu.au/\\_\\_data/assets/pdf\\_file/0011/4636721/ri2023n04.pdf01/19](https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0011/4636721/ri2023n04.pdf01/19).

<sup>5</sup> ACOSS. 8 May 2023. [Push to retrofit low-income housing to reduce energy bills](#). Accessed at: [https://www.acoss.org.au/media\\_release/push-to-retrofit-low-income-housing-to-reduce-energy-bills/](https://www.acoss.org.au/media_release/push-to-retrofit-low-income-housing-to-reduce-energy-bills/)

<sup>6</sup> ACOSS. 21 December 2022. *Overhaul of energy concessions needed as three million households struggle to pay their energy bills*. Accessed at: [https://www.acoss.org.au/media\\_release/overhaul-of-energy-concessions-needed-as-three-million-households-struggle-to-pay-their-energy-bills/](https://www.acoss.org.au/media_release/overhaul-of-energy-concessions-needed-as-three-million-households-struggle-to-pay-their-energy-bills/)

<sup>7</sup> Anglicare Australia., *ibid.*, p.29