

# **THE PARTICIPATION OF VULNERABLE AUSTRALIANS IN MARKETS FOR ESSENTIAL GOODS AND SERVICES**

**Lynne Chester**

The hegemony of neoliberalism has seen the market virtually canonised and mainstream neoclassical economics successfully shaping an understanding of the market as being synonymous with the economy and capitalism more generally. But mainstream economics portrays the market as a normative ideal framed around a set of abstract assumptions incompatible with reality. This conception and assumptions have been roundly challenged. A burgeoning discourse has cogently demonstrated that real-world markets do not emerge in some vacuum, are persistently vulnerable to failure, influence the relationships of individuals, and their operation depends on highly complex non-market institutional arrangements into which they are deeply embedded (For example: Altvater 1993; Boyer 1997; Coriat and Weinstein 2005; Hodgson 1988; Martinez 2009; Prasch 2008; Tsakalotos 2004).

Nevertheless, the rhetoric and mechanisms of the neoclassical market have become embedded in Australian public policies. This has led to a radical transformation of markets providing essential goods and services, and traditionally the domain of state intervention. These markets include those for education, health insurance, public housing, electricity, water, and services for the disabled, aged and unemployed. Contractual arrangements with private sector providers have replaced direct provision by government. There have been significant price increases well in excess of general price and wage movements. Complex new regulatory regimes have been implemented. Public sector assets have been privatised. A spectrum of market configurations and governance regimes now characterise these markets. Participation is highly dependent on access to the internet. Market outcomes are inconsistent with policy rhetoric. The strong interrelationships between markets pose adverse

cumulative impacts for end-use consumers if one market experiences significant disruption. Government is also performing multiple roles as regulator, owner and manager of significant assets, manager of contested markets, market operator, and buyer (Chester 2010).

These markets, radically restructured by market-based public policies, have a widespread impact across the community and determine – to a significant measure - the health, standard of living and social inclusion of the population. Markets are not purely about relationships between inanimate objects, between goods and services, which is the strong impression evoked by any mainstream economics text or government publication. Markets involve people, their preferences (influenced by opinions, values and advertising) and relationships with others. Market rules and prices will influence people's accessibility to, and participation in, a market and thus impact on their standard of living and well-being.

Yet, economists have shown little interest, until more recently, in the “real constitution” (Coriat and Weinstein 2005: 1) of markets. Paradoxically, even less interest has been shown in the rules, challenges and barriers that an individual may face as s/he seeks to participate in a market despite the methodological individualism of neoclassical economics. These rules, challenges and barriers form the article's primary focus which seeks to elucidate the necessary actions, induced by market rules, an individual must take if s/he is to ‘consume’ essential goods and services provided by contemporary Australian markets.

The form and extent of an individual's market participation – and thus, consumption - will be framed by each market's rules concerning eligibility, permitted behaviours and penalties for behavioural breaches, the requisites for transactions to occur, and the accessibility of information for consumers provided by suppliers. An individual's resources, skills and abilities will also determine if the scope of market participation is limited in any way relative to other market participants. Consequently this article's focus on individuals is skewed towards those Australians deemed vulnerable (because of low income and another characteristic such as age, unemployment, housing tenure, English proficiency) to determine the challenges and consequences for their participation in contemporary markets for essential goods and services.

The article is structured as follows. The first section outlines the conceptual nature of markets which informs an analytical framework used to conduct a ‘macro’ analysis of empirical Australian markets for

essential goods and services. This analysis delineates, amongst other things, eligibility rules, market institutions, and the interaction of participants in these markets. The ‘macro’ level analysis does not, however, reveal the specific actions which individuals must take to participate in these markets nor if vulnerable consumers face participation challenges. The following section therefore presents an overview of the characteristics of market vulnerability for an individual or household. The next section focuses on the actions required by market participation rules for a vulnerable consumer in three markets - public housing, employment services for the unemployed and electricity supply to a household. Eligibility criteria, permitted behaviours, the nature of transactions and available information form an analytical grid for this ‘micro’ level of analysis. Participation in each market is found to be reliant on participation in markets for banking, telecommunications and transport. It is also found that a consumer’s understanding of price, product and terms is severely limited without internet access, along with knowledge of the permitted behaviours to maintain ongoing market access. A final section discusses issues and implications of these findings.

### **Analysing Actually Existing Markets**

The discourse about markets has been overwhelmingly skewed towards the theoretical, “concerned more with analysing how people conceive of market systems than ... with analysing the operation of those systems or the activities of market actors” (Carrier 1997: xiii). Empirical markets have attracted few analytical studies to determine the specific pragmatic manifestation or representation of their structure, operation, participants, behaviours, rules, and/or price determination. Notable exceptions have been French strawberry and fish markets, financial and emission trading markets, and the UK’s markets for food, housing, water, telecommunications, public transport, financial services and energy (For example, see: Garcia-Parpet 2007; Kirman and Vignes 1992; McKenzie 2009; Public Services International Research Unit 2008). ‘Operationalising’ the theoretical into an analytical framework to conduct empirical analyses of real world markets has also received limited attention.

Key contributions to the discourse have enhanced our understanding of the organisation and functioning of markets. These contributions from Boyer (1997), Prasch (2008), Harvey and Randles (2002), and Tjardman (1998, 2004), encompass a set of propositions about different types of market in space and time, the role of property rights and contract law, the dimensions shaping the organisation of exchange, and the embedded behaviours created by rules reflecting political decision. These propositions can be distilled into twelve distinctive properties attributable to markets which are listed in Table 1.

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**Table 1: Twelve Distinctive Properties of Markets**

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1.	A market is a location where buyers and sellers interact.
2.	A market may be a physical location but does not need to be as evidenced by eBay, an internet auction, and online payment for goods and services.
3.	Goods may be bought and sold on local or global markets.
4.	A market requires a monetary system to facilitate transactions and convey prices.
5.	Markets may be for intermediate or final goods.
6.	The fundamental event in a market is exchange – of some object, promise, service or privilege.
7.	A market is a locus of repeated exchanges.
8.	A legal system of property rights determines what may be exchanged in a market.
9.	Implicit or explicit contracts govern the conditions under which property is exchanged.
10.	Rules about transactions organise how buyers and sellers interact, and who may be a buyer and a seller.
11.	Rules about the provision of information (including about the quality of the good) enable sellers to propose a price and enable buyers to accept or negotiate another.
12.	Organised behaviour, induced by transaction and information rules, provides continuity to a market's operation.

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*Source:* Chester (forthcoming)

The market is a physical or virtual location for repeated exchanges between buyers and sellers, which may involve intermediate or final goods, may be local or global and which is underpinned by property rights, implicit or explicit contracts, rules about transactions and information creating organised behaviour and continuity of operation. These distinctive properties of markets foreshadow a set of questions which enable us to transcend abstract notions about the market to their actualisation in order to understand the organisation, operation and outcomes of real world markets. These questions can frame and guide an analysis of actually existing markets. Table 2 presents a set of questions

to interrogate, amongst other things, the structure, operation, participants, behaviours, rules, and price setting of a market and thus generate a substantive, realistic picture of actually existing markets.

**Table 2: Analytical Grid of Questions to Interrogate  
Actually Existing Markets<sup>1</sup>**

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1.	What is the commodity ‘bought and sold’? How are these goods or services defined? To what extent have these definitions changed, or are evolving, with the market’s ‘virtual canonization’?
2.	Who are the market participants (individuals, groups or organisations)? Who transacts with whom? Are intermediaries involved?
3.	What are the ‘rules’ or protocols which determine eligibility or ineligibility for ongoing access to a market? Are there legal and political decisions, or compromises, which determine who participates? What must a participant do to meet eligibility criteria and maintain ongoing market access?
4.	What forms of interaction take place between buyers and sellers, and other market participants? Are particular behaviours forbidden? Are there implicit rules influencing the behaviour of market participants? Are penalties imposed for breaches of market behaviour?
5.	How, and where, are market transactions performed? Is there a physical or virtual market location and how is this organised? Is the sphere of interaction local or global? Must participants meet any obligations or criteria to perform market transactions?
6.	What are the institutions, organisations, legislation or associations that organise the functioning of a market? What are their responsibilities? How do they enforce market operations? To what or who are they accountable?
7.	How is price determined? Are prices set outside or within the market? If it is a price-setting market, does this lead to different bilateral prices?
8.	What is the market’s form of competition? How many traders? What is the ownership structure in the market? Is there evidence of market power?
9.	What information is available to whom? Where is it available? What technology and skills are needed to access or process market information? What is the impact on market participation if information access is precluded in some way?
10.	Are there interrelationships between a primary commodity market and other markets? How are these relationships organised? What are the implications of these relationships in terms of market operation, market participation and market outcomes?
11.	What is the role of the state in terms of, but not limited to, the market’s organisation and operation, and determining the eligibility of participants?

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These questions are far more penetrating than neoclassical economic analysis which assumes a form of market organisation – pure competition, duopoly, oligopoly, or monopoly – and then analyses

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<sup>1</sup> Based on Chester (2010)

output, price and cost outcomes within this context (Sherman, Hunt, Nesiba *et.al.* 1980). These questions are also far more penetrating than the schema suggested by Aspers (2011: 173) for sociological research of existing markets. Although there are some points of commonality, such as price determination, Aspers' schema will not yield the same depth of findings about the institutional underpinnings, behavioural influences, market operation, availability and accessibility of information, forms of interaction between participants, or market interrelationships.

## **Analysis of Australian Markets for Essential Goods and Services**

This grid of questions formed the basis of the analytical framework used to examine Australian markets for essential goods and services.<sup>2</sup> Neoliberalism's free market rhetoric, and the lexicon of neoclassical economics, has smothered Australian public policy since the 1980s with a vast array of policies transformed by market-based mechanisms. Examples include the charging of fees for time spent in immigration detention centres, contracting out of services delivered to the unemployed through competitive tendering, the charging of market rents to public housing tenants, the removal of barriers to free trade such as tariffs and import quotas, the provision of infrastructure through commercial contracts with the private sector, the development of accounting rules to measure greenhouse gas emissions<sup>3</sup>, the framing of universal health insurance as a solution to market failure, and student fees set at levels equivalent to the costs of providing higher education places. This progressive widespread adoption of market-based policy instruments has meant substantial change to markets which have traditionally supplied goods and services essential to well-being, standard of living and social inclusion such as education, health insurance, public housing, services for the aged and unemployed, electricity and water.

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2 The analysis was conducted in late 2009. There have been some subsequent marginal changes within these markets but these have not altered the fundamental organisation, operation and outcomes of each market which the analysis revealed.

3 Markets operate on quantities valued at particular prices. These accounting rules allow the valuation of quantities of greenhouse gas emissions as a precursor to the allocation of carbon permits and the operation of a carbon trading market.

Most noticeably direct and sole provision by government of these goods and services has been supplanted.

The four Australian markets analysed were for the essential goods and services of electricity, water, housing for low-income Australians, and services for the unemployed. Each market has a widespread impact on the lives and well-being of the Australian population irrespective of their geographic location or stage of life. The contemporary markets to provide these essential goods and services bear little resemblance to those of the 1980s or 1990s as distinct from markets such as those for money, labour or the environment. These latter markets have also dramatically changed in the last twenty years or so but stand apart from “essential” markets in two key respects. They have not been traditional domains of direct state intervention (such as through direct provision) and thus have not been restructured through the embedding of market-based mechanisms. These markets also form a different, and much more contestable, relationship to society’s general well-being.

“Essential” markets, on the other hand, are those shaped and directed by government to provide a base or minimum level of goods and services for individual, family and household purposes to “protect its citizens from misfortune and the random blows of fate by providing the most basic rights and levels of collective security and protection” (Giroux 2009). These markets are characterised as follows:

- **Electricity:** Generation and retail activities are exposed to competition. Transmission and distribution activities are regulated. There is a mix of private and public ownership with private interests most dominant in distribution and retail. A wholesale National Electricity Market (NEM) trades the vast majority of electricity generated and consumed. Consumers can choose their supplier (‘market contract’) but the majority of households have not elected to do so and remain on regulated prices. Significant household price increases have occurred in recent years, with those in the most populous States paying, on average, more than 50 per cent since 2007 (NSW households have experienced a 78 per cent average increase) (Chester and Morris 2010).
- **Water:** Government authorities dominate urban water and wastewater supply, and there have been notable increases in access and usage charges for urban users. Markets have been

created to trade temporary allocations and permanent entitlements to the supply of water in rural Australia. Market participants exchange their allocations or entitlements at an agreed price (water property rights have been separated from land title). The Federal Government has also become much more interventionist in the design and operation of water trading arrangements especially in areas such as the southern Murray-Darling Basin which produces a third of Australia's food supply.

- **Employment services for the unemployed:** Private and not-for-profit providers tender for fixed term contractual provision of services for the unemployed and the Federal Government acts as wholesale buyer of these services. Access by the unemployed is dependent on meeting separate income support criteria; and
- **Housing for low-income Australians:** State Governments manage public housing stock and Federal government contributes funds. The Federal Government also provides economic incentives for private investors to increase private rental stock and cash rent assistance for those in the private rental market if they satisfy income support criteria.

The analysis of these four markets yielded a very different picture to that promulgated by mainstream economics and which is deeply embedded in neoliberal public policies. The analysis also confirmed that there is not one but a spectrum of contemporary market configurations and exceedingly complex governance regimes as observed by Boyer (1997) and Nelson (2005). The key findings were:

- 1) Payment of the price of a good or service does not determine eligibility to be a buyer. Eligibility to participate, for both buyers and sellers, requires the meeting of pre-determined criteria set by regulators. These criteria are not static, can be quite complex and may involve a cost or 'entry fee', assessment by a regulator, or eligibility to be established first by another market (e.g. welfare recipients).
- 2) Payment of the price of a good or service and satisfaction of eligibility criteria are insufficient for buyers to maintain ongoing market access. To maintain market access, participants may be required to make a regular payment, be limited to a fixed participation term by contract, be subject to regular re-

- assessment of eligibility, or be required to pay for goods and services by supplier-determined time and method.
- 3) Government influences, through direct measures, the demand and supply of the goods and services sold in each of the markets analysed and hence, market outcomes.
  - 4) Regulators actively determine prices in each of the markets analysed. Price is not the co-ordinating mechanism eulogised by mainstream neoclassical economics.
  - 5) Intermediaries are evident in many markets, most commonly as market operators. Mainstream economics assumes no intermediaries and market participants are considered to be anonymous.
  - 6) The overwhelming form of interaction between market participants is via the internet requiring buyers to have computer access as well as literacy and numeracy skills. This may well pose barriers to full and ongoing participation by some eligible participants. Mainstream economics would have us believe that market interaction (communication) is solely through price signals.
  - 7) Complex and detailed information is available to buyers (generally via the internet) relating to their participation, obligations, payments terms, penalties, performance data about providers and increasingly complex product information such as a range of prices, social concessions, as well as incentive and reward deals. Perfectly informed consumers, as assumed by mainstream economics, are not present. Complex information is available if participants have access to the necessary technology.
  - 8) Each market is underpinned by a complex legislative and regulatory regime involving multiple regulatory institutions.
  - 9) There is strong evidence of different market types such as contested, managed, monopoly franchise, oligopoly and imperfect competition. Market power and concentration were also strongly evident in the majority of markets analysed. Yet the lexicon of public policies is framed around a perfectly competitive market.
  - 10) Government performs multiple roles in all markets analysed as regulator, owner of significant supplier assets, manager of stock, manager of contested markets, market operator, and buyer of services.

- 11) Despite policy interventions, and significant price increases, supply is not meeting demand in the majority of markets analysed and one market (housing for low-income Australians) is evidence of chronic ‘market failure’. Mainstream economics assumes an optimal allocation of products will be achieved at equilibrium prices but prices are not self-equilibrating and are set by regulation.

Each so-called market comprises layers of multiple markets somewhat analogous to a set of Russian *babushka* dolls. As Aspers (2011: 126) suggests, “[m]arkets are embedded in each other”. For example, the electricity market is made up of generation, transmission, distribution and retail markets, and the generation market includes markets for wholesale trading, non-scheduled generation, and generation from energy renewables. There is also a complex web of interrelationships between markets. For example, the operation of the electricity retail market is strongly related to the organisation and operation of markets for meters, the retailing of gas and credit services, hot water systems, swimming pools, heating and cooling systems, energy efficiency appliances and lighting.

Overall, the analysis delineated the eligibility rules to market access and on-going participation; the institutions that organise the functioning of markets; price determination; the interaction between participants and the role of intermediaries; the form of competition in a market; the complexity created by market-based policies; the role played by government; key market outcomes; and the similarities and differences between markets. However, the analysis was at a ‘macro’ level and does not reveal the challenges and/or barriers faced by individuals when participating in markets, and particularly vulnerable consumers.

For example: What must an individual participant actually do to meet eligibility criteria and maintain ongoing market access? What penalties are individual participants subjected to for breaches of market behaviour(s)? What obligations must individual participants meet to perform market transactions? What information is available to whom, and are there requisites to access and process this information? What is the impact on market participation if information access is precluded in some way? These questions about eligibility, behaviours, transactions and information lead to a more ‘micro’ level of analysis which was undertaken for individuals participating in the previously analysed

essential goods and services markets. The findings of this ‘micro’ analysis are discussed below following a brief overview of market participants who could be classified as the most vulnerable.

## Who are the Most Vulnerable Market Participants?

Market vulnerability occurs because an individual’s or household’s participation, as a consumer, is disadvantaged due to circumstances such as: low income; impaired physical mobility due to a long-term illness or disability; no access to requisite technology; and/or limited literacy, numeracy or language skills. These circumstances reduce a consumer’s ability to access available information and increase the difficulty of engaging with suppliers which can lead to less choice, poorer quality goods and services, and the payment of higher prices. Consequently these consumers are disadvantaged relative to other consumers who do not share the same characteristics or circumstances. Vulnerable consumers do not participate in markets on equal terms.

Many Australians could be classified as vulnerable market participants due to a range of characteristics such as age, disability, income, employment status, housing tenure, language, education or internet access. The salient dimensions of these characteristics are:

- **Age:** More than three million (13.5 per cent) of the population are aged over 65. This includes 1.4 million aged 75 or more who are more likely to be physically vulnerable (ABS 2010a). Nearly nine per cent of households are lone persons aged 65 and over (ABS 2011).
- **Disability or permanently sick:** Around 4 million people are classified as disabled or permanently sick. This is just under 1 in 5 Australians or 18.5 per cent of the population (ABS 2009a). Nearly 800,000 people receive a Disability Support Pension (FaHCSIA 2011).
- **Income levels:** In 2009-10, around 3.6 million households were categorised as falling within the two lowest income quintiles with an upper disposable income level of \$619 per week compared to the all-person average of \$848 and a national minimum weekly wage of \$570. More than 1.7 million (85 per cent) of households in the lowest income quintile include at

least one unemployed person. Government pensions and allowances are the main source of income for 25 per cent of all Australian households. For 16 per cent of households, this source of income contributes 90 per cent or more to income (ABS 2011).

- **Employment status:** Nearly 600,000 Australians are currently unemployed which implies an unemployment rate of five per cent. The labour force underutilisation rate (total unemployed and underemployed as a proportion of the labour force), in May 2011, was a little above 12 per cent (ABS 2011a). Around 560,000 unemployed persons are receiving income support through the Newstart Allowance (FaCSHIA 2010).
- **Housing tenure:** Thirty-five per cent (746,000) of households, dependent for income from government pensions and allowances, are renters. Thirty-six per cent of these households rent housing from a State or Territory government authority (ABS 2011).
- **Language:** Nearly 16 per cent of the population speak a language other than English at home. Over 70 per cent of these people were born overseas and 18 per cent (or more than 534,000) are not proficient in English (ABS 2010b).
- **Education:** Forty-four per cent of the working age population (15-64 years) do not possess a qualification post-secondary school. For 22 per cent of the working age population, the highest level of educational attainment is Year 10 or below (ABS 2010c).
- **Access to the internet:** In 2008-09 some 22 per cent of households did not have a home computer and 28 per cent could not access the internet from home. Some 60 per cent of the lowest income quintile and 38 per cent of the second lowest quintile do not have home internet access (2009b).

Generally, those on low incomes are considered the most vulnerable because limited financial resources have direct consequences for standard of living, social inclusion and general well-being. However, the dimensions outlined above point to high levels of market vulnerability for those not only on low incomes but who also hold other characteristics such as the aged, unemployed, disabled, low-income, less educated,

public housing tenants, those without English proficiency and/or a home computer with access to the internet. These dimensions also indicate the composite of disadvantages likely to be faced by the aged, unemployed and disabled who were born overseas, not educated beyond Year 10 and living in public housing without internet access.

## **Participation Rules for ‘Buyers’: Analysis of Three Essential Goods and Services Markets**

The form and extent of an individual’s participation – as a consumer or ‘buyer’ - will be determined by the market rules concerning eligibility criteria, permitted behaviours, transaction requirements and information provided by suppliers. These dimensions form an analytical grid to understand the specific requirements, challenges and/or barriers which individual – and particularly vulnerable – consumers may face in order to participate in contemporary essential goods and services markets. The markets for electricity, public housing and services for the unemployed were analysed from the perspective of an individual living in metropolitan Sydney and trying to access *all* three markets.<sup>4</sup> Those trying to access public housing and unemployment services fall squarely into the classification of vulnerable market participants. Table 3 provides a comparative summary of the participation rules revealed by the analysis, the salient features of which are discussed below.

### **Eligibility to participate:**

To be eligible for public housing, an applicant must be an Australian citizen and receive income within a set limit. Documentary evidence of income and citizenship must be provided along with two types of identity proofs (e.g. Medicare card, driver’s licence, bank statement, credit card,

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4 The water market was not included in the analysis. Public housing tenants pay water usage charges not access charges which are the responsibility of the housing stock owner. Consequently the only interaction with the water market for a public housing tenant is through bill payment and complaints, the mechanisms for which are virtually identical for electricity. There is no single supplier of public housing or electricity. Sydney was chosen because it has the largest number of public housing tenants compared to other Australian cities.

passport, birth or baptism certificate) (NSW FACS 2011a). Eligibility for unemployment services is dependent on Newstart registration which requires presentation of the following documentary evidence – proof of identity (similar to public housing proofs), tax file number, details of income and assets, rent receipts (if renting privately), and an Employment Separation Certificate if employed in the previous 12 months (Centrelink 2011a). Should an individual applicant have a partner (husband, wife, defacto), evidence of their income, assets and identity must also accompany applications for Newstart and public housing. If a residence is connected to an electricity distribution grid, eligibility to access electricity supply is dependent on the satisfaction of multiple conditions such as proof of occupation and payment of a connection fee (EnergyAustralia 2011a, 2011b).

### **Behaviours to maintain market access and penalties:**

To maintain Newstart eligibility, and thus be eligible to access employment services, an unemployed person is required to comply with an ‘Employment Pathway Plan’ (EPP) and ‘activity test’.<sup>5</sup> The EPP “explains what you need to do to get a job or improve your employment prospects and what assistance you will be offered. It is a legal document” (Centrelink 2011b). It may include: the number of job contacts which must be made each fortnight; a requirement to attend a Job Services Australia provider; and, participation in vocational education or training, a labour market program, or a work-for-the-dole project. An EPP may form part of the broader activity test which is mandatory for Newstart recipients to continue receiving the allowance. Compliance with this test requires: evidence of active searching for work; acceptance of ‘suitable’ job offers; attendance at all job interviews and interviews with Centrelink and Job Services Australia providers; and, not to leave a job or training program without a ‘valid’ reason (Centrelink 2011c).<sup>6</sup>

Refusal to sign an EPP will result in loss of the Newstart allowance. Failure to comply with an EPP or elements of the activity test can result

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5 This discussion is generalised and does not deal with the different exemptions for an EPP and activity test which may apply to principal carers of dependents aged less than 16, those aged over 55 or those with only a partial work capacity.

6 Those aged 18-49 years are also required to do a ‘Work experience activity’ after receiving Newstart for 12 months.

in penalties ranging from loss of a day's payment to an eight week non-payment period. Three failures in a six-month period lead to a mandatory face-to-face interview for Centerlink to conduct a Comprehensive Compliance Assessment. All Newstart recipients are also required to report, each fortnight, job search activities, household income, and any change in circumstances such enrolment in study, address, or household members. Failure to report by the due date or to advise of changed circumstances can lead to loss of payment.

Public housing tenants sign a legal tenancy agreement once eligibility is met. Failure to comply with this agreement can result in penalties and loss of tenancy. The tenancy agreement stipulates a number of 'acceptable' and 'unacceptable' behaviours such as: occupation of the premises by the signatory to the tenancy agreement; rent paid on time; no disruption to neighbours or use of residence for illegal purposes; any change in income or household circumstances advised; and, permission sought and gained to make changes to the residence or have pets.

Participation by a household in the electricity supply market is primarily maintained by paying access and usage charges by the due date and by the method nominated by the electricity supplier. Failure to pay an electricity account leads to late payment fees which exacerbate problems for the most vulnerable and ultimately lead to disconnection. Reconnection requires a further fee to be paid. A household is also required to provide various forms of property access to the electricity supplier.

### **Transactions: Where do they occur? What are the requisites?**

The unemployed register their intention to claim Newstart by telephone, email or a visit to a Centrelink office. Newstart allowances are paid direct to the recipient's bank account. Interviews with Job Service Australia providers and Centrelink are face-to-face at their respective offices. Regular reporting to Centrelink is done online, by phone or in person. Public housing tenants may pay rent via the internet, BPAY or in person at an Australia Post Office. If in receipt of income support, tenants may voluntarily agree for rent to be deducted from their pension or allowance (NSW FACS 2011b). Electricity bills may be paid by direct debit from a nominated bank account, via the internet, BPAY, in person at an Australia Post Office, or income support recipients can arrange for

Centrelink to deduct regular payments (EnergyAustralia 2011c). Overall, this means that a credit card and/or bank account, access to the internet, a telephone, and access to transport is required to participate in these three essential goods and services markets.

### **Information: Nature, form and accessibility**

A website is the primary source of information, provided by each supplier in the three essential goods and services markets analysed, which means a computer and an internet connection are required to access. Each website contains multiple relevant web pages containing links to other pages, related websites and embedded documents. The web pages tend to present more cursory information with details concerning permitted behaviours and penalties for breaches buried in lengthy attached documents.

In the case of household electricity, product and price information appears to be the most prominently displayed and easiest to find along with details about the payment method options for electricity bills. Regulation of restructured energy markets requires electricity suppliers to enter into legally binding contracts with each consumer.<sup>7</sup> This means that households with regulated electricity prices should be able to access a ‘Standard Form Customer Connection Contract’ (40 pages), a ‘Standard Form Customer Supply Contract’ (27 pages) which is accompanied by a 24-page document on ‘Rights and responsibilities’. The relevant contract for a household agreeing to market-priced electricity is a 72-page ‘Energy Agreement and Customer Charter’. Upon connection or entering into a market contract, a household is mailed an abbreviated version of the relevant contracts. Full versions are available on the electricity supplier’s website.<sup>8</sup> Other website documents include a residential customer price list (plus a 15-page ‘Explanatory price guide’), a customer hardship charter and details of government concessions for electricity bills. Overall, the customer information provided – particularly as it relates to permitted behaviours and thus ongoing market

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7 In the case of NSW, this is set out in the Electricity Supply Act 1995.

8 The retail electricity company, EnergyAustralia, included in the analysis was sold in March 2011 to TRUenergy. Since the sale, these documents have become difficult to locate and can only be found through searching by keywords based on prior knowledge.

access - is complex, very lengthy and not easy to find on the relevant website.

The same complexity applies to the customer information for public housing tenants and Newstart recipients. Information on Newstart can be found through two mouse-clicks from the home web page. Information, categorised as 'conditions', 'payments and claims' and 'other', is then located on 11 linked web pages which contain links to over 40 further web pages. Documents available online include a 23-page information brochure about claiming Newstart, a 24-page 'Looking for work' booklet, a 28-page guide to Centrelink concession cards and 33 Fact Sheets. Public housing tenants face a similar online maze of information which includes over 60 one-to-two page Fact Sheets, an 18-page application form, an 8-page information sheet on evidence requirements, and a 20-page 'Tenancy policy supplement'.

## **Issues and Implications**

It is apparent that participation in each of these essential goods and services markets is precluded – even if a participant is potentially eligible – without first gaining access and maintaining participation in markets for banking, telecommunications and transport. For example, to receive income support like Newstart you are required to have a bank account to which direct payments are made fortnightly by Centrelink. You also need a bank account or credit card from which to pay your electricity account and public housing rent. If you are a 'Centrelink customer', public housing authorities can arrange for automatic debiting of rent from your bank account following payment of your income support, and you can arrange a direct debit with your electricity supplier. (A bank account or credit card is also a common form of identity proof used in the electricity supply and public housing markets as well as being used for Newstart applicants prior to registering unemployment services.) Access to private and public transport is a prerequisite to comply with multiple Newstart conditions, lodge an 18-page application and supporting evidence for public housing, and to pay an electricity account (and/or public housing rent) if internet access is not available.

**Table 3: Comparison of Participation Rules for Consumers in Three Australian Markets for Essential Goods and Services**

	<b>Electricity</b> <sup>9</sup>	<b>Public housing</b> <sup>10</sup>	<b>Employment services for the unemployed</b>
<b>ELIGIBILITY</b>	Residence is connected to the grid and household meets 8 conditions e.g. proof of occupation; connection fee paid.	Permanent resident, income within eligibility limits and no property ownership. Complete 18-page application, provide two forms of identification and proof of income, and pay 2 weeks rent and water usage charges when signing tenancy agreement.	Aged 21 to age pension age, unemployed, Australian resident, and registered for Newstart payment. Provide tax file number, proof of identity, details of income and assets, rent receipts, Employment Separation Certificate, and sign an Employment Pathway Plan (EPP).
<b>BEHAVIOURS required for market participation</b>	Pay access and usage charges by supplier-determined time and method. If late paying bill, late payment fee, interest and/or recovery charges. Maintain safe connection. Respond to supplier requests to trim trees. Allow supplier to install or relocate electricity works at residence. No change to connection without approval. Must not obstruct anyone under authority of supplier. Pay fee to reconnect if disconnected.	Personally occupy the premises. Pay rent on time. Look after property. Not be disruptive to neighbours. Not use property for an illegal purpose. Notify supplier when repairs are needed. Notify supplier when financial, household and other circumstances change. Seek permission to make changes to property. Seek approval for pets. Penalties for false and misleading information. Loss of tenancy if major breach of tenancy agreement or change to eligibility such as income.	Comply with EPP: fortnightly job search requirements; register with Job Services Provider; training/labour market program/work-for-the-dole. Comply with activity test: actively look for work, accept all suitable job offers, attend job interviews, attend interviews with Centrelink and Job Services Australia provider, attend training, comply with EPP, record job search efforts in jobseeker diary. Non-compliance with an EPP or activity test can result in penalties ranging from loss of a day's payment to an 8-week non-payment period. 3 failures in 6-months lead to mandatory Centrelink interview for a Comprehensive Compliance Assessment. Fail to regularly report/ advise changed circumstances, loss of payment.

<sup>9</sup> Based on being an EnergyAustralia customer.

<sup>10</sup> Based on being a NSW public housing tenant.

	<b>Electricity<sup>9</sup></b>	<b>Public housing<sup>10</sup></b>	<b>Employment services for the unemployed</b>
<b>TRANSACTION requirements</b>	<p><b>Methods:</b> Direct debit (incl via Centrelink), internet, BPAY, Australia Post shop, mail.</p> <p><b>Requisites:</b> Computer and internet access, telephone, credit card, bank/cheque account, and/or ability to visit Australia Post shop.</p>	<p><b>Methods:</b> Internet, BPAY, Australia Post shop, direct debit (via Centrelink).</p> <p><b>Requisites:</b> Computer and internet access, telephone, credit card, bank/cheque account and/or ability to visit Australia Post shop</p>	<p><b>Methods:</b> Internet, telephone, face-to-face</p> <p><b>Requisites:</b> Computer and internet access, telephone, ability to attend interviews/training/submit regular updates of information to Centrelink</p>
<b>INFORMATION provided by supplier</b>	<p>40-page 'Standard Form Customer Connection Contract'; 27-page 'Standard Form Customer Supply Contract'; 24-page 'Rights and responsibilities' document OR 72-page 'Energy Agreement and Customer Charter' (if on market contract); 2-page 'Understanding your bill' brochure; 2-page 'Residential customer price list' (13 prices) plus 15-page 'Explanatory price guide' for regulated prices; 3-page 'Customer Hardship Charter'; 1-page 'Government concessions'. In addition, many web pages provide product and price details, and energy efficiency advice.</p>	<p>18-page application form; 8-page 'Evidence requirements information sheet; 4-page 'Housing assistance options policy'; 2-page 'Starting a tenancy policy' fact sheet and a 20-page 'Tenancy policy supplement'; 6-page 'During a tenancy policy'; 6-page 'Changing a tenancy policy'; 32-page 'Social housing eligibility products and allocation policy supplement; 5-page appeals policy; and over 60 1-2 page fact sheets e.g. rights and responsibilities, pets, cable TV, asbestos, being away from home, community gardens, tenant repair costs, rent review, and fire safety;</p>	<p>Centrelink's website provides: 23-page 'Information you need to know about your claim for Newstart; 24-page 'Looking for work'; 6-page 'Newstart payment rates'; 28-page' Guide to concession cards; 12-page 'Information for part-time &amp; casual workers'; 12-page 'Working credit' brochure; 13-page 'Flexible arrangements for parents and principal carers'; 33 Fact Sheets ranging from 1 to 6 pages in length.</p>

Source: Centrelink 2011a, 2011b, 2011c; EnergyAustralia 2011a, 2011b; NSW FACS 2011a, 2011b.

Figure 1 depicts these forms of interaction which is, by default, mandatory because participation in other markets depends upon effective participation in these markets. If a person cannot participate in these markets, they cannot participate in markets for essential goods and services such as those for household electricity supply, public housing and employment services for the unemployed.

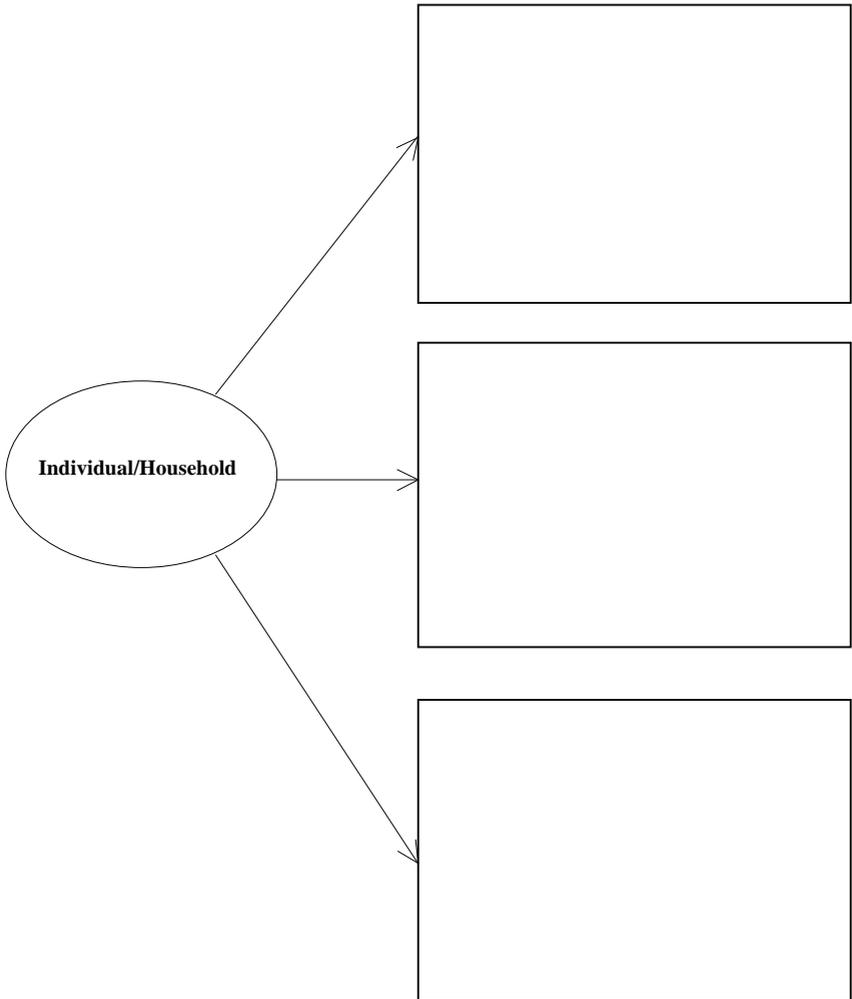
The internet-dependence of these essential goods and services markets is also strongly affirmed by the analysis. Basic market functions of interaction between consumers and suppliers, the payment for goods, execution of other transactions, and the provision of consumer information by suppliers are primarily organised around suppliers' websites. The same extent of consumer information is not available elsewhere. Some transactions may be conducted by telephone or in-person but essentially the internet has become the locus of operation for these markets.

Of the 3.5 million low-income Australian households, 55 per cent do not have home access to the internet (ABS 2009b). Some may be able to access the internet from a relative's home, a shopping mall, or public library although ease of access is not as great, the time to use may be limited and transport may be necessary to these non-residential locations. These factors impinge on the form of an individual's market participation via the internet compared to a market participant with home internet access. In addition, those consumers with non-home or no internet access are dependent on public or private transport to participate in these essential goods and services markets. This is time-consuming and poses difficulties for those with impaired mobility. It also means that the form of their participation is far more limited because the vast majority of supplier provided information is only available on websites. Without this knowledge, vulnerable market participants may be paying unnecessarily higher prices, not fully aware of their 'contract' obligations and unwittingly be in breach of permitted market behaviours.

However, those vulnerable market participants who have home internet access face another set of challenges. Literacy, numeracy, cognitive and computer skills are required to process the information on supplier's websites and to navigate through a myriad of webpages and links. In addition, there are the ongoing costs of an internet connection and for associated equipment like a printer, paper and ink cartridges because

reading reams of documents on a computer screen becomes virtually impossible.

**Figure 1: Prerequisite Markets Required to Access Markets for Household Electricity Supply, Public Housing and Employment Services for the Unemployed**



These findings are a far cry from the neoclassical conception of a self-equilibrating market in which consumers are assumed to behave rationally because they are perfectly informed about all the available alternatives. In addition, zero transaction costs are assumed. Communication between market participants is solely through price signals because market participants are considered to be anonymous. Interaction in the market is horizontal and virtually all transactions are treated as commensurable. All goods are considered to be non-collective, and the market is place insensitive but conceived as a mass of infinitely rapid velocities of prices and quantities (Blaug 2002: 40-41; Crouch 2005: 115). It is this neoclassical economic conceptualisation of the market that has become embedded in public policies which have radically restructured markets for essential goods and services such as those operating in neoliberal Australia.

The disjuncture between the rhetoric and practices of neoliberalism has been well-observed. Less well-observed is the inability of vulnerable members of society to fully participate in the markets restructured by public policies imbued with the lexicon of neoclassical economics which is in close harmony with neoliberalism's view of the market. These restructured markets, historically the domain of direct state provisioning, strongly determine well-being, health and standard of living. But the extent to which this is attained by the more vulnerable has deteriorated with the restructuring of these markets, and their organisation and functioning. These contemporary markets are complex, highly interconnected to other markets and heavily internet-dependent. Even the ability of vulnerable market participants to appeal or complain is stymied by these avenues being heavily internet-dependent. Moreover, what happens to the detailed personal information collected from the vulnerable as they participate in these essential goods and services markets? That would seem worthy of analysis to shed further light on the outcomes of restructured neoliberal markets.

*Lynne Chester is Lecturer in the Department of Political Economy at the University of Sydney.*

*lynne.chester@sydney.edu.au*

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