

Independent Pricing and Regulatory Tribunal
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Review of Regulated Retail Price for Electricity and Review of Regulated Retail Prices and Charges for Gas

National Seniors Australia (National Seniors) welcomes the opportunity to comment on the Independent Pricing and Regulatory Tribunal draft decision on the proposed changes to retail electricity and gas prices. National Seniors is concerned by the increasing costs of basic utilities which are growing at a far greater rate than the incomes of older Australians.

Older residents of New South Wales have limited capacity to pay higher electricity and gas charges as they have fixed incomes streams. Electricity and gas costs now account for a significant percentage of total household expenditure and these costs are quickly eroding the ability of seniors to maintain a dignified standard of living in retirement. National Seniors' research has revealed that nearly 750,000 seniors (aged 50 years and over) are spending half of their income on just three essential cost of living items including electricity and gas¹.

While all older residents are struggling with the increasing cost of living; self-funded retirees who are not eligible for New South Wales electricity and gas rebates are facing significant financial difficulties in meeting their daily living expenses.

Older Australians including pensioners and self-funded retirees have already cut back on their electricity usage as a result of recent electricity cost increases and are subsequently frugal electricity users (below 6,500 kWh per annum).² Most seniors have little ability to make further cuts to their electricity and gas usage thus increasing the likelihood of suffering adverse health effects as a result of exposure to extreme temperatures.

Electricity and Gas Price Rises

The draft decision to allow increases in electricity prices by an average three percent (3%), up to \$83 per annum and gas prices by an average of almost nine percent (8.6%), up to \$76 per annum will hurt older consumers who are already struggling to cope with previous increases to the cost of utilities.

The average combined electricity and gas bill of New South Wales consumers will increase by \$159 per annum. Many older consumers will be unable to cover this price rise, as they are on fixed incomes with limited access to extra funds.

In addition to the variable or consumption charge which consumers can reduce by limiting their gas and electricity usage, the Service Availability Charge (SAC) is a fixed charge per electricity or gas connection.³

¹ Productive Ageing Centre, 2011, *Are Older Australians Being Short Changed?* National Seniors Australia .

² Australian Energy Regulator, 2012, *Average household electricity usage*, Australian Government.

³ Independent Pricing and Regulatory Tribunal | frequently asked questions

[http://www.ipart.nsw.gov.au/Home/About_Us/FAQs?dlv_faq%20list=\(dd_industries=electricity\)](http://www.ipart.nsw.gov.au/Home/About_Us/FAQs?dlv_faq%20list=(dd_industries=electricity))

Households and multi-residential facilities including retirement villages that have separate electricity and gas connections will pay more for their utilities than households with a single connection. Retail utility providers can choose to increase the SAC charge rather than the variable charge to achieve the allowed price rises, resulting in proportionately greater cost increases for smaller consumers (including older consumers who are efficient consumers of utilities) and lower cost increases for larger consumers (some of whom are less efficient consumers of utilities).

Low Income Household Rebate

The Low Income Household Rebate which is intended to assist eligible customers with their household energy costs (gas and electricity) is only available to those consumers who receive electricity bills. The current administration of the rebate disadvantages consumers who have reduced their reliance on the electricity grid and no longer receive an electricity bill, but may still receive a gas bill.

Many self-funded retirees on fixed incomes are struggling to meet the growing costs of electricity and gas. Eligibility to the Low Income Household Rebate is currently restricted to holders of a pensioner concession card, a health care card or a Gold Card from the Department of Veterans Affairs. To ensure that all older New South Wales residents can afford these basic services the eligibility for the rebate should be expanded.

The Low Income Household Rebate is scheduled to increase by only 4.7 percent or \$10 per annum; well below the allowed increase to electricity and gas prices. Therefore the real value of this rebate will decrease considerably.

National Seniors Recommends:

1. that the Low Income Household Rebate be increased in 2013-14 to reflect the real increases in costs of the utilities for which it was designed to provide relief (electricity and gas);
2. that a proportion of the Low Income Household Rebate be available as a rebate on gas bills for consumers who only receive a gas bill;
3. that the Low Income Household Rebate be available to New South Wales Senior Card holders; and
4. that discounted SAC be provided to households and multi-residential facilities with more than one SAC connection.

Yours sincerely

Michael O'Neill
Chief Executive Officer

