



financial  
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13<sup>th</sup> July 2009

Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

[electricity@qca.org.au](mailto:electricity@qca.org.au)

Dear Sir/Madam,

**RE: Review of Electricity Pricing and Tariff Structures**

I make this submission on behalf of the Financial Counsellors' Association of Queensland (FCAQ).

FCAQ is the peak body for the Financial Counselling sector in Queensland. The association has 55 members located from Cairns to the Gold Coast and west to Darling Downs.

Our membership's client base (depending on funding agreements) ranges from wage/salary earners, gamblers, and Centrelink recipients; self funded retirees, small business owners and primary producers. Financial Counsellors provide support to individuals or families experiencing financial difficulties. Support is tailored to each client and includes advocacy, budgeting, education, and empowerment. Referrals are made where necessary and appropriate to other services to further improve the situation of the client.

This submission is allowed to be put in the public domain.

*BRIC Methodology*

We ask that pricing methodology should be as accurate as possible to ensure minimum prices for consumers and should be capable of correcting errors from year to year and that the regulator be required to consider the flow on effects on of any price increases to end users.

*Achieving Pricing Certainty*

Given the recent legal action by two retailers regarding pricing, we are not convinced having a three year pricing mechanism would be ideal or be more reliable than a one year mechanism. We understand that having an indication of future pricing could be helpful for consumers to ascertain what their future energy costs could be, however, indicative prices or an estimate of future prices two or three years out does not translate to the actual costs and prices being paid today.

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FCAQ opposes any moves to a three year pricing mechanism and asks for the retention of the current one year approach to ensure that recent legal action regarding pricing is at least kept to a minimum. Three year pricing would be difficult and could result in legal action on a regular basis. One year predictions are complex and complicated; three years (based on recent history) would therefore seem to be doomed to failure or grossly inaccurate.

#### *Reopening Pricing Decisions under Special Circumstances*

It is our view that having an annual pricing decision will result in a more accurate price determination than a three year decision. By having an annual price decision the likelihood of costly legal action or reopening of the pricing decision would be greatly reduced.

If there is a reopening of a pricing decision we ask that any recovery of losses to the retailer be made prospective not retrospective: the end user should not be made liable for the failure of the regulator to make an accurate decision.

#### *Current Tariffs and Tariff Structures*

FCAQ does not support any Tariff change or structure that disadvantages low income earners. Anecdotal information from our membership suggests low income earners are struggling to meet their energy costs. They are also being penalised because rental properties and public housing tend not to be energy efficient which often means a heater is needed in winter and an air conditioner is needed in summer. Using old appliances or cheap imported appliances tends to be less energy efficient than brand new more expensive appliances.

We ask that government shows leadership in the area of energy efficiency for rental housing of low income earners by:

- Current state owned public housing meeting a minimum standard of energy/heating/cooling efficiencies such as insulation, floor coverings and curtains
- Providing incentives to private landlords to make their properties more energy efficient without passing those costs on to tenants

Low income earners are receiving a price message every time a bill comes; the vast majority of our clients were struggling to meet everyday living expenses before the latest increases effective July 1, 2009 of electricity, fuel, and vehicle registration. It is disturbing in a period of financial turmoil that no consideration has been made in the increase of these state controlled issues for those on a low income.

We support the concept as raised by QCOSS in their submission of a progressive pricing tariff that allows sufficient energy consumption to meet basic living conditions such as heating in winter and cooling in summer and hot water and the price increases as energy consumption increases above a deemed safety net.

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*Other Comments*

Approximately half of our membership lives outside of the FRC zone. Living costs outside of the FRC zone are greater due to higher freight charges and lack of or less access to public transport.

We ask that consideration be given to ensure low income earners do not continue to be discriminated against, with higher energy costs than those in the FRC zone.

Improved government assistance through hardship programs and concessions is needed to prevent people from being disconnected from supply because they simply can't pay. The current HEEA scheme needs to be improved to ensure more people are aware of, and able to access the scheme. The government also needs to consider options to broaden the availability of the electricity rebate program beyond pensioners for example, those on Newstart benefits.

Access to affordable energy is a basic right in a CIVILISED society and therefore those deemed the most disadvantaged i.e. those on Newstart, Youth Allowance and Austudy, together with people on very low incomes from employment should be eligible to receive the same concessions as those who actually receive higher payments through the Centrelink system.

Although some low income earners receive government assistance, those who have recently lost jobs as part of the Global Financial Crisis are not able to access assistance even though their incomes in most cases are lower than other welfare recipients.

Therefore FCAQ strongly urges recognition of all Centrelink Healthcare, Low Income and Pensioner Concession Cards, plus the Veterans Affairs concession cards to provide energy concessions for ALL such card holders.

FCAQ is disappointed as the price of electricity rises the government does not advertise the HEEA scheme as a way to lessen the impact on low income earners. Anecdotal evidence indicates that state government front line staff who manage clients who could be eligible for the HEEA scheme from state agencies such as Public Trustee, Communities, Child Safety, and Disabilities are unaware of its existence.

We strongly urge the government and regulatory bodies to make it matter of priority that all front line staff in state agencies together with the community sector are made aware of the HEEA scheme.

Electricity is an essential need in our society: not a service which one pays for, but a daily essential part of living.

Yours sincerely,

David Lawson  
Executive Member FCAQ  
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