



## **Response to Changes in Regulated Electricity Retail Prices**

**as of 1 July 2012**

**Independent Pricing and Regulatory Tribunal**

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**Prepared by the Physical Disability Council of NSW**

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## **EXECUTIVE SUMMARY**

The Physical Disability Council of NSW (PDCN) appreciates the opportunity to provide feedback to the Independent Pricing and Regulatory Tribunal (IPART) as part of the review into regulated electricity retail prices.

PDCN is concerned that the needs of many people with a physical disability are not being met due to the eligibility criteria of current energy rebates and with difficulties associated with the implementation of strategies being promoted to reduce energy consumption. Subsequently PDCN would recommend the review of energy rebates as soon as possible, and the introduction of a percentage- based Medical Energy Rebate that is less prescriptive and more accessible.

## **DISCUSSION**

As predicted by the Reserve Bank of Australia 'there has been large increases in the prices of utilities have been a notable feature of consumer price inflation in Australia in recent years, and further large increases are anticipated over the next few years'.<sup>1</sup> Based on these predictions and data from the 2009-10 Survey of Income and Housing (SIH) and the 2009-10 Household Expenditure Survey (HES), the Australian Bureau of Statistics (ABS) estimates that approximately 25% of people receiving Disability and Carer payments faced financial hardship by not being able to pay electricity, gas or telephone bills on time.<sup>2</sup>

Physical Disability Council of NSW (PDCN) anticipates that amount facing financial hardship will get greater over the following years. Over the past twelve months approximately 20% of the phone inquires PDCN has received related to the payment of energy bills. Research conducted by PDCN reveals that 50% of respondents who had a

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<sup>1</sup> Australian Government- Reserve Bank of Australia Newsletter December Quarter 2010, Developments in Utilities Prices *Plumb M, Davis K*

<sup>2</sup> Australian Bureau of Statistics (6530.0) – 2009/10 Household Expenditure Survey, Feature Article: Government Pension and Allowance Recipients

physical disability reported financial hardship with utilities, and 47% with electricity.<sup>3</sup> The Public Interest Advocacy Centre (PIAC) recognised these concerns and hosted a focus group as part of the PIAC's Energy and Water Consumers' Advocacy Program to investigate this issue further. Feedback indicated that people struggled to access energy related assistance, and the strategies promoted to the general public to reduce energy costs that were not necessarily appropriate, that the needs of people physical disabilities were not being met and subsequently PDCN believes that they were needing to adopt strategies that were potentially detrimental to their health and quality of life.

Many people with physical disabilities receive either a Disability Support Pension or a minimal wage as part-time employment is often an only option. With the many additional costs often associated with having a physical disability, this too had a bearing on the ability to pay energy and water costs. Due to limited accessible public transport using taxis is often an only option. Subsequently frequent taxi fares, costs associated with paying for aids and equipment, and payment for personal care hours, all contribute to the difficulties of paying household expenses on time.

The NSW government provides the following energy rebates:

- NSW Low Income Household Rebate – Availability to eligible pensioners and recipients of Health Care Cards issued by Centrelink. This payment is currently \$200 per annum, and anticipated to increase by a further \$15 in the new financial year.
- NSW Life Support Rebate - This rebate is available to people who use certain approved energy intensive medical equipment in their home that is necessary to sustain life, such as home dialysis or ventilators, and this rebate can be additional to the NSW Low Income Household Rebate, as required.
- NSW Medical Energy Rebate – Available to the account holder or someone residing in the household for a resident unable to self-regulate body temperature, and is also available additional to the NSW Low Income Household Rebate.
- Energy Accounts Payment Assistance (EAPA) - Assists people experiencing difficulty paying their energy bill because they are facing a crisis or an

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<sup>3</sup> Physical Disability Council of NSW (2011) Impact of Ageing on the needs of People with Physical Disabilities A. Mitchell

emergency. It is designed to keep people connected to essential energy services and is not intended as income support or as an ongoing form of assistance. Vouchers are available through Community Welfare Organisations following assessment.<sup>4</sup>

PDCN believes that many of its constituents would contribute a larger percentage of their limited household earnings towards electricity. PDCN recognises that these costs vary depending on individual need however, the use of additional electrical appliances to maintain independence and/or mobility contribute to these costs. Additional reliance on electricity includes:

- The need to recharge a motorised wheelchair on a daily basis
- The need to run the washing machine more frequently due to incontinence
- The use of a domestic electric door opener to provide greater security.

To reduce the cost of energy for residents, government authorities and energy retailers have promoted a number of strategies including time of use tariffs and purchasing of high efficiency appliances. For people with physical disabilities these strategies have been harder to implement:

- Due to the availability of home care support, assistance with getting out of bed and showering is provided only in peak times. Availability of this support generally influences the time when washing machines are more frequently used.
- The majority of people with a physical disability has a secondary loss in their ability to regulate body temperature due to reduced mobility, and subsequently will have an increased dependency on additional heating and cooling. But without having both primary and secondary loss, they are considered as not being severe enough and consequently not eligible for the Medical Energy Rebate.
- The higher price for energy efficient appliances is seen as a barrier. Even with the availability of low- cost loans through Centrelink, people with disabilities generally have a small disposable income are subsequently concerned about any additional repayments.

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<sup>4</sup> NSW Government, Trade and Investment Resources and Energy (2011) Energy Assistance Guide

Due to the limited flexibility of government energy rebates and difficulties with implementing strategies to reduce the cost of energy, people with physical disabilities need to adopt risky strategies such as:

- Not using fresh ingredients but using premade meals as these would require less time to prepare and hence use less electricity.
- Using less lighting and subsequently increasing the risk of falls.
- Increasing the risk of respiratory, dermatological, and other health conditions by not appropriately heating and cooling houses

In summary in NSW the eligibility for the Medical Energy Rebate and the Life Support Rebate only includes those with a specific medical diagnosis, or for a person needing intensive medical equipment. No matter whether the eligibility is based on medical diagnosis, or equipment used, there is a risk of unmet need. Subsequently PDCN would like to recommend that a program that provides people with a percentage based rebate, similar to the Victorian Annual Electricity Concession be introduced in NSW. This provides a 17.5% reduction on all quarterly electricity bills, and is available to people who have a pensioner concession card, a health care card or a DVA gold card. PDCN recommends that the Medical Energy Rebate evolve into a percentage based rebate that could take account of the increased reliance on electrical equipment and appliances no matter whether the person with the physical disability lives in urban, regional or rural NSW. PDCN believes that the current eligibility criteria for the Medical Energy Rebate, which requires an applicant to have a recognised primary and secondary condition, is too prescriptive and prevents people with real need from accessing sufficient financial assistance.