

COTA (NSW)

Council on the Ageing (NSW) Inc
Estab. 1956

SUBMISSION FOR COMMENT

IPART ISSUES PAPER:

Promoting retail competition and investment in the NSW electricity industry - Regulated electricity retail tariffs and charges for small customers 2007 to 2010 Electricity – Draft Report and Draft Determination No 1, 2007 April 2007

The COTA is pleased to respond to “*Promoting retail competition and investment in the NSW electricity industry - Regulated electricity retail tariffs and charges for small customers 2007 to 2010 Electricity – Draft Report and Draft Determination No 1, 2007 April 2007*”

COTA (NSW)

COTA is a consumer organization and the peak body representing the issues, concerns and priorities of people in New South Wales over the age of 55. COTA was established in 1956 as the Older People's Welfare Council and launched at the Town Hall on 26 March 1957. It became 'Council on the Ageing' in 1969. The joint founders of COTA (NSW) were NCOSS (the NSW Council of Social Service), the Sydney City Council and the Rotary Club of Sydney.

COTA's core functions include:

- Policy development, representation and advocacy
- Delivering important community programs such as Medications Management for Older People, Healthy Ageing talks, the Living Longer, Living Stronger program and the Grandparenting Project
- Brokering, referring, collaborating, coordinating, and networking among seniors organizations and services to seniors
- Informing and educating older persons and all those concerned with their welfare.

New pricing arrangements detrimental to older, more vulnerable consumers

COTA is disturbed to note the significant price increase proposed in the Tribunal's draft determination. An increase of between 7 and 8% each year for three years is going to have a significant impact on COTA's constituency. It is particularly disturbing that for each of the regulated retailers the indicative increases (Tables 9.2, 9.3 and 9.4) all indicate a higher rate of increase for customers with low usage.

Given that a significant number of consumers who have low usage are likely to be older consumers it is disappointing that the determination seem to reverse a previous trend in pricing by having a higher price for a low consumption and a lesser price rise for higher consumption.

The Tribunal seems to think that existing consumer assistance measures are satisfactory. COTA would point out that the pensioner energy rebate has not risen in many years despite continuing increases in the cost of both electricity and gas. Further more we are aware that the actual amount is the lowest rebate in all of Australia with even Queensland paying a higher rebate.

Finally COTA wishes to call on the Tribunal to abolish a late payment fee. Given that the price increases are significantly above the CPI and that, it is therefore going to affect those on fixed incomes in a dramatic way, late payment fees will adversely impact on pensioners who will struggle to pay their bills on time. At the very least recipients of the energy rebate should be exempted from late payment fees.

While COTA appreciates the terms of reference the aim of promoting competition is likely to be of least benefit to older consumers. Their consumption patterns place them in the lowest range and thus make them the least attractive of customers. Many older consumers are confused and vulnerable to unscrupulous marketing practices and wish to remain customers of familiar and trusted retailers. It is a disappointment that these customers' energy costs are to be increased to allow other customers to benefit from greater market activity.

The least that could be done to soften this increase in the cost of an essential utility would be for the Tribunal to strongly call on the Government to index the pensioner energy rebate and to exempt pensioners from the late payment fee.

COTA (NSW) Summary Recommendations

- **Index the pensioner energy rebate**
- **Exempt pensioners from the late payment fee**