



**COMBINED PENSIONERS AND SUPERANNUANTS  
ASSOCIATION OF NEW SOUTH WALES INC.**

Serving the community since 1931.

*Consumer Protection Awards – 2002, 2003, 2004, 2005*

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**Submission to the Independent Pricing and Regulatory Tribunal**

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April 2009

**Ref: IPZ.001**

**Market-based electricity purchase cost allowance – 2009 review:  
Regulated electricity retail tariffs and charges for small customers 2007  
to 2010**

**Electricity – Draft Report**

CPSA is a non-profit, non-party-political membership association serving the interests of pensioners of all ages, superannuants and low-income retirees. CPSA has approximately 130 branches and affiliated organisations with a combined membership of over 15,000 throughout NSW.

CPSA is alarmed at the steep price increases for electricity proposed to take effect on 1 July 2009 following the Independent Pricing and Regulatory Tribunal's (IPART) price determinations for electricity providers in NSW. CPSA opposes the recommended price increases, as they will have a dramatic impact on low income households, in that their ability to cover the cost of energy will be seriously diminished. The price increases will disproportionately affect low income households, least able to afford the increased cost.

NSW is home to 887,700 pensioners, either in receipt of the Age Pension or the Disability Support Pension. The full-rate pension, which is \$14,814 for singles and \$24,746 for couples, fails to provide an adequate income to meet the cost of basic goods and services. Pensioners with the pension as their sole source of income (the majority) are often unable to afford basic goods and services, including utilities.

Pensioners in NSW are entitled to an energy rebate of \$112 per annum, which is provided by the NSW Government. This rebate was introduced in 2002 and, despite price increases, has not been indexed. Consequently, its value has eroded significantly.

In accordance with the Westpac/Association of Superannuation Funds Australia's budget standard, a single retiree needs about \$19,500 per annum to sustain a modest standard of living. This budget standard allows for an electricity bill of \$12.77 a week, amounting to \$664 a year. If the proposed price increases take effect, a pensioner that used \$12.77 a week worth of electricity under Country Energy, would pay around \$120 extra a year (with a price rise of 18.5 per cent). The energy rebate will fail to cover this increase alone, which is based on a low energy using household.

CPSA acknowledges that IPART cannot set the pensioner energy rebate. However, CPSA considers the proposed increases inconsiderate of the living cost pressures already facing low income households. The proposed price increases are not dissimilar to 'privatised prices', being about 18 per cent above assumed regular CPI indexation of 2 per cent.

CPSA therefore calls on the NSW Government to implement a one-off supplement in 2009 to protect pensioners from the significant price increase. This would be calculated in accordance with the average price increase of 20 per cent of electricity, minus a 2 per cent CPI increase, amounting to \$20. This would be in addition to CPI indexation.

Indexation of the energy rebate would take it to \$135, \$23 above its current amount. With the 2009 supplement the energy rebate would be \$155.

Pensioners already 'under-use' energy in the home to reduce utility costs. The aforementioned price increases will exacerbate this situation. It will also increase the number of disconnections. CPSA considers lifting the rebate as crucial to protect pensioners from being disconnected from their energy supply.