



Tasmanian Council of Social Service Inc
PO Box 1126 Sandy Bay Tas 7006
Phone 03 62310755 Fax 0362236136
tony@tascoss.org.au

February 7, 2011

Electricity Supply Industry Expert Panel
contact@electricity.tas.gov.au

Members of the Expert Panel,

The Tasmanian Council of Social Service (TasCOSS) welcomes the opportunity to comment on your *Statement of Approach* paper.

As you may be aware, TasCOSS is the peak industry body for the community services industry in Tasmania and represents the interests of the industry and of the low income, vulnerable and disadvantaged Tasmanians who are served by the industry. We have a long history of involvement in electricity supply issues given the essential nature of electricity and the ongoing challenge faced by many low income Tasmanian households to afford an uninterrupted household electricity supply. In recent years, affordability has become a greater challenge as prices have increased.

We look forward to participating in the Review of the Tasmanian Electricity Supply Industry and hope that an outcome of the Review is an identified strategy or strategies to increase the affordability of electricity for the many Tasmanian households who are currently struggling to pay the increasing costs of electricity.

In general we support the approach that the Panel has decided to take in relation to its Terms of Reference; however, we would like to make a number of comments regarding the *Statement of Approach* paper and the review phases detailed in the paper.

Firstly, we were concerned to read in the *Statement of Approach* paper the suggestion that TasCOSS and Anglicare expressed concerns,

. . . about the ability of some sections of the Tasmanian community to manage their household budgets to accommodate cost of living increases, including higher energy costs. (p 5)

The TasCOSS-Anglicare joint publication *Making electricity affordable: a four point plan* is cited in a footnote as evidence of our concern. In fact, we are *not* concerned about the ‘ability’ of low income households to manage their budgets, we *are* concerned about high electricity prices, inadequate incomes, inappropriate concessions and tariff structures that preclude savings through decreased usage.

TasCOSS believes that most people living on low incomes are in fact very good money managers – they need to be – Newstart Allowance currently provides an individual with \$234.85 a week to live on, while the more generous Age Pension base-rate for a single person is \$329.20 per week.

The issue is not the inability of low income individuals and households to manage their budgets, the issue is the *size* of their budgets and the increasing demands on them. This is why TasCOSS believes it is essential that the Expert Panel investigates, along with the factors contributing to price rises, the issue of affordability of electricity in Tasmania, and recommends strategies that will increase affordability.

The second issue we would like to comment on is the Expert Panel’s decision, documented in the *Statement of Approach* paper, to examine issues related to gas only as it relates to electricity. TasCOSS suggests that access to gas for household use also be considered since limited access to gas obviously restricts ‘interfuel competition’ for households.

We believe that the Panel could look into the State Government’s initial clearly articulated support for the gas roll-out to residences and its subsequent apparent reversal of that support.

TasCOSS welcomes the Panel’s decision to examine demand side options and in particular, the potential of energy efficiency measures to assist households to reduce their electricity use and costs. We believe that energy efficiency has enormous potential in this regard and that it has been largely neglected by government in Tasmania to date.

TasCOSS has advocated for many years for the State Government to assist low income households to increase the thermal efficiency of their homes. We maintain that this would be an effective way not only to increase comfort in the cooler months, but also to assist households to save money on energy costs.

A related issue is the structure of residential electricity tariffs which, with their relatively high daily standing charges, make it difficult for households to make savings in electricity costs by reducing their usage. This is an issue we would like to see the Expert Panel look into, particularly regarding the ways in which the tariff structure affects the efficacy of energy efficiency measures functioning also as cost savings measures.

TasCOSS welcomes the Panel’s intention to examine the effectiveness of competition, particularly in the wholesale electricity market in Tasmania. We believe that this will inform the current and ongoing debate about the extension of retail competition to households and small businesses. It may also assist with determining

whether or not there is potential for full retail competition to deliver lower prices to Tasmanian households.

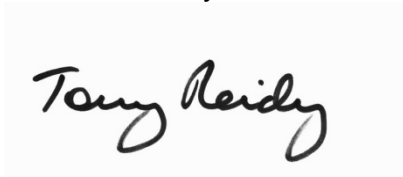
Finally, we seek clarification about the intended review phases detailed in the *Statement of Approach* paper. We are concerned that the Panel intends to address the first three terms of reference in the first half of the review period and especially, to document these 'outside the Draft and Final Reports'. We cannot understand why the first three Terms of Reference warrant 'an accelerated timetable' while the other Terms of Reference will be addressed 'in a timeframe that allows adequate investigation and discussion prior to the formulation of recommendations' (p 12).

This approach appears to be separating the first three Terms of Reference out as less deserving of full and appropriate consideration than the others. TasCOSS believes that these are as essential as the others and should be afforded appropriate and equal investigation and discussion. The outcome of the investigation of these should also rightly be included in the Panel's draft and final reports.

We may have misunderstood this aspect of the *Statement of Approach* paper since this intention is not reflected in the 'Review Road Map' (p 13), which suggests that all Terms of Reference will be dealt with throughout the review period and reported on in both the draft and final reports.

TasCOSS wishes the Expert Panel well in its investigations and hopes that the outcomes will contribute to improvements to all aspects of energy supply in Tasmania and, most importantly, to increasing the affordability of electricity for financially disadvantaged Tasmanians.

Yours sincerely

A handwritten signature in black ink that reads "Tony Reidy". The signature is written in a cursive, flowing style.

Tony Reidy
Chief Executive Officer