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Level 18, 215 Adelaide Street  
Brisbane Qld 4000

GPO Box 1450  
Brisbane Qld 4001

Phone 07 3233 9100  
Fax 07 3211 9339

[policy@nationalseniors.com.au](mailto:policy@nationalseniors.com.au)

Mr Kim Wood  
Queensland Productivity Commission  
PO Box 12112  
George Street  
BRISBANE QLD 4003

Dear Mr Wood

### **Inquiry into Electricity Pricing in Queensland**

National Seniors welcomes the opportunity to provide comment to the Queensland Productivity Commission (QPC) in response to the draft report published on 3 February 2016. National Seniors is concerned that proposals to change the way that households manage and pay for our electricity usage will negatively impact on vulnerable older Queenslanders. We also believe that there are other matters that have not been sufficiently covered within the draft report.

National Seniors is a not-for-profit organisation that gives voice to issues that affect Australians aged 50 years and over. It is the largest membership organisation of its type in Australia with over 70,000 of its 200,000 members residing in Queensland.

In attempting to contain spending on electricity concessions the draft report recommended that eligibility for the concession be removed for Seniors Card holders but remain for those holding either a Pensioner Concession Card or Department of Veterans' Affairs Gold Card. The recommendation to remove eligibility for Seniors Card holders caused great concern among National Seniors members and resulted in the State Government rejecting this recommendation. We urge the QPC to acknowledge this decision in the final report.

National Seniors is disappointed that the QPC has not put forward a recommendation to transfer the costs of the Solar Bonus Scheme (SBS) to the State budget. The SBS scheme was introduced to encourage households to install solar panels for the purpose of reducing Queensland's carbon emissions. As such, National Seniors believes that the cost of the scheme should be funded directly through the State budget rather than as part of electricity charges, where it is having a disproportionate impact on electricity prices. Should the government take up the proposed recommendation to bring forward the closure date of the SBS scheme, we would suggest that this be achieved through a progressive reduction in the rebate over time.

National Seniors remains concerned about the introduction of demand tariffs and their impact on vulnerable seniors. Energex intends to introduce these on a voluntary basis from July 2016. We believe that there are several preconditions required to ensure that vulnerable seniors can successfully adapt to demand tariffs.

The first precondition is access. In order to use a demand tariff, households must have a smart meter installed at their own cost. While the costs of installing a smart meter is not yet known, it is likely that up-front costs will act as a barrier to entry for seniors on low-fixed incomes. As the majority of seniors live with limited means on the Age Pension this could result in low take-up of the new demand tariff arrangements.

Assistance will be necessary to enable those with limited means to purchase a smart meter. Without this they will not be able to derive any of the potential benefits. Furthermore, vulnerable seniors unable to adopt smart meters are at risk of experiencing increased electricity costs if existing tariffs increase as a direct result of the introduction of demand tariffs.

The second precondition is requisite knowledge. In order to avoid any negative impacts, households will need to have a clear understanding of what a change to a demand tariff entails. While the purpose of a demand tariff is to reduce network load in peak times, the mechanism for achieving this is price related. Lower prices are offered to reward households with “good” behaviour during off-peak times and higher prices are used to penalise households with “bad” behaviour during peak use times.

This requires an understanding of household electricity use and an ability to change behaviour. This may require the use of technologies that help households monitor and control their electricity use. Education programs will be required to ensure that households understand how electricity use impacts on price in order to avoid unintended economic impacts on vulnerable consumers.

National Seniors requests that the QPC review its recommendations to government to ensure there is suitable assistance for vulnerable households to acquire smart meters and appropriate education programs to assist these households about demand tariffs.

As electricity is an essential service, National Seniors believes the regulatory settings should include measures to protect vulnerable and disadvantaged consumers to ensure these customers have access to safe and secure supply.

In this regard, National Seniors urges the QPC to include a recommendation to undertake research to determine the characteristics of vulnerable and disadvantaged customers. While some modelling has been done in this area, work is still required to clearly define vulnerable households. It would be advantageous if the QPC’s final report contained recommendations on this matter.

Yours sincerely

**Vera Somerwil**  
**Chair, Queensland Policy Advisory Group**