

Submission to the Queensland Productivity Commission Inquiry into Electricity Pricing Draft Report

On behalf of the Cairns and District Branch of Australians in Retirement also known as AIR

Thank you for allowing us to comment on your draft report on the Queensland electricity supply system.

Unfortunately we have difficulty finding sufficient time and ability to take in 314 pages of a draft report that appears to have a limited input by QPC and the bulk contributed by a consulting firm. Otherwise why have you overlooked the content of our submission except for impact of the '44 cent solar bonus rebate. Your comments on the 44cent solar bonus rebate are comprehensive and clearly incorporate the input from others. You seemed to have disregarded or given no value to the matters we raised with you at your 'fact finding' trip to Cairns.

When the Queensland Government revealed they were setting up an 'independent statutory body 'that would operate and report independent from the Queensland Government, we, in our dreams, hoped this independent authority would be isolated from the input and influence of Government. **How disappointed we are.**

We do complement the consultant on the detail content of their contribution to the report much of which was derived from logic addition. We are pleased we don't have to personally pay for the consultant contribution but no doubt we will contribute to the cost indirectly.

We doubt if any member of the Queensland Parliament will read, absorb and understand the content of the report in its entirety or major part thereof. This raises doubts that any Government decisions arising from the final report recommendations will be based on understanding of the real and long term consequences of their decisions. Regrettably this has been the pattern of the past with decisions on the State electricity industry.

With reference to the QPC recommendations, there are some for which QPC will be held accountable without the protection of consultancy but shielded by the Government umbrella. **Of these recommendations we make specific reference to Recommendation 45 part 2 in regard to the removal of the rebate entitlement to Queenslanders who hold the Queensland Seniors Card.**

Your reference to the fact that 'no means test' is applied to the issue of this Queensland Seniors Card indicates you believe Senior Card holders have access to the large sum of superannuation monies frequently referred to in the media.

Members of AIR and many others who have passed the 60 barrier retired and received the Queensland Seniors Card have pride in the fact that they , during their working lives, made commitments to be self-supporting in retirement and contained their spending to allow them

to save for retirement. Self-funded senior card holders do not have access to large superannuation reserves because their compulsory superannuation savings for retirement did not exist when many were at the prime of their working lives unless they were employed in a government position and even then the contribution level was only approximately 3% of their wage.

The Self Funded Retiree has been severely disabled by the action of the Reserve Bank in reducing bank savings interest rates to the lowest in the life of most people. The majority of Self Funded Retirees have the bulk of their savings assets in low risk investments and bank savings as the compulsory superannuation system began in 1992 and unfortunately the personal accumulation within the fund for current retired people does not provide for their living needs. Even those retiring today will struggle in the current changing economic times and cost of living increases. The returns on these personally saved assets are just matching the current CPI rates and the costs of many of the needs of aged people continue to escalate well above CPI. **The increasing burden of the electricity bill is shown by the growth of the ‘hardship listed consumers’.** People in retirement – in particular those who chose to self fund are lowering their living standards and at risk of running out of money that allows them to be self funded. Their demand needs for air conditioning, particularly those living in the hot tropics of Far North Queensland, increases with their aging and deteriorating health. They can no longer leave home at 8am and go to a work situation where the costs of air conditioning are met by the employer **They must meet the costs and the current Senior Card rebate gives some relief to the electricity bill shock.** Age brings increasing dependence on affordable electricity. **Inability of senior people to pay the cost of their electricity bill has serious implications for food and other essentials, and the, health, the wellbeing of frail and elderly people, communication and community safety.** Constant fiddling with entitlements erodes confidence and the will to struggle to live on a shrinking nest egg on which they retire.

The Federal Government has recently defined the objectives of the compulsory superannuation system as the awareness of the wave of baby boomers approaching retirement and the resulting impact on the Federal Pension budget. The objectives include maximising individuals’ opportunity to be independent of the age pension in retirement. The direct reverse of what the QPC is recommending which raises the suspicion that QPC is doing what it has been directed to do by Government to transfer this rebate to the Federal budget through forcing people onto the age pension and off the State Government budget.

We therefore ask that recommendation 45 (part2) be removed from the final report.

Our brief comments on other recommendations are:

- 1. The Qld. Government should allow the market to evolve to meet the consumer needs**

Comments: this ignores the possible consequences on the network and the flow-on impact to network pricing.

3 The Qld. Government should implement an ongoing review -----

Comments: If this has benefit it should be done in association the National regulating authorities.

9 The Qld. Government's Renewable Energy Taskforce should consider ---:

Comments :The impacts renewables are having on the network and the costs to address these impacts in both the short term and long term should be given high priority. It should also address the cross subsidisation paid by those consumers unwilling and/or unable to pay for solar power.

11. The Qld. Government should not intervene in the solar PV market ---

Comments: The Government should become aware of the long term consequences of its decision in July 15 that allows the invasion of SPPAs into the domestic arena on the network and on the individual's property.

12. The Qld. Government's planned merger of the network businesses ----

Comment : no mention on supposed \$500million savings flowing through to the consumers in tariff reduction.

18 The Qld. Governments involvement in the retail market should be limited to – points of significant change in the market

Comment: The Qld. Government should immediately remove the unjust 'headroom charge' of 5% added to the accounts of all consumers. This headroom charge was introduced to encourage competition. We have no competition in areas serviced by Ergon.

54 The Queensland Government should investigate – placing a requirement on landlords to meet certain standards of energy efficiency and demand management in their housing stock -- Comments : This is absurd – one of the consequences is to increase the rental and bond further burdening those on low income

General comments on the 'Draft Report'.

It does not identify the long term consequences of each of the 54 recommendations.

It does not define the product on which the report is based nor does it identify risks associated with the product nor the impacts these risks have on the management, transport, storage and generation.

It does not identify any way of reducing the cost of electricity. This high cost is impacting on our member's quality of life but industry also is hurting. Businesses will close if the cost of electricity is not reduced immediately. The already high unemployment rate will only worsen which will lead to less tax taken by governments.

Phil Pollard and Des Reppel