

Submission to

Independent Pricing and Regulatory Tribunal (IPART)

**Changes in regulated gas retail prices
from 1 July 2014**

10 March 2014

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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 130 branches and affiliated organisations with a combined membership of over 30,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA depends for the majority of its funding for core activities as a peak body on a \$450,000 grant from NSW Family and Community Services' Office for Ageing. CPSA engages in systemic advocacy on behalf of its constituency. CPSA acknowledges the potential for conflict of interest arising for CPSA and the NSW Government as a result of this funding arrangement. CPSA is committed to managing any conflict of interest issues in an ethical manner.

CPSA welcomes the opportunity to comment as part of IPART's gas price determination consultation process. CPSA is very concerned about the proposed gas price increases put forward by retailers. An increase of between 18.1 per cent (Origin) and 20.3 per cent (AGL) will create significant affordability issues for low income gas customers.

Households who are able to access gas in their homes largely do so as a way to minimise their energy bills; such a large hike in gas prices dismantles the notion of gas as a cheaper alternative to electricity. Struggling households were expecting limited relief on their energy expenditure with electricity price rises finally falling to 1.8 percent. Such substantial price rises for regulated gas will negate gains made by the fall in electricity prices. Electricity customers are still struggling to absorb the high price increases in recent years. Regulated electricity price increases over the last six years have more than doubled the average electricity bill, according to the NSW Auditor General, increasing from \$1,013 in 2007/08 to \$2,073 in 2013/14.¹ To add to this an increase of between \$169 and \$239 to gas bills over a one year period (bringing bills up to between \$1,080 and \$1,522)² will push low income households into hardship.

If we take the average of the proposed gas bills for 2014/15 (\$1,235.50) and combine with the average of electricity (\$2,073) we end up with a situation where a single pensioner will be spending 15 percent of their income on energy costs.³ This puts pensioner households into energy poverty, defined as spending more than 10 per cent of household income on energy bills. CPSA therefore proposes that IPART reject the high bill increase proposals put forward by the regulated gas providers.

¹ New South Wales Auditor General (November 2013) *Financial Audit Volume Four 2013 – Focusing on Electricity*, p. 11.

² IPART (February 2014) *Factsheet: Updating regulated gas prices for 1 July 2014*, p. 3.

³ Calculation based on the current pension rate (including supplements) of \$827.10 per fortnight. The Low Income Household Rebate amount of \$235 has been included in this calculation. This is the amount that will be paid as of 1 July 2014 reflecting an increase from the current \$225 being paid.