

National Seniors

Australia

Submission in Response to the
Productivity Commission Draft Report
Electricity Network Regulation
Frameworks

November 2012

About National Seniors Australia

National Seniors Australia is the largest organisation representing Australians aged 50 and over, with around a quarter of a million members nation-wide. This broad-based support enables National Seniors to provide a well informed and representative voice on behalf of its members and contribute to public education, debate and community consultation on issues of direct relevance to older Australians.

We give our members a voice – we listen and represent our members’ views to governments, business and the community on the issues of concern to the over 50s.

We keep our members informed – by providing news and information to our members through our Australia-wide branch network, comprehensive website, forums and meetings, bi-monthly lifestyle magazine and weekly e-newsletter.

We provide a world of opportunity – we offer members the chance to use their expertise, skills and life experience to make a difference by volunteering and making a difference to the lives of others.

We support those in need – as a not-for-profit organisation, we raise funds and redirect monies received to older Australians who are most in need.

We help our members save – we offer member rewards with discounts from over 7,000 business across Australia, we offer discount travel and tours designed for the over 50s, and we provide older Australians with affordable, quality insurance to suit their needs.

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SUMMARY OF GENERAL RECOMMENDATIONS

1. National Seniors Australia (National Seniors) **does not support** the mandated application of time-based cost-reflective pricing and smart meters to all consumers.
2. National Seniors recommends that retirees and at-risk low-income consumers should have the option to remain on a flat tariff indefinitely. Further, consumers that opt to remain on the flat tariff should have the ability to refuse the installation of smart meters and be spared the additional costs associated with network-wide smart meter installation.
3. National Seniors recommends that any implementation of time-based cost-reflective pricing should be accompanied with an education program (with measureable objectives) which informs consumers not only of the proposed benefits of smart meters but also explains the risks and other demand management options available.
4. National Seniors recommends that government rebates and financial assistance be increased to match the rapid increases in electricity charges, including any additional charges resulting from the introduction of time-based cost-reflective pricing and the implementation of smart meters.
5. National Seniors recommends that all States and Territories adopt a standardised approach to determine the level of financial assistance to consumers and eligibility criteria required.
6. National Seniors recommends that the current level of electricity supply reliability should be guaranteed.

National Seniors has considered the Productivity Commission Draft Report Recommendations and provides specific comments on behalf of Australians aged 50 and above on the following recommendations.

National Seniors:

- supports Recommendation 8.2
- supports Recommendation 8.4
- supports Recommendation 8.7
- conditionally supports Recommendation 10.1
- supports Recommendation 11.1
- supports Recommendation 11.2
- supports Recommendation 11.6
- supports Recommendation 11.7
- supports Recommendation 13.1
- supports Recommendation 14.1
- supports Recommendation 16.1
- supports Recommendation 21.1
- supports Recommendation 21.2
- supports an amended Recommendation 21.3

National Seniors has not considered the remaining recommendations as they are less relevant to the over-50s.

INTRODUCTION

National Seniors Australia (National Seniors) welcomes the opportunity to respond to the Productivity Commission's Draft Report, *Electricity Network Regulation Frameworks*.

Older Australians have been significantly affected by unprecedented growth in electricity prices over the past 5 years. National Seniors research shows the over-70s in particular are struggling to pay their electricity bills and cope with the increasing cost of living.¹

Utility charges, particularly electricity costs, now account for a significant percentage of total household expenditure and are quickly eroding the ability of seniors to maintain a dignified standard of living in retirement. National Seniors research has revealed that nearly three-quarters of a million seniors (aged 50 years and over) are spending half their income on just three essential cost of living items including electricity.²

As a result of the dramatic electricity price rises, older Australians have already cut back on their electricity usage and do not have the ability to make further reductions or amend the timing of their electricity usage without negatively impacting on their standard of living.

National Seniors members have reported that their fear of electricity charges has forced them to restrict or stop completely their use of electrical appliances (predominantly heaters and air conditioners) in an attempt to reduce their electricity bill. These actions increase the likelihood of elderly Australians suffering adverse health effects as a result of exposure to extreme temperatures.

National Seniors believes that the supply of reliable electricity at a reasonable cost is an essential service that must be provided to all Australians.

National Seniors acknowledges the need to rectify the current misalignment of electricity cost and price and the inequitable situation of low-income earners who use low levels of electricity subsidising high-income earners who use large amounts of electricity. However, National Seniors is concerned that the implementation of time-based cost-reflective electricity pricing has the potential to further increase the electricity costs of retirees who are predominantly low electricity users on fixed incomes.

¹ National Seniors Australia, 2011, *Are Older Australians Being Short Changed?*, National Seniors Productive Ageing Centre.

² Ibid.

In this submission National Seniors makes six general recommendations and clarifies its position on 14 key Productivity Commission Draft Report recommendations.

GENERAL RECOMMENDATIONS

These National Seniors general recommendations relate to a number of recommendations within the Productivity Commission's Draft Report.

- 1. National Seniors does not support the mandated application of time-based cost-reflective pricing and smart meters to all consumers**
- 2. National Seniors recommends that retirees and at-risk low-income consumers should have the option to remain on a flat tariff indefinitely. Further, consumers that opt to remain on the flat tariff should have the ability to refuse the installation of smart meters and be spared the additional costs associated with network-wide smart meter installation.**

National Seniors does not support the approach taken by the Victorian Government of forced adoption of smart meters.

National Seniors believes that retirees and at-risk low-income consumers should be able to remain on a flat tariff set at a reasonable rate. National Seniors believes it is the responsibility of the Federal, State and Territory governments, distribution businesses and retailers to offer incentives and convince consumers of the benefits of opting into the new pricing system.

National Seniors is aware that many older Australians have already significantly reduced their electricity consumption and are unable to make further reductions or adjustments to the timing of their electricity usage to take advantage of the drop in off-peak price which may accompany the implementation of the cost-reflective pricing system. Therefore, given the increased costs associated with smart meters (approximately \$100 per annum) and the higher peak price of electricity it is likely that a large number of seniors will be charged more for their electricity usage after the introduction of the new pricing regime.

Given the risk of higher prices, National Seniors believes the adoption of time-based cost-reflective pricing must be optional.

3. National Seniors recommends that any implementation of time-based cost-reflective pricing should be accompanied with an education program (with measurable objectives) which informs consumers not only of the proposed benefits of smart meters but also explains the risks and other demand management options available.

While taking General Recommendations 1 and 2 into account, if time-based cost-reflective pricing is implemented, there must be an extensive education program developed which not only informs consumers of the changes but also explains the risks, including the risk that consumers' electricity charges may increase.

There would be four key components to the consumer education program.

The first would be the provision of **detailed written and online consumer information** on the range of available demand management options, including the use of technologically advanced appliances and direct load control. Additional financial incentives should be developed to promote the use of these technologies before the implementation of smart meters.

Secondly, the education program would include a component **specifically tailored towards retirees** and low-income earners. National Seniors advocates a face-to-face communications approach which would allow older Australians the opportunity to discuss changes with an independent third party (potentially the single but broadly representative consumer body suggested in Recommendation 21.3). This independent third party would be expected to provide the facts in a clear manner and have no role in selling a particular product.

A national price comparison web site would form the third key component of the education program. The web site would not only inform consumers of their options but encourage competition and efficiency in the market.

Measurable targets would comprise the final component of the education program. One measure, for example, could be the number of consumers who experience bill shock (surprised by the increased new charges) as a result of transitioning to time-based cost-reflective pricing.

4. National Seniors recommends that government rebates and financial assistance be increased to match rising electricity charges, including any additional charges resulting from the introduction of time-based cost-reflective pricing such as the implementation of smart meters.

5. National Seniors recommends that all States and Territories adopt a standardised approach to determine the level of financial assistance to consumers and eligibility criteria required.

The rising number of electricity disconnections due to unpaid bills is testament to the insufficient level of current governmental support. For example in New South Wales the number of residential customers disconnected for non-payment of bills increased (17%) from 15,835 in 2009/10 to 18,651 in 2010/11.³ Similarly in the June quarter of 2012 the number of pensioners and concession card holders who were disconnected due to an unpaid bill in Queensland rose to 1,006 individuals or approximately 20% of the total of small customer disconnections.⁴

A review of all government rebates and financial assistance should be conducted to ensure that:

- All at-risk consumers (including retirees) are eligible for assistance;
- The level of assistance provided is adequate to offset the increased cost of electricity; and
- The methods utilised to deliver this assistance are appropriate.

A priority for the revision of the financial assistance provided by government is an ongoing increase to offset the rental cost of the smart meter itself, should consumers opt to adopt this technology, estimated at, approximately, an additional \$100 per annum. Many seniors do not have the financial capacity to cover such an increase.

National Seniors members have raised the inequality that exists for some residents of retirement and residential villages. Residents of some villages do not receive individual electricity bills and are not independently linked to the electricity grid. These residents do not receive the electricity rebates they are entitled to as their ability to receive the financial assistance is dependent on village operators seeking the rebate on their behalf.

³ Independent Pricing and Regulatory Tribunal, 2012, *Electricity retail businesses' performance against customer service indicators in NSW*, p8.

⁴ Queensland Competition Authority, *Small Electricity Customer Disconnection, Hardship and Complaints Statistics-June Quarter 2012*.

The voluntary introduction of smart meters should be extended to include all residents of retirement and residential villages to ensure they have access to all electricity rebates.

6. National Seniors recommends that the current levels of electricity supply reliability should be guaranteed.

National Seniors believes that electricity supply is an essential service and that, as a non- negotiable, reliability of supply must be preserved under all network models. National Seniors is concerned that further privatisation of energy assets may result in reduced reliability and potentially allow for reliability levels to be determined by the consumers' capacity to pay.

Older Australians have a very high preference for reliability and a very limited ability to pay more to secure it.

Many older Australians depend upon health-related electrical appliances (such as electronic monitoring devices, home oxygen therapy, charging of speech generating devices) which require 100% reliability to maintain health standards.

A loss of supply has a large economic and psychological impact on seniors generally. For example, an extended loss of power could result in the loss of produce from the refrigerator. With few retirees having the financial capacity to replace basic essentials, unexpectedly doing without has the potential to cause high levels of anxiety and health threatening situations.

PRODUCTIVITY COMMISSION DRAFT RECOMMENDATIONS

Productivity Commission's Draft Recommendation 8.2:

In determining relevant benchmarking performance and control variables, the Australian Energy Regulator should consult with:

- *network businesses, generators, retailers and network equipment*
- *customer representatives **including consumers or non business interests***
- *relevant experts within Australia and internationally.*

National Seniors supports Recommendation 8.2 with above the amendments

National Seniors supports the proposed requirement that the Australian Energy Regulator consult with customer representatives when determining relevant benchmarking variables.

National Seniors believes consumers must have input into the creation of the benchmarks and performance measures to ensure that investment in the grid is targeted to achieve the true requirements and desires of consumers.

Productivity Commission's Draft Recommendation 8.4:

The Rules should be changed to allow the Regulator to have the discretion to initiate a three-way negotiation of a mutually acceptable settlement, involving itself, the business, and a representative and qualified customer group similar, or identical, to that identified in draft recommendation 21.3

- *Negotiation would only be triggered if the Australian Energy Regulator judged that the divergence between aggregate benchmarking estimates of forecast spending and the business's proposal were sufficiently narrow.*
- *Where an arrangement was successfully negotiated using this process, the Australian Energy Regulator should not be obliged to go through the current formal draft/final determination processes.*

National Seniors supports Recommendation 8.4

National Seniors strongly supports the involvement of a consumer group allowing all consumer input to be considered when determining the reasonableness of the proposed spending. Refer to our response to Recommendation 21.3 for further discussion of the involvement of a consumer group.

Productivity Commission’s Draft Recommendation 8.7:

The Australian Energy Regulator should make all benchmarking input data publicly available (recognising that the businesses being benchmarked are regulated monopolies) except where the data can be demonstrated to be genuinely commercial-in-confidence.

Where the latter holds, the Australian Energy Regulator should still make the full datasets available to:

- *independent researchers who are using the results for non-commercial purposes*
- *the consumer group involved in any negotiations described under draft recommendation 8.4*

National Seniors supports Recommendation 8.7
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National Seniors supports the release of all benchmarking data. National Seniors believes the release of data will allow for more transparency and permit consumers to gain a greater understanding of the benchmarking decisions.

National Seniors believes that the increased level of public accountability will apply pressure on the Australian Energy Regulator (AER) to reach efficiencies and result in more favourable outcomes for consumers.

Productivity Commission’s Draft Recommendation 10.1:

Distribution businesses should implement the roll-out of advanced metering infrastructure — so called smart meters — on a region-by-region basis within their network.

- *Before any roll-out, the Australian Energy Regulator, drawing on the proposal and supporting evidence from the distribution business, should assess the net present value of costs and benefits, and be required to consider demand management options that do not rely on smart meters.*
- *When the Australian Energy Regulator determines the optimal start date of the roll-out, the relevant distributor must submit a costing to the Regulator for approval and agree to an appropriate timeline for implementation.*
- *Mandatory time-based network charges to retailers (draft recommendation 11.3) should be implemented once smart meters are installed, appropriate customer consultation and education has taken place, and retail price regulation is removed (draft recommendation 12.3).*

National Seniors conditionally supports Recommendation 10.1

National Seniors supports that distribution businesses should lead the roll-out of smart meters based on regional Net Present Value analysis. However this support is subject to consideration of our General Recommendations 1 and 2.

National Seniors advocates other demand management options be fully analysed and considered before the decision to implement smart meters is made.

National Seniors suggests before smart meters are rolled out in a region that financial incentives be developed to promote the uptake of direct load control technologies. The impact (potential reduction in peak demand) of an increase in the uptake of these demand management technologies should be considered before any forced implementation of smart meters.

Productivity Commission's Draft Recommendation 11.1:

The Standing Council on Energy and Resources should be tasked with overseeing the progressive implementation of cost-reflective, time-based pricing for electricity distribution network services, predicated on the long run marginal costs of meeting peak demand. Amongst other things, the Council should:

- *address any areas where greater engagement between key stakeholders (distribution businesses, retailers, state and territory governments, the Australian Energy Regulator and customer representatives) would assist the expeditious implementation of the new pricing regime.*

National Seniors supports Recommendation 11.1

National Seniors supports the Standing Council on Energy and Resources focus on consultation and stakeholder engagement, including engagement with consumer representatives as key requirements to implement the proposed new pricing regime. National Seniors suggests that consultation and engagement processes should be on-going (across a number of years) to monitor the full impact of implementation on all consumers.

Productivity Commission's Draft Recommendation 11.2:

Before incorporation into national licence conditions, preparatory work would be needed to develop a common approach to the identification of customers in need of special support to meet their electricity bills or pay for smart meters (draft recommendation 11.6), but:

- *pending agreement on appropriate national criteria and approaches to funding, each state and territory government should continue to be responsible for targeted financial support to address affordability.*

National Seniors Australia supports Recommendation 11.2

National Seniors supports the development of a common approach to identification of customers in need of support to meet their electricity bills or pay

the additional cost associated with smart meters. General Recommendations 4 and 5 relate to the arrangements for providing such support. National Seniors also supports the continuation of the State and Territory governments' role in providing financial support to at-risk consumers.

National Seniors recommends that a standardised national approach be developed to determine the:

- eligibility criteria for support;
- the level of assistance provided; and
- the methods utilised to deliver this assistance.

Standardisation will remove the inequality which is created with different approaches and different levels of support provided in each State and Territory and should ensure that best practice is adopted in all jurisdictions.

Productivity Commission's Draft Recommendation 11.6:

The implementation of cost-reflective, time-based pricing for distribution network services should be accompanied by assistance for vulnerable consumers, which should target those who:

- *are potentially exposed to large price increases and who do not have reasonable opportunities to switch their demand to non-peak periods*
- *will potentially face significant difficulty in meeting the charges used to recover the costs of smart meters.*

The Standing Council on Energy and Resources should develop common criteria for identifying who should receive such assistance, and when it should be delivered through electricity specific mechanisms rather than through the Australian Government's tax and transfer system. These criteria should be based on the outcomes of a review commissioned by the Council of Australian Governments of concessions for utility services across all levels of government (consistent with recommendation 8.1 of the Productivity Commission's Urban Water Sector Inquiry report).

These criteria, and a commitment to transparent funding of the electricity sector-specific support should then be reflected in the new National Electricity Market-wide licence conditions for network businesses (draft recommendation 11.2).

National Seniors supports Recommendation 11.6

National Seniors supports the implementation of assistance for vulnerable consumers consecutively with the implementation of time-based pricing. National Seniors' General Recommendations 4 and 5 relate to the arrangements for providing such support.

The majority of seniors will be unable to switch their demand usage profile to take advantage of any drop in off-peak charges and, therefore, require

compensation to offset the increase in peak charges to which they will be exposed, under the new pricing regime.

National Seniors notes that the current level of financial assistance provided is not sufficient to adequately compensate for the current cost of electricity. Financial assistance must be increased to cover the current price increases and the additional capital cost of the smart meter itself, as well as the increased cost of electricity usage in peak times.

National Seniors supports the development of a common criteria to identify those who should receive financial assistance. National Seniors believe this criteria should automatically include all consumers currently receiving any form of electricity rebate or financial assistance.

Productivity Commission's Draft Recommendation 11.7:

The Australian Energy Regulator should require:

- *distribution network businesses to demonstrate that they have actively engaged with retailers very early in the development of new time-based pricing structures, including on ways to incorporate those charges in retail prices to clearly signal to customers the costs of meeting peak network demand*
- *distributors and retailers to demonstrate that they have engaged with, and educated, customers prior to the introduction of smart meters, and again prior to the introduction of new time-based customer tariffs.*
 - *Such engagement should occur sufficiently early to ensure that customers have the knowledge and time to respond appropriately to time-based pricing (including of the various means to manage their peak demand); are aware of the implications for their electricity bills; understand the way in which advance warning of critical peak pricing events will be communicated; and are aware of the support mechanisms in the event that the new pricing regime creates financial difficulties for them.*

National Seniors supports Recommendation 11.7

National Seniors supports the requirement to educate consumers prior to the introduction of smart meters and time-based tariffs, including informing consumers of the support mechanisms available.

National Seniors appreciates the requirement to provide consumers with adequate time before the introduction of the new price system to allow consumers to respond and potentially amend, their electricity usage. However education of consumers is essential during this period, as suggested in National Seniors' general recommendation 3.

The new billing format must be as user-friendly as possible, clearly displaying and itemising the different costs, including the smart meter costs and the

different peak, shoulder and off-peak tariff prices. This format must be introduced as a component of the new pricing system education program.

National Seniors recommends that the education program include a component focused on at-risk consumers, including retirees, which applies a face-to-face communications approach and allows consumers the opportunity to discuss the changes with an unbiased third party (potentially the body suggested in recommendation 21.3) who can provide the facts in a clear manner and who is not interested in selling the consumer a particular product.

Given the dramatic change in pricing regime and the potentially significant impact on seniors' electricity costs, National Seniors believes that a tailored approach to older Australians is justified.

Productivity Commission's Draft Recommendation 13.1:

Governments should, as soon as practicable, discontinue subsidies for rooftop photovoltaic units and other forms of distributed generation delivered via feed-in tariffs, and the small-scale component of the Renewable Energy Target scheme.

State and territory governments should change the way small-scale distributed generators are reimbursed for exporting power into the grid. This would involve:

- feed-in tariffs that approximate the wholesale price of electricity at times of peak and non-peak demand*
- arrangements that provide for direct payments from distribution businesses to distributed generation providers, which reflect the network value of their distributed generation capacity and output.*

To provide a transition to the new arrangements, current feed-in tariff schemes should continue for existing customers until the end of their contract period or until those schemes expire (whichever is earlier), but be closed to new entrants one year from governments' formal acceptance of this recommendation. Prior to that date, state and territory governments should develop replacement feed-in schemes with tariffs that approximate the wholesale price of electricity.

National Seniors Australia supports Recommendation 13.1

National Seniors supports the recommendation that all existing current feed-in tariffs remain in place for operators of rooftop solar systems until the expiry of the current schemes/contracts.

Many seniors, including pensioners, invested considerable amounts of money to link their solar systems to the grid in good faith based on their ability to generate a revenue stream and recover their initial investment. No changes should occur to restrict this ability.

National Seniors supports the application of the feed-in tariff rate that is approximately the wholesale price (once the committed higher rates of the current schemes expire) and the potential closure of the schemes to all new entrants.

Productivity Commission’s Draft Recommendation 14.1:

The Australian Energy Market Operator should commission and pay the Australian Bureau of Statistics to undertake regular, detailed, disaggregated surveys based on best practice methodologies to reveal the value of reliability for different categories of customers, with the methodologies and results made public.

The Australian Energy Market Operator should commission suitably qualified experts to consider and measure the costs of interruptions not likely to be captured in the Australian Bureau of Statistics surveys. This should include the costs associated with citywide disruptions, including to telecommunications, water services and public transport, and the resulting loss of international reputation from lower reliability. The Australian Energy Market Operator should use these measures to supplement the results of the surveys.

National Seniors Australia supports Recommendation 14.1

National Seniors supports the more detailed and accurate methodologies proposed to determine the value that consumers place on reliability. However, as indicated in General Recommendation 6, National Seniors believes that no consumer should experience a drop in the level of reliability and any increase in costs to guarantee this existing level of reliability.

National Seniors believes that specific research should be conducted to determine the true costs associated with the loss of reliability on at-risk consumer groups, including retirees and low-income earners.

Older Australians have a very high preference for reliability with no additional financial capacity to pay higher electricity costs to secure this level of reliability. The level of reliability should not be determined by a consumers’ ability to pay higher electricity charges.

Productivity Commission’s Draft Recommendation 16.1:

The Standing Council on Energy and Resources should specify that reliability requirements for distribution businesses be included in the Australian Energy Regulator’s Service Target Performance Incentive Scheme, replacing all existing jurisdiction-specific reliability settings.

- *The reliability requirements should reflect the preferences of customers by using the estimated values of customer reliability, as spelt out in draft recommendation 14.1, and should be specific to the distribution business.*

National Seniors Australia supports Recommendation 16.1

National Seniors supports the use of consumer preferences, including the consumer determined value of reliability to determine reliability requirements for distribution businesses. This is supported by National Seniors response to Recommendation 14 and General Recommendation 6.

Productivity Commission's Draft Recommendations 21.1 and 21.2:

There should be an independent review of the resourcing and capacity of the Australian Energy Regulator to undertake all its functions, including whether there are impediments to its performance and options for improvement.

The Australian Energy Regulator should have greater control over, and accountability for, the resourcing and management of its functions.....

National Seniors Australia supports Recommendations 21.1 and 21.2

National Seniors supports a review of the resources and capacity of the AER. National Seniors believes that publicly revealing the AER strategy for improving its performance and the submission of a separate annual report will increase the AER's public accountability and apply pressure on the AER to perform its roles more efficiently and effectively.

National Seniors members are keen to gain an understanding of the internal operations, strategies and performance of the AER given its central role in the energy market. National Seniors believes that the proposed proactive public release of information will allow all Australians to become more active and informed participants within the energy market.

Productivity Commission's Draft Recommendation 21.3:

There should be adequate ongoing funding of a single but broadly representative consumer body with expertise in economic regulation and relevant knowledge and understanding of energy markets. This body would:

- represent the interests of all consumers during energy market policy formation, regulatory and rule-making processes, merit reviews, and negotiations with providers of electricity networks and gas pipelines*
- subsume the role of the existing Consumer Advocacy Panel into its broader functions*
- be funded through a levy on market participants, drawing on the approach used to currently fund the Consumer Advocacy Panel*
- have a governance structure that involved a board of members appointed on merit, and an advisory panel to give the board advice on the needs of the mix of customers concerned.*

National Seniors supports an amended Recommendation 21.3

National Seniors suggests that Recommendation 21.3, paragraph one, be amended to include consumer advocacy as follows: *“There should be adequate ongoing funding of a single but broadly representative consumer body with expertise in economic regulation, **consumer advocacy** and relevant knowledge and understanding of energy markets. This body would...”*

National Seniors supports the creation of a fully-funded and supported consumer body. National Seniors believes the above amendment would ensure that the consumer body has all the necessary skills to achieve its objectives.

National Seniors believes that all consumers, particularly older Australians and low-income earners, should have their interests considered and equally valued alongside other electricity network participants.

National Seniors hopes that this body will bring a greater degree of equality to the regulatory process that currently favours large, well-funded industry participants.

National Seniors suggests that the proposed body leverage off the resources of the existing network of consumer advocacy groups. The National Energy Advocacy Body and Energy Consumer Australia Ltd, as proposed by the National Energy Advocacy Body Project Group, is an appropriate model which should be considered.

CONCLUSION

National Seniors understands that the objective of implementing time-based cost-reflective electricity pricing is to reduce the cost of electricity and bring an increased level of efficiency to the energy market.

However, given the uncertainty surrounding retirees' and low-income earners' ability to take advantage of the proposed reduction in off-peak electricity prices by reducing their consumption further, it is not appropriate to mandate the implementation of the new pricing scheme and smart meters to all consumers at this stage.

In spite of an overwhelming economic argument for the implementation of the new pricing regime, the interests and unique situation of retirees and low-income earners must not be forgotten. The key fact that must be considered is that the majority of seniors have already cut back on their electricity usage and do not have the ability to make further reductions or amendments to the timing of their electricity usage. Therefore, seniors will not only be unable to benefit from the implementation of the new pricing regime, but will become worse off when forced to cover the additional costs associated with smart meters and high peak prices.

National Seniors hopes that all State and Territory governments will take this opportunity to increase and standardise the financial assistance provided to retirees and low-income earners. Increases to financial rebates and concessions are urgently needed to offset the dramatic increase in the cost of electricity, particularly given that there is a potential for further increases in costs under the new pricing regime.

National Seniors believes that the supply of reliable electricity at a reasonable cost is an essential service that must be provided to all Australians and should never be determined by a consumers' ability to pay higher charges. The current level of reliability and the ability of older Australians to recover the costs of their roof top solar system must be retained.

It would be a gross injustice if seniors who are already efficient users of electricity became worst off as result of the proposed changes. The Productivity Commission and all participants in the energy network must ensure that appropriate measures and safe guards are in place to protect the interests of older Australians to allow them to maintain a dignified standard of living.

REFERENCES

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