

16 November 2015

Mr Kim Wood  
Principal Commissioner  
Queensland Productivity Commission  
PO Box 12112  
GEORGE ST QLD 4003

Dear Commissioner,

**Queensland Productivity Commission – Electricity Pricing in Queensland**

Thank you for the opportunity to contribute to the Queensland Productivity Commission's Inquiry into Electricity Pricing. Endeavour Foundation commends the Commission for its continuing work in examining and reviewing this important issue that has a direct impact on many people with a disability.

Endeavour Foundation provides feedback in the attached submission. This submission does not attempt to respond to all areas of the Inquiry. The goal of this paper is to provide the Commission with an insight as to how electricity pricing and concessions can impact on those in our community who have a disability.

We are happy for our submission to be published and would be pleased to continue our involvement by providing verbal evidence to the Commission if required.

Further enquiries about this submission are welcomed and should be directed to Simon Brown, Manager - Community & Advocacy Support Unit, on (07) 3896 6054

Yours faithfully,



David Barbagallo  
Chief Executive Officer  
Endeavour Foundation

**Endeavour Foundation**

**Submission to the Queensland Productivity Commission – Inquiry into  
Electricity Pricing in Queensland**

**Submission Title:** Submission to the Queensland Productivity Commission –  
Inquiry into Electricity Pricing in Queensland  
**Date:** 16 November 2015  
**Authors:** **Simon Brown, Manager – Community & Advocacy Support  
Unit**  
**Approved by:** David Barbagallo, Chief Executive Officer  
Endeavour Foundation  
PO Box 3555  
Tingalpa DC QLD 4173  
Phone (07) 3908 7100  
Website: [www.endeavour.com.au](http://www.endeavour.com.au)  
ABN: 80 009 670 704  
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## **Endeavour Foundation**

Endeavour Foundation is an independent not-for-profit organisation supporting more than 3,300 people with a disability from more than 230 locations in Queensland, New South Wales, Victoria and South Australia.

We are one of Queensland's oldest charities, founded in 1951 when a group of parents joined together to provide an education for their children with a disability, unwilling to accept the limitations placed upon them by society.

Today, Endeavour Foundation is a diverse community organisation providing person-centred support for people with a disability through education, training and life skill development, employment, accommodation support, respite and recreation.

## **Overview of Submission**

In a contestable market for essential services, both government and energy providers play an important role in ensuring that customers in low income streams can access and afford electrical services.

A number of energy providers are opposed to regulations requiring that they assist customers experiencing financial hardship. The argument espoused is that it is the role of government to address issues of poverty and income support. With respect this is a somewhat narrow view as it connects affordability of services to income levels only.<sup>1</sup> Endeavour Foundation agrees that government has the role in addressing inadequate income support for those in our community. However, energy affordability also relates to consumption levels, payment options and the price of energy. This means that electricity providers can have a role in promoting affordability to those in the community who are experiencing or are at risk of financial hardship.

Endeavour Foundation's submission will comment on the following key areas of discussion as highlighted in the Queensland Productivity Commission's issues paper of October 2015:

1. Barriers to improving consumer interest and participation;
2. Key information gaps in consumer knowledge;
3. How benefits of energy efficiency and demand management programs help consumers offset price risks; and
4. Queensland's energy concession framework.

This submission does not attempt to address all elements of the issues paper. The goal of this submission is to highlight key issues as identified by the work Endeavour Foundation engages in for the people we support. Endeavour Foundation is happy to participate in any public forum in order to discuss the views articulated in this submission.

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<sup>1</sup> Bathgate J (Ed) (2006), *Electricity Issues: Interstate Perspectives on Full Retail Competition for Residential Consumers* – A Centre for Credit and Consumer Law Issues Paper, Griffith University 1-57.

## **What are the barriers to improving consumer interest and participation in the electricity market?**

The increasing cost of electricity is placing a heavy burden on many Queenslanders. In 2014, a record number of Queensland households (26,363), had their electricity disconnected for failure in meeting their electricity bill.<sup>2</sup> The burden of higher energy costs is most acutely felt by the most vulnerable members of our community. A recent Australian Council of Social Services discussion paper highlighted that the lowest income households spend 7% of their disposal income on energy costs compared to 2.6% for the highest income households.<sup>3</sup> Endeavour Foundation's records indicate that the rates of energy use, for those we support in residential care, are 4 times (and sometimes 8 times) greater than that of their local community.

Endeavour Foundation is aware that the people we support can spend a significant proportion of their income on energy costs. Many people with a physical or intellectual disability receive income support via the social security system and are limited in their earning capacity. Thus, their ability to save sufficient funds to meet increasing energy costs is limited. Further, people with a disability often reside in poorly designed and energy inefficient accommodation, may require medical equipment or home modifications that necessitates higher energy use and have conditions that make it difficult to implement energy saving measures. Research conducted by the Physical Disability Council of New South Wales, found that a number of needs, of those with a disability, contributed to an increase in electricity costs. These included:

- The need to recharge motorised devices (such as wheelchairs and scooters);
- The need for essential equipment (such as hoists for transfers);
- The need for pressurised mattresses to assist with skin integrity;
- An increased incidence of incontinence resulting in the greater usage of washing machines and dryers;
- Additional lighting to prevent the incidence of falls;
- The need for air conditioning to assist people with poor temperature control; and
- The additional costs associated with food preparation.<sup>4</sup>

Endeavour Foundation is concerned that the proposed deregulation of electricity pricing in Queensland may not bring cost savings to the most vulnerable members of our community. In order to gain the advantages that deregulation may provide, consumers will need to have the ability, time and perseverance to compare prices and engage in an increasingly complex energy market. Many of the people we support,

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<sup>2</sup> Queensland Council of Social Services (QCOSS) 2015, *Mixed News for Queenslanders on Future Electricity Prices*, Brisbane 29 October 2015, viewed 03 November 2015, < <https://www.qcoss.org.au/mixed-news-queenslanders-future-electricity-prices>>.

<sup>3</sup> Australian Council of Social Services (ACOSS) (2014), *Preventing Shocks and Addressing Energy Poverty – ACOSS Discussion Paper*, Sydney 1-15 at 3.

<sup>4</sup> Physical Disability Council of NSW (September 2012), *Submission to the Australian Government's Senate Inquiry into Electricity Prices*, Sydney 1-5 at 3.

who have an intellectual or cognitive disability, may not have the ability to successfully navigate this market and could easily find themselves paying more in a deregulated environment. Endeavour Foundation shares the views of the Public Interest Advocacy Centre (NSW) in the need for the energy industry to develop a targeted promotional campaign to raise awareness as to the assistance electricity companies can provide to people with a disability.<sup>5</sup>

### **What are the key information gaps in consumer knowledge and understanding of electricity markets?**

Research in New South Wales found that people with a disability would benefit from increased awareness of electricity pricing and energy rebates.<sup>6</sup> However, in general there is a relatively low rate of computer/internet literacy amongst people with a disability and much of the information pertaining to energy pricing can be confusing. The Public Interest Advocacy Centre (NSW) has suggested a number of formats could be used to promote concession eligibility and electricity costs. These include low cost, non-web based methods such as:

- Articles in community and peak body newsletters;
- Information stalls targeted at community events; or
- Promotion via community agencies (i.e., informing health and disability support staff).<sup>7</sup>

The use of internet based account applications is an effective and easy method of opening a new electricity account. Endeavour Foundation is supportive of this method of application but is aware of the potential for abuse using on-line formats. For example, Endeavour Foundation has become aware of at least one circumstance in which a community based support worker, not aligned to Endeavour Foundation, opened an electricity account for an adult who lacked capacity for such matters.

The reasoning behind the application was that four adults lived in shared accommodation and the electricity account was held in the name of the service provider. This meant that the supported adults were not eligible for any State Government rebate. The service provider made the decision to transfer the account into the names of the four permanent residents in supported accommodation. The only information needed to open the account were the adults' full names, date of births and address. This is information that would be readily available to care staff.

Difficulties arose when the parents of one of the adults contacted the electricity provider to gain further information as to their child's new account. The electricity provider explained that due to privacy laws information about their daughter/son's account could not be released. The provider suggested that the adult could complete an Enduring Power of Attorney form and nominate the parents as an Attorney for financial matters (which was not an option due to the adult's lack of capacity to

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<sup>5</sup> Public Interest Advocacy Centre (2012), *More Power to You: Electricity and People with Physical Disability*, Sydney 1-33 at 27.

<sup>6</sup> Public Interest Advocacy Centre (2012), *More Power to You: Electricity and People with Physical Disability*, Sydney 1-33.

<sup>7</sup> Ibid at 24.

execute the enduring document) or apply to the Queensland Civil and Administrative Tribunal (QCAT) for the appointment as their daughter/son's Administrator.

Whilst Endeavour Foundation is aware that some energy providers allow for a nominated person on an adult's account, this could only be achieved if the adult (account holder) has the capacity to authorise the nomination. A number of parents, who have contacted the Endeavour Foundation about such matters, have raised the question as to why energy companies cannot provide a nomination process similar to the one adopted by Centrelink. If an adult lacks capacity to appoint a nominee then the parent (or key support person) would require medical evidence to support this as well as a referee to support their application. When a nominee is appointed, the nominee is required to act in the best interests of the adult. The energy provider must be satisfied that a proposed nominee understands the responsibilities they are taking-on and if any allegations of misuse of the account by a nominee are received, the nominee arrangement must be reviewed immediately.

Energy Providers must find a balance when dealing with confidential information. Endeavour Foundation recognises the legislative privacy requirements that all energy providers must adhere to however, there appears to be some discrepancies in how privacy requirements are applied. For example, energy providers have no difficulty adhering to privacy provisions when a customer wishes to open an account. A problem can arise when the electricity provider then uses privacy concerns when that same customer later wishes to appoint a nominee for their account.

Endeavour Foundation is aware of at least one energy company that made provision for a "one off" appointment of an account nominee. Although this was a favourable outcome for the family a consistent approach to such appointments, especially for account holders who have lost capacity for decision-making, should be considered.

#### **In what ways do the benefits of energy efficiency and demand management programs help consumers offset price risks?**

Endeavour Foundation supports energy efficiency strategies that will have a benefit across the community. However, generic schemes are more likely to benefit middle and upper-middle households more than low-income households. This is largely due to low-income households having little savings to invest in energy saving technologies.

A large number of low income homes are uninsulated, have poor ventilation and have inefficient fixed appliances (such as hot water and air-conditioning systems). As the Australian Council of Social Services recorded, in Victoria alone, 65% of households with the lowest household annual income had insulation in 2005. A greater proportion (81%) of households with the highest annual household income had insulation.<sup>8</sup> Due to the cost of home modifications these low income dwellings are least likely to have been renovated to allow for greater energy efficiencies.

Any energy efficiency scheme should be designed to include home insulation products, efficient energy systems (such as hot water and cooling systems) and

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<sup>8</sup> Australian Council of Social Service (September 2012), *Submission to the Select Committee on Energy Prices*, Sydney 1-14.

fittings such as curtains and window coverings. For low income households, finance mechanisms should be considered to support those in low income households meeting co-payments for installation of systems.<sup>9</sup>

There is also a need to examine the energy inefficiency in social housing. As of 30 June 2011, there were approximately 389,000 Australian households located in public or community properties.<sup>10</sup> It was estimated that over half of these properties were occupied by those with special needs (which included people with a disability). Those residing in public or community housing often have little by way of flexibility in amending their energy consumption. Any energy efficiency scheme must ensure that these households have access to real saving initiatives pertaining to their energy consumption as well as funding, for community and public housing organisations, to improve the energy performance of their dwellings.

Endeavour Foundation appreciates the potential that new technologies, such as smart meters and other demand enabling technologies, can have on offering more cost effective services. However, the cost of such technologies may be prohibitive for many households on low income or for those who reside in supportive accommodation. For example, in Queensland anyone installing a new electricity meter or changing tariffs will be asked to pay up to \$300 at the time, rather than have the charge spread out across future electricity bills. This may see the development of a two-tiered system wherein those who can afford enabling technologies have will access to potential cost-saving tariffs whilst those who cannot afford such initiatives may remain on a more expensive tariff. Further, customers who may have a cognitive impairment may not adequately comprehend what efficient energy usage means or looks likes.

**Are the Principles outlined in the Queensland Council of Social Services (QCOSS) *Energising Concessions Policy in Australia* useful for assessing the Queensland energy concession framework and identifying improvements?**

Endeavour Foundation supports the principles outlined by QCOSS in their *Energising Concessions Policy in Australia* document.

Eligibility for concessions varies significantly throughout Australia. Such variations create inefficiencies and inequities and mean that consumers in different states are treated differently. Further, the assistance is not always adequately resourced to the consumers who need it the most.<sup>11</sup> For example, Queensland is the only jurisdiction in which all Commonwealth Health Care Card holders are not eligible for concessions. This inconsistency means that households living on low incomes may miss out on the rebate.<sup>12</sup>

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<sup>9</sup> Ibid.

<sup>10</sup> Ibid at 12.

<sup>11</sup> Australian Council of Social Services (ACOSS) (2014), *Preventing Shocks and Addressing Energy Poverty – ACOSS Discussion Paper*, Sydney 1-15 at 8.

<sup>12</sup> Ibid at 10.

The Queensland Government provides electricity rebates for pensioners and seniors who hold one of the following:

- Pensioner Concession Card (i.e., Centrelink pension)
- Department of Veterans' Affairs Gold Card (and receive the War Widow/er Pension or special rate TPI)
- Queensland Seniors Card

The above rebates are paid at a flat rate. This method of payment may pose problems for certain households. Flat payment concessions fail to identify household size and costs related to location. This is of particular importance for households that are located in regional and remote centres. For example, an eligible low-income family, that may have higher energy needs due to having a family member with a disability, will be eligible for the same rebate as a single person in a smaller property. It is important to note that electricity costs in regional and remote locations are often higher, due to the cost of connecting to a more dispersed customer base.<sup>13</sup>

Electricity providers must have consideration to the full implementation of the National Disability Insurance Scheme (NDIS). The NDIS will allow for greater choice in how people with a disability will access support services. This may mean that families or individuals may choose to relocate to a region that offers a more appropriate service that meets their needs. Relocation may include moving to a different state or territory. The NDIS may also see a larger number of people with a disability living independently. A national approach to concessions and rebates is required in order to alleviate the inconsistencies and inequities within the current approach. This issue was highlighted in 2013 at the National Energy Affordability Roundtable held in New South Wales. The subsequent roundtable report recommended that the Council of Australian Governments' Standing Council on Energy and Resources (SCER):

*"...initiate a national review of energy concessions with a view to recommending a design for a nationally consistent framework and identifying an appropriate level of concessions".<sup>14</sup>*

## Conclusion

As with any consumer, people with a disability and their families are aware of the impact increased electricity prices can have on care and lifestyle costs. This is particularly so for those on low or fixed incomes. It should be noted that non-discretionary disability-related energy costs place people with a disability at greater risk of disadvantage as energy costs become less affordable.

As this submission has highlighted, electricity for those with a disability means more than lighting, heating and hot water. Electrical power is essential for aids and equipment that improve mobility, communication and ultimately independence. For this group of people disconnection from the electricity grid is just not an option.

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<sup>13</sup> Ibid at 9.

<sup>14</sup> National Energy Affordability Roundtable to the Standing Council on Energy and Resources (SCER) May 2013 at 4.

Endeavour Foundation would support targeted initiatives that would assist those with a disability to use electricity in more efficient ways. This would be an investment that would not only provide direct assistance but enhance the value of energy rebates.

Corporate social responsibility is commonly considered to be the voluntary actions that business can adopt, over and beyond compliance with minimum legal requirements, to address both its own competitive interests and the interests of the wider community.<sup>15</sup>

Energy companies and retailers could investigate offering those on concessions with discounted electrical appliances or offer home modification services aimed at improving the energy efficacy of their accommodation. As the Public Interest Advocacy Centre (NSW) has stated, without this form of action, any financial assistance being offered by government or energy providers will struggle to keep electricity prices affordable for some of the most vulnerable people in our community.<sup>16</sup>

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<sup>15</sup> Department of Trade and Industry (2004), *What is CSR?* < <http://www.societyandbusiness.gov.uk/whatiscsr.shtml>>.

<sup>16</sup> Public Interest Advocacy Centre (2012), *More Power to You: Electricity and People with Physical Disability*, Sydney 1-33.