

**Submission to
Independent Pricing and Regulatory Tribunal**

**Market-based electricity purchase cost allowance – 2009 review
Regulated electricity retail tariffs and charges for small customers 2007 to 2010**

**Electricity – Draft Report
March 2009**

I present this submission on behalf of the residents of the State Electorate of Tamworth requesting the Independent Pricing and Regulatory Tribunal to reconsider the retail electricity price increases recommended in its draft report of March 2009.

The Tamworth Electorate, in northwestern New South Wales has a total area of 16,416 square kilometres. It includes Gunnedah Shire, Tamworth Regional Council, and parts of Liverpool Plains Shire and Narrabri Shire Councils. The Tamworth Electorate has 48,461 registered voters and a population of nearly 68,000 residents.

Current economic circumstances, riding off the back of years of prolonged drought, mean that many households in the Electorate of Tamworth will not be able to sustain any increases in the cost of this essential service.

Many of our communities have incomes well below the Australian average. For example at the 2006 Census the Australian average median weekly individual income was shown as \$466 compared with Barraba \$281, Manilla \$290, Werris Creek \$284, Bendemeer \$277, Nundle \$283, Boggabri \$304, Gunnedah \$366 and Tamworth \$423.

At the same time, the Australian average median weekly family income was listed as \$1,171 comparing with Barraba \$619, Manilla \$633, Werris Creek \$695, Bendemeer \$817, Nundle \$614, Boggabri \$720, Gunnedah \$915 and Tamworth \$1,067.

In addition rural and regional areas generally suffer higher levels of unemployment than metropolitan areas.

The recommended price rise for electricity will disproportionately affect low income households, least able to afford them, and have a very negative impact on low income households overall.

The Electorate of Tamworth also has an older demographic than average Australia. Median age in Australia was 37 compared with Barraba 53, Manilla 46, Werris Creek 45, Tamworth 37, Gunnedah 40, Nundle 48, Bendemeer 47 and Boggabri 42.

Percentage of the population over 55 years of age is Barraba 47.4%, Manilla 37.7%, Werris Creek 37%, Tamworth 26.1%, Gunnedah 29%, Nundle 41.5%, Bendemeer 34.8% and Boggabri 35.1%.

The Australian average for persons over 65 is 13.3% while in the Electorate of Tamworth that figure is nudging 22%.

At a Pensioner's Rally in Tamworth, held late last year, attendees heard that the full rate pension of \$14,814 for singles and \$24,746 for couples is an inadequate income to cover basic costs for goods and services. Pensioners who have the pension as their sole income said they had to go without heating at times because they can't afford the extra cost. A price rise will compound their problems.

A further problem for pensioners is that although they are entitled to an energy rebate of \$112 per annum, introduced in 2002, this has not been indexed and as a result its value has been seriously eroded. Urgent action is required to make up this erosion and to index this rebate to the CPI.

Our farming community has suffered from years of continuing drought. As a result, many farmers require Government assistance just to survive and this impost will cause greater financial hardship and lead more farmers to get out of the business.

In addition, regional and rural communities have greater difficulty in attracting industry to their areas and any move that will add to overheads will have further negative impacts.

By IPART's own admission the proposed increases are substantial and have the potential to "significantly impact on households, especially low income households".

Provision of Electricity is an essential service and it must not be priced out of the reach of many of the people of the Electorate of Tamworth.

Yours sincerely



PETER DRAPER MP
State Member for the Electorate of Tamworth

12 May 2009