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CARE Incorporated
ABN 45 037 269 595

Care Financial Counselling Service

25 February 2008

Ms Pam Davoren
Deputy Chief Executive, Policy
Chief Minister's Department
GPO Box 158
Canberra ACT 2601

& by email to: feedintariff@act.gov.au

Dear Ms Davoren,

Re: Feed-in Tariff Discussion Paper

Postal Address
PO Box 763
Civic Square ACT 2608

(02) 6257 1788
(02) 6257 1452
admin@carefcs.org

Thank you for your letter of 21 December 2007, enclosing a compact disc containing the above Discussion Paper.

On Friday 15 February, I met with Departmental representatives working on the feed-in tariff proposal. Earlier that week, I also met with Paul Howorth Associate Director of SGS Economics and Planning, consultants to ACT Government considering the Social Impacts of Climate Change. Although the projects are not directly linked, they inevitably raise similar equity and affordability issues.

In the course of those meetings I provided a brief on Care's recent service delivery experience. Demand for Care's services is continuing to increase both in volume and complexity. There are also clear demographic shifts in the clients making contact with Care. Almost 1 in 5 new clients in the last 6 months of 2007 reported an income over $45,000. In Care's 05/06 Annual Report around 1 in 10 new contacts reported incomes over $45,000.

Care's data, increasingly confirmed by a variety of other sources across community, industry and government commentators, suggests that the impact of financial stress has significantly broadened and deepened. Considering the explosive increase in debt levels being carried by ordinary households in the last 10 years and the increasing costs of maintaining those debt levels, an increase in financial stress is unsurprising. It appears inevitable that the situation will get much worse, with further increases in interest rates likely as soon as next month.

With this as background, Care's view is that it would be extremely difficult to construct a premium feed-in tariff that will not exacerbate the financial challenges being confronted by low-to-moderate income households. Similarly, Care has indicated in the discussions referred to above that an 'opt-out'

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requirement for Green power has the potential to impact adversely on the already precarious financial position of many ordinary households.

The Discussion Paper makes reference to concessions, or other compensation arrangements as potential options to assist specific consumers likely to be adversely impacted by the introduction of a premium feed-in tariff. Thoughtfully targeted concessions can assist low income households to balance competing demands and participate in their communities. Care has welcomed the review of Concessions currently being undertaken by ACT Government and would have found it useful to have information regarding the progress of that review to consider the issues in the Discussion Paper. Notwithstanding, Care does not believe the Concessions system will be able to address the potential for additional financial burden adequately. The changing nature of the households exposed to financial stress would require a dramatic rethink of eligibility for Concessions with attendant and probably prohibitive cost issues.

Sustainable energy usage is an issue that no-one in the community can ignore. Ensuring that all households can participate fairly in the design and delivery of responses, regardless of means, is however an extremely difficult process. From Care’s perspective it would undoubtedly have been easier to grapple with the issues now had the development process for national energy markets provided sufficient priority to social outcomes and sustainability concerns, as well as blind faith in competition as an end in itself.

Thank you again for inviting Care’s comment.

Yours sincerely,

David Tennant
Director