

Care *Financial Counselling Service*

19 April 2007

Independent Competition and
Regulatory Commission
PO Box 975
Civic Square ACT 2608

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

Attention: Mr Paul Baxter, Senior Commissioner

Dear Mr Baxter,

Re: Report 2 of 2007
Draft Decision: Electrical Distribution Services – Proposed Amendment
to the 2004 Price Direction

I refer to a message left yesterday for Dr Susan Faulbaum. Although we did not get to speak, I wanted to indicate that Care would be providing a brief submission on the Draft Decision, but wanted first to review the comments of the ESCC.

ESCC Chair Peter Sutherland has now provided a copy of the Council's comments. Care and the Consumer Law Centre endorse those comments and agree in particular that delay in the pass through of the network facilities tax could cause significant price shocks, particularly for low income consumers. We therefore support the ICRC's proposal that amendment be made to facilitate the pass through as soon as practical.

Care does however share the ESCC's concerns regarding both the immediate and cumulative impacts of continuing increases in the costs of running a household in the ACT. Many of the cost increases, like rising interest rates and hikes in petrol prices, impact the entire country. In addition there have been significant ACT specific changes, with apparently limited consideration of the impacts those changes might deliver to those already struggling. Indeed it is entirely possible and we would suggest likely that the cumulative impact of national and local cost increases may actually reduce some households to a situation of hardship where that was not previously the case.

In Care's view the ACT has one of the most progressive and appropriate systems in the country for responding to financial hardship related to utility costs. That system should not in our view be seen as the entire answer to the creation of new and potentially predictable changes such as those likely to be delivered by the network facilities tax. We are unaware of any investigation of

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the possible financial consequences that the tax changes might deliver to ACT consumers. Similarly, we are not aware of any alterations to other Government responses, for example updating the concessions system, to soften the blow and prevent additional or new hardship from occurring.

Care believes the ICRC could and in our view should take a leadership role in considering such impacts, by seeking community input, even commissioning research. That would require a broader interpretation of the Commission's social impact brief than it has been prepared to consider in the past. We will continue to ask for the development of that type of broader view.

In the meantime, we look forward to taking part in the further consultations that the ESCC's submission suggests it will pursue. We will also raise the issue with the Commissioner for Revenue in the context of the recently announced review of Government debt collection.

Yours sincerely,

David Tennant
Director.