

Media Release

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Government Must Regulate to Protect Consumers from Price Shock Disconnections

The State Government needs to reassess its approach to the provision of essential services to West Australian households, who are set to face significant price shocks for the next four years, and put in place regulation to protect customers in financial hardship.

Yesterday's budget has produced the "tariff glide path" for electricity tariffs over the next four years, stating that they will increase by an alarming 57.9%. This will result in an increase of nearly \$800 per year per household by 2012/13.

The Government needs to take a more responsible approach to tariff glide paths, introducing increases gradually over a longer period to ensure that its impact on customers is manageable, especially during a recession.

The Economic Regulation Authority reports that electricity retailers already cut off almost 7,000 households last year.

"The number of people who will be cut off with these price rises can only go up in the current economic climate. Electricity retailers must use disconnection only as a last resort when customers are finding it difficult to pay" says WACOSS CEO Sue Ash.

"The current concessions available to people on low incomes will not be sufficient to stem the rate of disconnection, and we need to improve the community's awareness of and access to concessions."

The welcome increases to the Utility Hardship Package, which funds the Hardship Utility Grant Scheme and Efficiency Program, will be critical for some of the most disadvantaged, but all vulnerable consumers will need to be protected by financial hardship policy regulation, which currently leaves customers exposed to the discretion of retailers.

These price shocks signal now more than ever that Government needs to overhaul its concessions and rebates policy and update the Electricity Code to protect consumers at risk. Customer support services and advocacy will also be essential to help people through these price shocks.

Prices are also set to increase for water and transport, with water consumption and the annual supply charge being raised by \$23.73, and water sewerage and drainage fees by \$21.87 and \$4.19 respectively. This will not be the end of price increases for water; with the ERA currently undertaking an inquiry into further increasing water tariffs. Standard public transport fares are increasing by \$48 per year, and car registration by over \$7 per year.

Media comment:

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