

July 3 2015

Mr Sebastian Roberts
General Manager
Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001
Email: AERInquiry@aer.gov.au

Dear Mr Roberts

The South Australian Financial Counsellors Association (SAFCA) supports the Financial Counselling and Low Income Support sectors in South Australia. SAFCA's Vision is to help alleviate poverty in South Australia by providing key leadership in advancing the financial counselling sector.

SAFCA worked with some twenty agencies around South Australia to put provide comment on the SA Power Networks revenue proposal for the years 2015 – 2020. These agencies are those that employ financial counsellors and therefore have a clear understanding of the effect of high electricity prices on people who are financially vulnerable and facing difficulties. That submission was sent to you in January this year.

We would now like to provide comment on the AER Preliminary Decision handed down in April 2015.

- We note the AER states in its Preliminary Decision (p10) that "...we conclude that SAPN has proposed to recover more revenue from its customers than is necessary for the safe and reliable operation of its network". This statement is strongly supported by SAFCA and the collaborating agencies (the Consortium);
- The Consortium is pleased with the AER Preliminary Decision in that it will see a significant price reduction to all consumers, if in fact this is followed through in the final decision. However, we like many other consumer groups, fear that the final decision will see a more lenient approach to SAPN, and that this relief for households will be eroded; *and*
- The Preliminary Decision still allows operating and capital expenditure levels at current spending levels, when in fact consumption has declined. There is strong evidence that the capex and opex allowances that this Preliminary Decision has proposed are too high. The Consortium would like to see reductions to these allowances leading to greater price reductions for South Australian consumers.

GPO Box 988 | Adelaide SA 5001 | 0427 823 656

Email wendy@safca.org.au www.safca.org.au

Our first submission highlighted the difficulties faced by a large number of South Australians struggling to pay their electricity bills. In summary the submission stated that:

- the cost to consumers of electricity distribution in SA is too high and should be reduced;
- thousands of South Australian households are in financial distress and do not have the capacity to pay their energy bills. In our view, the SAPN 2015-20 Regulatory Proposal provides a level of service that is unaffordable and must be pared back to a more prudent proposal that can be afforded by the *whole* community. SA electricity has increased 85% above inflation since the start of the national market;
- the cost of electricity distribution in South Australia must return to levels that existed during the 2005-2010 Regulatory Period and prior to the effects of the Global Financial Crisis (GFC);
- the National Electricity Objective (NEO) will be best reflected in the AER's Determination by emphasising *prudence* as well as efficiency.

The agencies below support this second submission. We thank you for the opportunity to comment of SA Power Network's proposal and trust that this representation on behalf of the South Australian's who are struggling with high electricity prices will be considered.

Regards



Wendy Shirley
SAFCA Executive Officer



South Australian Financial Counsellors
Association Inc



Aboriginal Legal Rights Movement Inc



AC Care



Anglicare SA



CareWorks SA



Centacare Catholic Family Services
Country SA

**CENTRAL COMMUNITY
LEGAL SERVICE**

Central Community Legal Service SA

**Consumer Credit
Law Centre**

Legal Advice and Services
Credit • Debt • Financial Counselling

Consumer Credit Law Centre SA



Lifeline South East



Lutheran Community Care



Marion Life Community Services Inc



Northern Community Legal Centre



Relationships Australia SA



The Salvation Army



St Vincent de Paul Society (SA) Inc



UCare Gawler



UCare Kapunda



Uniting Care Wesley Bowden



Uniting Care Wesley Country SA



UnitingCare Wesley Port Adelaide



Uniting Communities