

9 September 2011



**Submission to:  
ERA's Inquiry into the Efficiency of  
Synergy's Costs and Electricity Tariffs**

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The Western Australian Council of Social Service (WACOSS) welcomes the Inquiry into the Efficiency of Synergy's Costs and Electricity Tariffs and would like to thank the Economic Regulation Authority (the Authority) for the opportunity to respond to it.

The Council submits that this is a very timely review of Synergy's operating and capital cost efficiencies. The Council encourages the Authority to take as broad an approach as possible to the terms of reference of the inquiry so as to give due consideration to the financial aspects of billing and customer service management, while also considering those operational aspects of Synergy that impact on its capacity to deliver services efficiently, including its informational and operational systems, staffing levels and training.

As the peak organisation representing social service providers in Western Australia, WACOSS is particularly concerned with the well-being of low income and disadvantaged households in Western Australia, and the manner in which energy prices affect their cost of living and quality of life. The Council is interested in the efficiency of Synergy's operations in delivering access and equity to energy consumers in a manner which balances the sustainability of our energy infrastructure and the quality of the service against the affordability of delivery of this essential service to WA households.

The Council acknowledges that the Authority will determine the efficient cost-reflective level for regulated tariffs as part of the Inquiry. WACOSS suggests that

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there are multiple dimensions to cost reflectivity which mean that different customers contribute to the cost of the system to greater or lesser degrees based on a number of factors. Some of these factors include whether customers are regional or metropolitan, inside or outside the SWIS, high or low consumers of electricity, and the time of day they consume power, particularly whether peak or non-peak. Furthermore different customers have a greater or lesser capacity to pay which is based on a different range of factors. Some of these factors include employment and income levels, the number of people living within the household, the time and hours within the day they are at home, health considerations and special needs, and the experience of financial hardship. The Council suggests that all of these dimensions need to be taken into account by the Authority in its efforts to determine an equitable and effective approach to cost reflectivity.

Consideration of the nature and scope of consumer concessions and the careful targeting of community assistance measures are crucial in delivering a just and equitable approach to rising energy prices as we seek to send clear price signals about more efficient energy use in the transition to a low carbon economy.

The Council looks forward to the progress of this Inquiry and to providing a more detailed contribution to the next stage of this consultation. WACOSS greatly values its' continued engagement with the ERA and would welcome an opportunity to discuss issues arising during the inquiry with you or provide feedback from the community sector on specific directions or recommendations. Please feel free to contact Aditi Varma, Senior Policy Officer – Essential Services at [Aditi@wacoss.org.au](mailto:Aditi@wacoss.org.au) if you have any queries about the issues raised in this submission.

Yours sincerely,

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