

**SUBMISSION**

in respect of

**IPART interim report on**

**Changes in regulated Electricity Retail Prices from 1 July 2011**

**(Published April 2011)**

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## OVERVIEW.

The purpose of this submission is to improve the report by clearly identifying the relevance and impact of the GST in these matters.

- References in the report to GST and its impact are minimal or obscure in the way the draft report has been prepared.
- GST is of interest to consumers as it is an unavoidable component of the amounts consumers pay.
- GST may not be a driver of the changes but certainly is a collateral driver of the total amount of the change.
- As a driver, the GST contribution to the total overall increase is 2% (page 2) and is larger than either the Generation or Retail increases identified.
- As the quantum of annual change grows, so does the amount of GST to be paid increase.
- GST is a payment to Government and not to Electricity Retailers and deserves to be identified as such.
- In aggregate terms, in respect of the \$230 per year increase (including GST), based on an estimated 3 million retail users, the amount of GST accruing to Government from the changes is of the order of \$60 to \$65 million.

## CHANGES.

Initial interest in this matter was derived from reading the Consumer Summary. I have since read the Executive Summary in detail, and only quickly reviewed the body of the report.

It is not my intention to detail all of the mentions in the report where highlighting the inclusion or not of GST in values, rates and amounts quoted, as not enough information is available for me to do that, even if I was so inclined.

However, the following are suggested as they are relevant to the Executive Summary and Consumer Summary.

- (1) On page 1 of the Executive Summary, include a paragraph which says "all numerical data is inclusive of GST".
- (2) On page 2 of the Executive Summary, add to the fourth paragraph, "Although not a direct driver of the price increases, GST is an unavoidable collateral price driver of the increases and adds two percentage points to prices"..This paragraph requires correction to the individual drivers contributions as outlined below
- (3) On page 2 of the Executive Summary, Revise Figure 1.1 to reflect GST as follows.

Generation - 1%  
Green Schemes - 5%  
Network - 9%  
Retail - 1%  
GST - 2%

This calculation is based on the data in the report and shown in Table 1.

- (4) On Page 3 Table 1.1 needs a footnote to state GST included
- (5) On Page 5 Table 1.5 needs revisions to show the GST contribution to the indicative price increases.

- (6) On Page 6 Table 1.2 needs revisions to show the GST component of the annual electricity bill. It should be noted that GST is a larger component than either the Green or Retail components shown.
- (7) On Page 6 in respect of the percentages quoted for increases, add "these percentage increases include GST".

I trust the Tribunal will see the merit in making these changes.

**TABLE 1**

Amendment to Graphic Page 2

	Shown	P'Pn	Value	Excl GST	GST	P'pn	Revised
Generation	1%	6%	12.78	11.62	1.16	5%	1%
Green	6%	33%	76.67	69.70	6.97	30%	5%
Network	10%	56%	127.78	116.16	11.62	51%	9%
Retail	1%	6%	12.78	11.62	1.16	5%	1%
GST					20.91	9%	2%
Total	18%		230.00	209.09			18%