

	Paper No.: 531175896
	Date: 16/11/11
	Member: MR SORENSON
<input checked="" type="checkbox"/> Tabled	<input type="checkbox"/> Tabled, by leave
<input type="checkbox"/> Incorporated, by leave	<input type="checkbox"/> Remainder incorporated, by leave
Clerk at the Table: <i>McRies</i>	



Queensland
Government

Department of
Employment, Economic
Development and Innovation

31 August 2010

Lazy Acres Manufactured Home Owners Committee
91 Exeter Street
TORQUAY QLD 4655



Dear

Thank you for your letter of 28 July 2010 to the Energy Ombudsman Queensland (EOQ) concerning the service fee charged by the Department of Housing and Homelessness Services (DHHS). As on-supply matters between tenants and caravan park owners are not within the jurisdiction of the EOQ, your letter was referred to the Department of Employment, Economic Development for response.

It appears from your letter that the residents of Lazy Acres Caravan Park are paying for electricity under an 'on-supply' arrangement with the caravan park owner (in this case DHHS). By way of background, the *Electricity Act 1994* (the Act) allows the owner or occupier or user of premises to become an 'on-supplier', who can supply and sell electricity to the occupants of the premises (the receivers). It is common for caravan park owners to engage in the on-supply of electricity to their tenants. The Act contains provisions that must be followed in the on-supply of electricity to the receivers.

Regarding your comments that Ergon Energy only reads the meters at the front of the park, I would note that, Ergon Energy's responsibility stops with the main meters that connect the caravan park's private supply network to Ergon Energy's distribution network. The operation and maintenance of the privately owned network within the boundary of the caravan park is the responsibility of DHHS. DHHS is a customer of Ergon Energy and is charged for supply of electricity to the main meters. DHHS then charges the residents of the caravan park for the on-supply of the electricity to each of their premises.

I note your concerns that the 'meter reading' fee is being paid to DHHS. This fee is classified as the service fee. From your letter, I understand that each account is charged an amount equivalent to the regulated uniform tariff (price), specifically, Tariff 11 (Domestic light and power). A service fee is part of this regulated tariff and applies per metering point as set out in the Queensland Government Gazette of tariffs for non-market electricity customers.

Department of Employment, Economic
Development and Innovation
PO Box 15216
City East
Queensland 4002 Australia
Telephone +61 7 3898 0375
Facsimile +61 7 3238 3088
Website www.deedfi.qld.gov.au
ABN 24 830 236 406

The *Electricity Act 1994* (the Act), Section 20J stipulates that if there is a relevant retail entity for the supply, the rate of charge must not be more than the lowest rate the receiver would have paid for the consumption had the receiver been a non-market customer of the entity.

It should be noted that each separate tariff has its own service fee or minimum payment, which in part recover costs associated with the provision of retail services for each electricity tariff. The minimum payments and service fees set out under each tariff are not cost reflective, but simply recognise that there are fixed costs associated with providing retail services. These costs are associated with things such as billing, information technology, administrative costs and meter reads. A recent review of tariffs undertaken by the independent economic regulator, the Queensland Competition Authority (QCA), found these fixed charges and minimum payments were below cost recovery.

As you may be aware Tariff 11 is made up of two components, one being the rate per kilowatt hour for electricity consumption and secondly a service fee charged per metering point, per month. The service fee makes up part of the tariff rate and therefore cannot be charged in isolation. Please find attached a copy of the Queensland Government Gazette which will highlight the service fee that is applicable to Tariff 11.

I note your comment stating DHHS is not able to profit from the supply of electricity, under the *Manufactured Homes (Residential Parks) Act 2003*. This fee has been checked in accordance with the regulated tariff rates. The \$8.22 charge is consistent with Tariff 11 standard fee including GST for a service fee per metering point, per month. From the information provided there is no evidence that DHHS is making a profit from the service fee and for that reason is not in breach of the *Electricity Act 1994*.

If you wish to have this matter investigated further you can contact the Department of Justice and Attorney-General – Body Corporate and Community Management (BCCM) on telephone 1800 060 119 or via email at BCCM@justice.qld.gov.au.

Please find attached a copy of the 'Ready Reckoner' for your perusal and future information. This will highlight the maximum charges applicable to residents of the caravan park.

Thank you for bringing this matter to my attention and I trust this information is of assistance. Should you have any further enquiries, please contact Ms Amy Flynn, Energy Sector Monitoring of the Department of Employment, Economic Development and Innovation on telephone 3237 1130.

Yours sincerely



FRANK WALDUCK
Group Manager
Energy Sector Monitoring

Att