

 <p><b>QUEENSLAND CONSUMERS ASSOCIATION</b></p>	<p><b>A non-profit, volunteer organisation, advocating to advance the interests of consumers in Queensland</b></p> <p><i>Secretary: Max Howard PO Box 261 Corinda Q 4075</i></p> <p><i>Telephone: 0419 678 395</i></p>
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**SUBMISSION ON QCA DISCUSSION PAPER ON REVIEW OF ELECTRICITY  
DISTRIBUTION NETWORK MINIMUM SERVICE STANDARDS AND  
GUARANTEED SERVICE LEVELS IN QUEENSLAND FROM 1 JULY 2010**

**BACKGROUND**

The Queensland Consumers' Association (the Association) is the peak body for consumer groups in Queensland. The Association's members work in a voluntary capacity. The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups.

The Association welcomes the opportunity to make a submission on the QCA's discussion paper on MSSs and GSLs.

The Association has a long standing interest in the quality of services provided to consumers by all parts of the industry, not just distributors. Accordingly, it has participated actively in several QCA and other consultations on this matter in recent years, including the QCA's consultations on a service quality incentive scheme and the government's consultations on the introduction of FRC and the further development of the Electricity Industry Code

This submission is brief and consists of two parts – general comments and specific comments.

**GENERAL COMMENTS**

This review of MSSs and GSLs is only one component of industry service quality issues of great importance to consumers. The others include the quality of services provided by retailers and the extent to which service quality is part of the economic regulation of distribution, for example via a service quality incentive scheme.

Therefore, it is important to ensure that these and the other existing, proposed or required components of service quality for consumers form part of a comprehensive complementary system. This should be taken into account in the current review, especially the service quality incentive scheme likely to be introduced by the AER when it takes over economic regulation of the distribution industry.

Consumers are interested in a wide range of aspects of service quality and while some matters are of paramount importance to all consumers, for example frequency and duration of unplanned interruptions to supply, it is important to take account of the needs of sub sets of consumers who have particular needs for high levels of service quality in other areas of quality or who experience service quality levels significantly below average.

Care needs to be taken to ensure that as far as possible the costs of service quality improvements are related to the benefits. However, consumer indications of willingness to pay should not be used as the sole measure of benefits.

Many service quality matters important to consumers and covered by this review are not solely the responsibility of distributors. For example, disconnections are overwhelmingly initiated by retailers and retailer call centres are responsible for the initial contacts most consumers make with distributors. Therefore, although not part of this review, the Association considers that the government should ensure that there are appropriate quality standards on these matters for retailers and, where appropriate, GSL payments for failure to achieve the standards.

The Association notes that while consumer complaints are an important indicator of performance there are dangers in relying on them exclusively for many measures of performance. This is because many consumers are unaware that they can and should complain and many do not bother to do so. In addition, it may be difficult for consumers to complain. And, in the absence of quality standards for complaint handling, excessive reliance on complaint data could reduce the incentive for businesses to improve their complaints handling processes or information about how to complain.

In general, consumers should be automatically be given GSL payments. They should not have to apply for them. Also, GSL payment levels should better reflect the detriment incurred by consumers, which can often be substantial, and act as an incentive for improved industry performance.

## SPECIFIC COMMENTS

### **Required type of review**

For the reasons given in our general comments above the Association favours a comprehensive review.

A workshop should be held sometime between 24 November and 15 December to provide feedback to the QCA, on the draft decision and to assist stakeholders to prepare submissions.

### **Minimum Service Standards**

Additional standards are needed for other components of quality of supply, for example deviations of voltage and momentary interruptions to supply.

Standards are needed for distributor complaint handling and call centre performance.

### **Guaranteed Service Levels**

Payments for breaches should be automatic. Consumers should not have to apply for payments.

More should be done to ensure that consumers are aware of the GSLs and the payments for breaches.

Payment levels should be increased substantially to better compensate consumers for detriment and provide a greater incentive for improved performance by distributors. The absolute minimum must be increase the payment levels to compensate for reduced real value since 2005.

Payment levels in future years should be automatically increased each year by the inflation rate.