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20th January 2010

Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

electricity@qca.org.au

Dear Sir/Madam,

**RE: Draft Decision – Minimum Terms and Conditions for Retail Electricity Contracts –
Requiring Prior Notice for Price Changes**

I make this submission on behalf of the Financial Counsellors' Association of Queensland (FCAQ).

FCAQ is the peak body for the Financial Counselling sector in Queensland. The association has 55 members located from Cairns to the Gold Coast and west to Darling Downs.

Our membership's client base (depending on funding agreements) ranges from wage/salary earners, gamblers, and Centrelink recipients; self funded retirees, small business owners and primary producers. Financial Counsellors provide support to individuals or families experiencing financial difficulties. Support is tailored to each client and includes advocacy, budgeting, education, and empowerment. Referrals are made where necessary and appropriate to other services to further improve the situation of the client.

This submission is allowed to be put in the public domain.

FCAQ supports the introduction into the Electricity Industry Code (Code) the requirement for retailers to give notice to customers' before any price changes come into effect. This will allow customers to have some warning and better manage their finances.

FCAQ welcomes the draft decision concerning no retrospective tariff changes to ensure no repeat of a like event that occurred early 2009.

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Written communication

However we are disappointed that Retailers are not required to inform customers by written communication before a price change comes into effect, how this will/would affect them as an individual.

Customers should be informed of an impending price change and Retailers should make reasonable effort to ensure their customers have advanced knowledge of an impending price change (especially a price rise).

Cost to Retailers

We acknowledge notifying customers would be a cost to a Retailer; however one of the costs of doing business is letting customers know of changes of pricing and other details of the contract between a business and its customers. We note that Retailers spend money on advertising for attracting new customers and self promotional activities; we suggest some of this money could be redirected by Retailers to keeping their existing customers informed about price increases.

Sufficient notice to customers

In rural and regional Queensland allowing only ten working days notice could in effect mean due to slow and infrequent mail delivery some customers may only receive notice of an impending price rise with only three or four days notice. We therefore ask that a consideration be made for Ergon Energy Customers (especially those who have only one or two mail deliveries per week) prior notice for impending price rise is extended to at least fourteen business days.

Specific guidance in the Code

We ask that specific details be included in the Code to ensure Retailers are aware and meet their obligations of a prior notice. Notices should be of an individual nature informing each customer (market and standard retail) of the effects of the impending price change on their individual situation. Details should include:

- Percentage increase
- Example of price increases for various bill amounts (the table created by Department of Mines and Energy located as mentioned in our earlier submission is a good example)
- Start date to be clearly displayed in written notice of change in Bold type 12 font
- The effect of the change on the last bill if the change had been effect for the billing period is shown – a suggested format ‘YOUR LAST ACCOUNT OF \$350 WOULD HAVE BEEN \$405 UNDER THIS PRICE INCREASE.’
- Font size, colour and type to be used

Further we ask that the QCA be informed at least ten business days by a Retailer (not the current 24 hrs) of their intention to raise prices before informing customers to ensure the QCA Price Comparator displays accurate information.

In summary FCAQ response to the Draft Decision on Prior Notice of a price change is as follows:

- Notice of price change by written communication to the individual **and** newspaper advertisement
- Notice of price change to be based on the effect to the individual customer
- Notice period to be increased from 10 to 14 days
- Code to include specific details of what is to be included in a notice
- All customers to be informed – market and standard retail
- QCA to be informed 10 business days by retailer of a price change before customers are notified

Yours sincerely,

David Lawson
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