



financial
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15th July 2009

Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

electricity@qca.org.au

Dear Sir/Madam,

RE: Proposed amendments to the Electricity Industry Code 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.

Written notice of any price changes

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

Recommendations are based on the assumption that fees and charges variance will be for price rise not price reduction. In the unlikely event that a fee or charge is to be reduced or cancelled, we ask that the process to be followed is that a customer is informed at their next bill of the price reduction and at what date the reduction started.

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We ask that Queensland follow the NSW model of no retrospective changes (back date), coupled with prior notice of impending price change, so that no customer will be in a position of having to subsequently pay a bill with backdated fees or charges. It is not a customer's fault or problem if a retailer decides it has not set the price at a level of sufficient profit and then expects its customers to make up the shortfall.

FCAQ understands circumstances can and do change once prices have been set and accepts that a retailer should be able to amend or adjust the price charged to a customer, subject to certain criteria set out in the Code as suggested below. This should be in the context of future price paid, not a backdated claim. The exception to this would be where a fixed term contract exists with an early termination fee. A customer is obliged to remain in the contract and would be penalised for breaking the contract. Apart from a price increase as announced by the regulatory body a retailer with a fixed term contract should not be allowed to alter fees or charges upwards during the contract period without penalty.

Changes to be made to the Code

FCAQ asks that the following criteria become part of the minimum terms and conditions of all retail contracts (existing and new) as set out under the Code.

- No retrospective changes (back date) are allowed
- How a contract can be varied (the process)
- Record of notice given of change
- Written notification of a change
- Methodology of how a change will be calculated during a billing cycle
- Minimum notice of a change (we ask 28 business days)
- Start date to be clearly displayed in written notice of change in Bold type 12 font
- Retailer explains the reason/s for the change
- Fee or charge reduction period of notification extended to be included with next account
- Penalty where Code and or process has not been adhered to
- Any notice to be in plain english
- All details to be at a minimum of 12 font type
- A notice to be placed in 'local' newspapers including free to the door papers
- The effect of the change for the individual customer concerned to be shown as 'YOUR LAST ACCOUNT OF \$350 WOULD HAVE BEEN \$405 UNDER THIS PRICE INCREASE.'

In addition to this, we ask the retailer be obliged to inform the regulator of their intention to vary fees and charges at least 14 business days before customers are informed to ensure due process is followed.

In the case of the annual price announcement made by the regulator, FCAQ asks customers who are not on market contracts or on the regulated price to be advised of the effect of the new Notified Price on their account by dollar value as well as percentage. We are concerned by the limited

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financial literacy of a large percentage of our clients. Most understand the cost of an item in dollar terms but expressing an increase in percentage terms needs a calculation to be made. By notifying a customer their bill will increase by \$55 per bill, the customer can better recognise the effect of a price rise.

Apart from media attention given to the price rise of electricity, customers on non market contracts or on the regulated have not been advised by their retailer of the effect of the July 1 2009 price rise on their account.

FCAQ requests all customers on non market contracts and the regulated price be advised in writing of the effect a price rise would have had on their last bill and that the regulator publishes in all newspapers a table of the effect of the price rise per quarter and per week. Suggested price amounts to cover are \$50 increments starting from \$150 per quarter up to \$600 per quarter. The table created by Department of Mines and Energy located at the following link http://www.dme.qld.gov.au/zone_files/Electricity/new_electricity_pricing_table.pdf would be acceptable to us. We also ask that customers are given at least 14 business days notice of the effect the price rise will have on their account.

FCAQ is disappointed that government and regulatory bodies do not place importance on the protection of small consumers until after a retailer, although not technically breaking the law, has seemingly broken the spirit of consumer protection as set out in the Code.

We urge the government to enact legislation that will protect vulnerable consumers with legislation that allows a consumer to be fully informed of, and financially prepared for impending price changes.

Yours sincerely,

David Lawson
Executive Member FCAQ
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