

	<p><b>A non-profit, volunteer organisation, advocating to advance the interests of consumers in Queensland</b></p> <p><i>Secretary:</i>  <i>Max Howard</i>  <i>PO Box 261</i>  <i>Corinda Q 4075</i>  <i>Telephone: 0419 678 395</i></p>
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22 January 2010

**SUBMISSION ON QCA'S DRAFT DECISION ON PROPOSED  
 AMENDMENTS TO THE ELECTRICITY INDUSTRY CODE  
 REQUIRING PRIOR NOTICE FOR PRICE CHANGES—  
 DECEMBER 2009**

**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.

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**COMMENTS**

**Notification of Changes**

1. The Association supports the QCA's proposal to require retailers to notify market contract customers of impending price changes at least 10 days in advance of the new prices taking effect. In this regard, the Association notes and supports that a "price change" includes changes to tariff rates, charges or types of tariffs. This broad interpretation of what constitutes a price change is highly desirable since retailers have considerable discretion with market contracts about many matters likely to have significant impacts on the size of bills. It is also required to cater for possible future moves away from the present situation in which market contracts are usually closely aligned to regulated tariffs.

2. However, the Association does not support making it optional for the retailer to notify by individual written communication a change in price to a customer on a market contract. Mandatory individual communication would greatly increase the extent to which consumers regularly considered whether their needs are best being met by their existing retailer and contract. This would be very pro competitive especially if as is likely it increased the number of consumers who actually changed retailer or contract. Even a small increases in the numbers of consumers who make changes can have a major effects on the competitiveness of retail markets. The likely small additional costs for retailers, which ultimately are mostly borne by consumers anyway, would be more than repaid by the increased competition. And, this is a far more cost effective and efficient way of encouraging and assisting well informed consumer decision making on retailer and contracts than intrusive unrequested and expensive door to door selling and telemarketing.

3. If it remains optional for the retailer to notify by individual written communication a change in price to a customer on a market contract, the Association considers that the proposed new clause 4.12.7(a)(iv) should specify that full details of how the price change has affected the customer should appear on an attachment to the next bill received by the customer, not on the actual bill. Most consumers reading bills look at only the amount that has to be paid and by when. So, this would greatly increase the proportion of consumers who are aware of the price change and as a result may consider changing retailer or contract.

**Early Termination Fees**

4. The Association notes that QCA has not accepted any of the recommendations by QCOSS and FACQ for significant changes to early termination fees.

5. The Association considers that, as in Victoria, any early termination fee charged should only represent a fair and reasonable pre-estimate of the damage to the retailer resulting from early termination of the contract. Such an approach would reduce an obvious and significant current barrier to consumers changing retailer and contract type and would complement the proposed requirements to advise consumers of price changes to market contracts.