

SUBMISSION IN RESPONSE TO THE QUEENSLAND COMPETITION AUTHORITY
ISSUE PAPER
ELECTRICITY DISTRIBUTION: SERVICE QUALITY

Preamble

This submission is made by Queensland Consumers' Association (QCA). QCA is the peak body for consumer groups in Queensland. Other members are Logan Consumers' Association, Brisbane Consumers' Association and Central Queensland Consumers' Association.

Queensland Consumers' Association is a member of the Consumers' Federation of Australia the peak body for all consumer groups.

QCA members work in a voluntary capacity. As our time and resources are extremely limited, our ability to respond to government and industry to put a consumer view is often curtailed. This submission therefore is not detailed, but we believed it was important that we made some effort to respond on such an important issue. For this reason however, we have not been able to comment on the Authority's other issue papers concerning ring-fencing and prescribed services.

Overall Comments

Service quality is obviously extremely important to consumers and we welcome the Authority's issues paper.

We assume the Authority will advise us in due course of its preferred regulatory regime. This did not seem to be specifically covered in the issues paper.

If possible, it would be helpful if we could be added to the Authority's mailing list in the future. If one of our members had not noticed the advertisement in the Courier Mail in relation to this issue, we would not have been aware of the issues paper. The address of QCA's secretary is at the conclusion of this submission.

We have no difficulty with our submission being made publicly available.

Network Reliability

Areas with poor service should be identified and reported upon in the framework. A recent example from the Brisbane area has been the number of complaints about outages in the Tamborine Mountains area.

From the viewpoint of consumers, they are obviously extremely interested in the quality of supply as it **affects them**. Tamborine consumers have a right to know for example, whether statements from Energex about the reasons for the outages, are consistent with actual data. They have a right to know how different from the state-wide figures are the figures for their area.

If reliability by geographic area is not reported upon, then the use of “averages” in some of the measures will tend to hide or smooth out variability. This could mean that one or two areas with appalling network reliability, whilst increasing averages overall, are not actually identified as causing the majority of problems.

Technical Quality

QCA believes it is vital that technical quality measures are included in the reporting framework. The “fitness for purpose” of goods is a fundamental tenet of consumer protection law.

We do not however, believe that monitoring of customer feedback is a sufficiently robust mechanism for assessing technical quality. Customer feedback, whilst important and obviously an indicator that should be tracked, it not necessarily the most reliable measure. Customers may not

- (1) know that problems they have experienced are due to a deterioration in technical quality;
- (2) realise that these problems may have been the fault of the DNSP and not just an “act of god”; and,
- (3) know that they need to complain or even that they have the right to complain. In this latter regard, there are no incentives for customers to complain anyway – for example, DNSPs do not pay compensation to consumers for an over-voltage event that they have caused (as a general principle – see later comments).

DNSPs will generally be aware of over-voltage events, so accessing this data should not be difficult for them. Why Appendix B, Item 4 therefore is still couched around only customer complaints is therefore not clear. Whilst it may be useful to know which events lead to customer complaints and which do not, this should not be the “trigger” for reporting.

Finally, the Authority will no doubt be watching with interest the ACCC case in the Federal Court in relation to whether electricity is a “good” or not and its fitness for purpose. We would argue of course that it is.

Customer Service

Customer service should definitely be monitored. We expect there will be little argument from distributors in this regard.

We fail to see however why the Authority would not **specify** at least some GSLs. This area is as important as technical quality. For example, failure by a distributor to connect electricity is not only inconvenient for a consumer, it denies them access to the ability to cook, wash, use lighting or possibly work, if they operate a home office.

Customer service standards are already specified by the customer service charter imposed on electricity distributors by the Minister. The GSLs should at least be

consistent with these. In some cases the GSLs proposed are actually weaker than the service charter standards – this does not make sense.

We would be keen to see compliance with these standards, actually publicised by the Authority. At the moment, Queensland consumers have no idea how well or how badly distributors are meeting current standards. A public “report card” would have the effect of driving definite performance improvements in this area.

Segmentation

We have no difficulty with the principle of segmented reporting, so that standards compare “apples with apples”. Our earlier comments on reliability are relevant in this regard.

Data Collection

Appendix B appears a reasonable outline of the kind of service quality measures that would be appropriate. We note that this is working already for the ORG.

We are unable to provide any guidance as to the implementation issues, although obviously a consistent standardised approach is necessary.

In the longer term, it will be useful to not only benchmark Queensland DNSP performance but also to be in the position to compare this performance to that of DNSPs in other states. For this reason, the Authority could also consider how uniformity across Australia may be gained.

Service Quality Incentive Mechanisms

QCA agrees that a combination of all five options as presented in the issues paper would be appropriate. Option (v) essentially “goes without saying” – consumers or regulators always have the ability to use the courts.

Option (i) – comparative reporting – is absolutely fundamental. We note however that in the absence of any funded consumer body in this area that the presence of “informed customers” will be less likely (except those representing business). For example, in both Victoria and New South Wales there are funded consumer organisations that are specifically working on utility issues and are developing considerable expertise in this area. These are the Consumer Law Centre of Victoria and the Public Interest Advocacy Centre in NSW. Both have been involved in extensive consultations with regulators – for example in developing the Victorian Electricity Industry Marketing Code of Conduct, and have prepared a number of policy papers.

Our experience is that financial incentives, even small ones can be big drivers of performance. The example of the insurance company AAMI and the financial penalties associated with its Customer Service Charter is a good one in this regard.

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