

# QUEENSLAND COMPETITION AUTHORITY

## DRAFT MINUTES OF CONSUMER ADVISORY COMMITTEE MEETING

WEDNESDAY, 3 SEPTEMBER 2008 – 10:00AM

LEVEL 19, 12 CREEK STREET, BRISBANE

**PRESENT:** Members

Mr Gary Henry (Presiding Officer – Queensland Competition Authority)

Ms Jo Dower (Queensland Council of Social Services – in place of Jill Lang)

Ms Penny Carr (Tenants Union of Queensland)

Mr David Lawson (Financial Counselors Association of Queensland)

Mr Max Howard (Queensland Consumers Association – in place of Ian Jarratt)

Mr Nick Behrens (Commerce Queensland)

Observers

Mr Barry Adams (Energy Ombudsman Queensland)

Mr Fintan Keogh (Department of Mines and Energy)

Mr Trevor Evans, Ms Bethany Anderson, Ms Yewy Tan (QCA).

**APOLOGIES:** Mr Scott Driscoll (Queensland Retail Traders and Shopkeepers Association)

Mr Eric Danzi (Queensland Cane Growers Organisation, in place of the Queensland Farmers Federation)

### MINUTES

1. The Committee resolved that the minutes of the meeting held on 28 May 2008 be accepted as a true record of proceedings.

### GENERAL BUSINESS

2. CAC Membership    Nominees have been contacted verbally. The Authority is to confirm that all nominees receive confirmation of their continued membership.  
  
A new representative for Griffith University Centre for Credit and Consumer Law is yet to be appointed.

### MATTERS FOR INFORMATION

3. Benchmark Retail Cost Index (BRCI)    Members were provided with an update on the 2009-10 BRCI process.
  - On 27 August 2008 the Authority hosted a workshop the initial CRA report and modelling.
  - The Authority received a new delegation from the Minister on 26 August, changing the dates for release of the draft and final

determinations. The new dates being:

- Draft decision to be released by 1 December 2008
- Final decision to be released by 1 March 2009

It was noted that the timetable for this project would be revised accordingly. Members discussed the proposed review by the Government of the future BRCI process and also the uncertainty surrounding this years decision due to issues such as the introduction of emissions trading.

Members were also advised that AGL and Origin Energy were seeking a judicial review of aspects of the 2008-09 BRCI decision. It was noted that if AGL and Origin were successful in their claim, the end prices of electricity for consumers are likely to be higher.

#### 4. Small Customer Gas Pricing and Competition

Members were provided with an update on the Authority's review of the gas market for small customers. A draft report should be released for comment late in September.

It was noted that the market for supplying gas to small customers was a limited market in Queensland, relative to other states, due to climate and end use consumption patterns.

It was also noted that market interaction with bottled gas was considered as part of the review but that this did not appear to be a strong alternative to reticulated natural gas.

Members noted that, whilst bottled gas may be a more cost effective option for some residents due to the high fixed costs of natural gas, conversion was not an option available to all consumers such as tenants who were generally unable to exercise such choices.

#### 5. Retailers complaints and enquiries procedures

The Authority had requested that the Committee review the performance of the retailers with respect to customer enquiry and complaints processes

Data provided by the Energy Ombudsman (EOQ) was discussed. The Committee noted the difficulties involved in capturing all customer issues in the complaint data.

It was agreed that the focus of a review should be on the handling of complaints and enquiries not on the number of complaints or the way in which retailers chose to present their procedures.

It was agreed that the performance of the retailers in this regard should form the core of any review and may lead to recommendations for the Authority to contact poorly performing retailers on this matter.

The Authority would meet with EOQ to gain a better insight on the performance of retailers in handling complaints and enquiries and prepare a paper to bring to the next meeting for consideration.

#### 6. Minimum Service Standards

It was noted that there had been only two retailer submissions on MSS issues paper released by the Authority and that the submissions received generally tended towards supporting a mid level (intermediate) review. Consultants will be contracted to assist with this work

Members discussed the existing MSS and GSL levels and questioned whether GSL payments are at a sufficiently high level to act as a disincentive. It was suggested that GSL penalties should at least increase in line with prevailing CPI rates.

The committee discussed the prospect of increased service standards and noted that:

- GSL payments may not be at a sufficiently high level to act as a disincentive
- Compliance with MSS is a condition of the retailers licence; and
- If standards were increased too rapidly or beyond a certain point, this would likely lead to a flow-on effect in costs to customers.

7. Do not contact provisions

Qld Consumers provided some background to the recent request for the Authority to amend the Electricity Industry Code with respect to the “do not contact” provisions.

It was agreed that there may be some ambiguity regarding this issue.

The Authority will process this request according to the code change procedures contained in the Act.

8. Recent QCA Decisions

Contents of Committee documents was noted.

9. Future QCA items

- Members discussed in general terms a number of issues that would be coming before the Authority in future.

10. EOQ update

See item 5.

11. DME update

No update.

**NEXT MEETING**

The next ordinary meeting of the Committee will be held on Wednesday 10 December 2008 from 10:00am to 12:00pm.