

3rd August, 2007

By email: MCEMarketReform@industry.gov.au

Manager, MCE Secretariat
Department of Industry, Science and Resources
GPO Box 9839
Canberra ACT 2601

Dear Sir/Madam

**Retail Policy Working Group – Composite Consultation Paper
National Framework for Distribution and Retail Regulation**

Thank you for the opportunity to comment on the above consultation paper.

As you will know, the National Consumers Roundtable on Energy — a coalition of consumer organisation working on energy issues — has responded in detail to each of the recommendations in the consultation paper. This document is attached.

In this letter, our comments are limited to just a few issues, which we believe are important enough to be highlighted, particularly in the context of assisting Queensland consumers.

Our Centre was involved in recent consultations in Queensland regarding the implementation of Full Retail Contestability in our state. Whilst there are some positive aspects for consumers under Queensland's FRC regulatory framework, there are also some disappointments. The proposed national framework is an opportunity to fix these weaknesses with a truly "best practice" approach.

1. Security Deposits

In Queensland, a retailer may require a small customer to lodge a security deposit at the time they make an application for supply.¹ A better approach is that taken in Victoria, where a security deposit is not a condition precedent of supply, but can be requested after connection. If a customer does not pay the deposit, then disconnection could occur.

¹ 4.17.1 of the *Electricity Industry Code 2006 (Qld)*

2. Hardship Policies

The national framework must require retailers to have hardship policies in place. Such an obligation is already common in other industries. The requirement to consider hardship is part of the Code of Banking Practice for example and is contractually enforceable between a bank and a customer.

The omission of any reference to hardship in the national framework is a glaring oversight.

Many retailers already have hardship policies. A regulatory obligation will help to reinforce current good practice. The best retailers have worked with consumer casework agencies to make sure their hardship policies are effective.

3. Centrepay

Many retailers rely on direct debit payments from low income consumers to ensure regular short term payments. Community agencies have found that direct debit payments are unsuitable for low income consumers due to the risk and cost of default fees charged by financial institutions in the event that there are insufficient funds to cover the required payment. Centrepay protects low income customers against this possibility.

Centrepay must be included in the suite of payment options offered to consumers. Many Centrelink beneficiaries find Centrepay enormously helpful in enabling them to manage their bills and this is why it is widely used. Omitting this payment mechanism would literally financially disadvantage hundreds of thousands of Australians.

4. Other Broad Issues

We strongly support the comments made by other consumer organisations — variously, the Consumer Utilities Advocacy Network, the Public Interest Advocacy Centre, the Tenants' Union of Victoria and the Consumer Action Law Centre — on a range of other important issues:

- the need for the Law to not only address access to supply, but also to provide that disconnection must only be used as a last resort;
- that the concept of “informed consent” in the marketing context, needs to be specified more clearly;

- more consideration of how ROLR events are managed, given recent experiences of these in the NEM; and
- appropriate regard being had to the needs of tenants, who are not in the same position as property owners in relation to some obligations.

Please contact Dr Tenzin Bathgate on 07 3735 4212 or j.bathgate@griffith.edu.au if you have any questions about this submission.

Yours sincerely

Nicola Howell
Director