

13th November 2007

Dr John Tamblyn
Chairman
AEMC
PO Box A2449
Sydney South NSW 1235

Dear Dr Tamblyn,

Re: Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in Victoria. First Draft Report.

Thank you for the opportunity to respond to this Draft Report. The Centre for Credit and Consumer Law, Griffith University has the overall objective of promoting the attainment of a fairer, safer and more efficient marketplace for consumers including low income and vulnerable consumers. The Centre is able to respond to the discussions on the Effectiveness of Competition due to funding received from the National Consumers' Electricity Advocacy Panel. Unfortunately we are unable to respond substantively at this time to the report due to time constraints but would like to table a number of points.

While the review of effectiveness of competition in Queensland is a few years away we believe the precedent's established in Victoria will provide a platform for future analysis and review of competition in other jurisdictions including Queensland. Hence, we strongly support the previous and current submissions to this review presented by the Consumer Utilities Advocacy Centre (Victoria) and the Consumer Action Law Centre (Victoria) particularly in their endeavours to promote the consumer perspective and in their identification of short-comings in the current review process from a consumer perspective.

Our overall perspective on the First Draft Report is that detail and complexities necessary to understand consumer behaviour and responses to electricity retail competition in the market place are not comprehensively addressed enough in the review with respect to making a full determination on effectiveness from a consumer perspective in Victoria. Nor is there sufficient recognition in the report of the way the essential nature of the service should or could potentially shape the outcome of this review. This latter outcome is due in part, we believe, to the lack of social obligations embedded in the National Electricity Law.

In brief that main points we wish to emphasise in the draft, supported in the above submissions, are as follows:

- Lack of sufficient depth of research in relation to consumer choice, switching behaviour and, in this context, lack of robust definitions in relation to the determination of benefits for consumers arising from deregulation
- Lack of due recognition of issues that consumers face in a market that relies unduly on direct marketing by retailers as opposed to other forms of marketing
- The role of price regulation in assisting with effective competition and the role of related regulations in this process including the role of the Retailer of Last Resort
- Undue weighting of supply-side as opposed to demand-side in the market in the First Draft Report including lack of sufficient review on consumer engagement and empowerment in the market place.

If you have any comments or queries about this submission please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'T. J. Bathgate', with a long horizontal flourish extending to the right.

Dr. Tenzin Jane Bathgate

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