



14 January 2020

SUBMISSION ON AEMC DRAFT RULE DETERMINATION ON CONDITIONAL DISCOUNTING

BACKGROUND

The Queensland Consumers' Association (the Association) is a non-profit organisation established over 40 years ago and which exists to advance the interests of Queensland consumers. The Association's members work in a voluntary capacity and specialise in particular policy areas.

The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups, and works closely with many other consumer and community groups.

The Association has been particularly active for many years on energy issues in Queensland and nationally and is currently represented on the:

- Queensland Competition Authority's Consumer Consultative Committee
- Energy and Water Queensland Ombudsman's Advisory Council.

The Association is also a member of the Queensland Council of Social Service's Essential Services Consultative Group.

The Association has participated in, and made numerous submissions to inquiries etc. on energy issues conducted at national level, in Queensland, and in other states.

The Association welcomes the opportunity to make this brief submission on the draft rule determination.

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GENERAL COMMENTS

As indicated in our submission on the consultation paper on the proposed rule change, for many years and in many places, the Association has indicated its great concern about the high levels, relative to retailer cost, of many pay-on-time discounts and that in addition some late-paying consumers may also have to pay late payment fees.

Therefore, we strongly support the AEMC's view that issues with conditional discounts remain material and that a draft rule restricting conditional discounts and fees is needed, and we strongly welcome the proposed draft rule to amend the NERR to limit the level of conditional discounts and fees in energy retail contracts to the reasonable costs to the retailer when payment conditions are not met.

We agree with the AEMC that a rule is required because of the many major problems associated with attempting to use the provisions of the ACL and common law restrictions on penalties to achieve the policy objectives.

SPECIFIC COMMENTS

Commencement

We support the rule commencing operation on 1 July 2020.

Coverage

We support the rule applying to:

- Fees as well as discounts.
- Discounts and fees relating to non-compliance with a payment provision in terms of payment timing or method.
- Gas as well as electricity contracts.
- Existing retail contracts at the end of benefit periods. (However, we note that some contracts have evergreen benefit periods and therefore will not be covered by the rule.)

Reasonable costs

We support the rule not containing a definition of reasonable costs.

Penalties

We support breaches being subject to a civil penalty under the NERL.

Consumer education

Implementation of the rule should be accompanied by a consumer education campaign that explains the possible impact on different types of consumers (including those who do and don't have difficulty paying their bills on time) and encourages all consumers to shop around to ensure that they are on a contract that best suits their requirements and circumstances.

Monitoring of compliance and impacts

Retailer compliance with the rule should be closely monitored, especially soon after it becomes effective.

The effects of the rule on consumers and retailers should be monitored and the results made public.