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Dr Patrick Walsh
Chairperson
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Tuesday 5th October 2010

Dear Dr Walsh,

RE: ESCOSA Draft Decision Consumer Information Requirements for the Energy Retail Market in South Australia.

SACOSS welcome the opportunity to comment on the draft decision for customer information requirements. As the peak body for community services in South Australia, SACOSS have an important role in advocating on behalf of low income and disadvantaged people- to make sure their voices are heard in policy and decision making processes.

In this instance we are concerned that it is those who are most vulnerable who find it most difficult to access information about pricing, contracts and so on in the energy retail market in South Australia. This is compounded by the generally low level awareness (12%) of the ESCOSA price comparison service. The availability and quality of information for energy consumers is crucially important not only for the rights of consumers but for the development of efficient energy markets throughout Australia.

SACOSS support ESCOSA's proposed Amendment 1 (the Commission's Draft Decision is to extend the EPDC to apply to all small customers in South Australia) and Amendment 7 (the Commission's Draft Decision is to review and amend the contents of its consumer information website to ensure the information provided is relevant for South Australian consumers). We would, however, like to highlight the following points for consideration.

Amendment 2 – the Commission's Draft Decision is to amend the Energy Price Disclosure Code by inserting a new clause

SACOSS support that a retailer must provide price fact sheets in a prominent and readily accessible position on its website.

We remained concerned, however, that unless it is specified that there must be a direct link from the home page of each retailers website, fact sheets will remain extremely difficult to find.

Amendment 3 – the Commission’s Draft Decision is to amend clause 1.2 the Energy Disclosure Code; and

Amendment 5 – the Commission’s Draft Decision is to amend section 3 (to be renumbered section 2) of the Energy Price Disclosure Code

SACOSS support transparency in energy pricing, fees and charges, exit or early termination fees, fees for payment by credit card and account establishment fees. Information must be presented in a consistent and accessible way so it is easily understood and accessed by all people, including those with average literacy and numeracy ability.

There must be disclosure of loyalty schemes and rebates, including simple clear instructions on how to claim if eligible.

There must also be disclosure of fixed/supply fees and charges. High fixed charges disproportionately disadvantage small energy consumers who are on a low income. These people pay a much higher proportion of their income on home and energy and high fixed charges further reduce their capacity to save on energy costs.

Consumers should be made explicitly aware of the potential for price increases wherever contracts are written and issued at one price, but then can be varied at any time following commencement of the contract.

Amendment 4 – the Commission’s Draft Decision is to amend clause 10 of the Energy Marketing Code by inserting a new clause 10.2

The proposed amendment is important, but SACOSS feel strongly that more protections are required for people who are most vulnerable.

New arrivals, people with low literacy and numeracy skills, and many people who are aged or disabled do not properly understand the information that is provided by sellers via door-to-door or telemarketing.

Financial counsellors are regularly unravelling a maze of contracts for home energy for new Australian families. They sign contracts at their front door under the impression that they are receiving a better deal, but end up with multiple bills from multiple energy retailers. This must be addressed- people who lack understanding and are desperately struggling to afford their power bills must not fall victim to salesperson promises without first being properly informed.

While one energy retailer does require their contracted door-to-door salespeople to ask the potential customer to phone the retailer’s call centre to answer three questions as a check that the customer understands the contract before they sign, there is a critical issue remaining in that all questions only require a ‘yes’ answer. Many different cultures including Aboriginal Australians, new arrivals from Africa, the Middle East, Asia and South America have a tendency to answer ‘yes’ when confronted in this way.

Amendment 6 – the Commission’s Draft Decision is to modify the reporting capabilities of and outputs from the Residential Estimator

SACOSS believe it is important for information to be presented in the simplest format possible; however it must still be comprehensive and include details on all fixed charges, rewards and penalties.

We recommend that the study results referred to in Section 3.4 are heeded. Whilst the general public have little time or interest to deeply analyse comparative offers, people from vulnerable backgrounds have even less capacity to do so.

Thank you for the opportunity to comment of the Draft Decision Consumer Information Requirements for the Energy Retail Market in South Australia.

Sincerely,

A handwritten signature in black ink, appearing to read 'RWomersley', with a large, sweeping flourish extending from the end of the name.

Ross Womersley
Executive Director

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The views expressed in this document do not necessarily reflect the views of the Consumer Advocacy Panel or the Australian Energy Market Commission.