



07 September 2011

By email: AERInquiry@aer.gov.au

Ms Dianne McGrath
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Ms McGrath

Submission to the AER price comparator website - Issues paper

The Consumer Action Law Centre (**Consumer Action**) welcomes the opportunity to make a brief submission to the Australian Energy Regulator's (the **AER**) Price comparator website - Issues Paper (**Issues Paper**).

We continue to advocate strongly for information for consumers to be comprehensive, clear, easily accessible and simple to understand. It is a fundamental precondition to effective competition that consumers have access to the information they need to shop around for the price, quality, service mix that best suits their needs. The more easily accessible the information is the more effective competition will be.

As such we **strongly support** the AER's position in relation to the development of the price comparator and have provided some feedback below.

Background:

- it is essential that the AER implements an interpretation of the phrase 'as soon as practicable', in terms of when the AER must update the price comparator, that ensures that market offers in particular are current and that links through to retailer websites remain functional.
- in the branding of the price comparator it is essential that the AER focuses upon its independence, for example that is government run. This could also include a statement that guarantees no commissions are being paid by retailers, and that all retailers are regulated to ensure they provide the AER with their information which guarantees consumers are seeing **all** offers in their area, not those that are simply based on who owns the switching site or preferred partnerships.

Overview of the price comparator website

- **Disclaimer;** Any information provided in the disclaimer should not discourage a consumer from progressing their search, and it certainly should not undermine their

confidence in the accuracy of the information they may receive. Consumers must be confident that, when encouraged to use the more accurate information to enter (consumption information from a previous bill), that they are getting the most relevant and accurate information available at that point in time. Additional information could be provided as an aside, such as highlighting to consumers that their appliance mix, replacement of appliances or use of appliances or changes in household composition for example, can ultimately change the outcome, and overall consumption levels, but should in no way prevent them from engaging in the process.

- **Customer information;** it is essential that consumers understand the difference between standing and market offers, particularly in Victoria. This needs to be explained in terms of the role of Government in regulating prices, and also in terms of consumer protection, for example, what protections may change if a consumer switches from a standing offer to a market offer and what this means.

Information required from the user

- **Postcode;** to ensure consumers have easy access to all relevant information, a map of the postcode area which enables the consumers to identify their relevant distribution business would be an effective way of ensuring the consumer remains engaged in the process of assessing offers and potentially switching. Having them phone their retailer to obtain the name of their distributor could be time consuming and therefore impractical when seeking to assist the consumer find a better deal.
- **Metering arrangements;** we note that the time of use tariff option may not be available on the website at its commencement, however we highlight the importance and urgency for Victorian consumers of having this information made available as early as possible, moratorium dependent and strongly recommend that the AER prioritises this. This is critical to ensuring that where relevant, any benefits of smart meters are able to be realised by consumers as soon as possible.

Showing offers available to the user

- Consumers must be directed to the most relevant place on the retailers website when they click through from the AER's price comparator. This must ensure consumers can see the offer they have clicked through to clearly, but which does not specifically provide any particular mechanism for accepting an offer, but does make clear to consumers how an offer can be accepted, should they choose to.
- We strongly support the inclusion of GST-exclusive and GST-inclusive tariffs that enable consumers to compare their current unit rates as per their bills.
- We support the inclusion of price components incentives and penalties on the price comparator site, however strongly believe that **price, exclusive of discounts, must form the basis of any comparison.** Discounts or other incentives must be detailed separately, NOT included in the final price. Any terms or conditions linked to those discounts or incentives need to be clearly outlined and, the linkage of a discount to a bill paid on time, for example, needs to be clearly explained as it may require four bills in a row to be paid on time. This information needs to be highlighted.

Website accessibility

- We strongly support the inclusion of a call centre number (the ACCC Infocentre) as an avenue for those consumers who do not have access to the internet, or simply find the price comparator too difficult to navigate.

Finally, the AER must seek proactive promotion of the price comparator that competes directly with the privately run websites and promotes it as an independent, government run website, that can provide consumers with confidence that they are accessing all general offers in their area. A failure to take this step almost guarantees that however useful the content of the AER site may be it will be swamped by less useful but more heavily promoted commercial site/s. This is precisely what has occurred in the health insurance space.

Promotion of the price comparator must also highlight the call centre number that ensures a broader range of consumers can access the service with confidence that they are able to fairly participate in the market.

We thank the AER again for the opportunity to provide further input into the price comparator. Should you have any questions about this submission, please contact Janine Rayner on 03 9670 5088.

Yours sincerely

CONSUMER ACTION LAW CENTRE



Janine Rayner
Senior Policy Officer