



6 February 2008

Review of Australia's Consumer Policy Framework  
Productivity Commission  
PO Box 1428  
Canberra City ACT 2616

By email: [consumer@pc.gov.au](mailto:consumer@pc.gov.au)

Dear Sir/Madam

**Productivity Commission 2007, Review of Australia's Consumer Policy Framework, Draft Report, Canberra.**

Origin Energy Retail Limited (Origin) welcomes the opportunity to comment on the Productivity Commission's (the Commission) Review of Australia's Consumer Policy Framework Draft Report. Origin supplies electricity, gas and LPG to more than 3 million customers and is well placed to comment on the Commission's report.

Origin supports the scope of the inquiry particularly with regard to:

- Avoiding regulatory duplication and inconsistency through reducing the reliance on industry-specific consumer regulation and making greater use of general regulations;
- Suggesting improvements that would harmonise and coordinate consumer policy across jurisdictions to avoid duplication or effort; and
- Identifying any areas of consumer regulation which is unlikely to provide net benefits.

With the progressive privatisation and deregulation of energy markets over the past decade Origin agrees with the Commission's comment that:

*"In conjunction with increased product variety, greater complexity has also created an environment in which there is the potential for sometimes costly industry specific consumer regulation to proliferate."*

Therefore a review of Australia's Consumer Policy Framework is very appropriate and relevant for the energy industry at this time. Generally Origin supports the recommendations outlined in this draft report.

In this response Origin will contain its comments to the recommendations that have specific implications to the energy industry.

**Specific Comments Related to the Draft Recommendations**

**Chapter 5 - Industry Specific Consumer Regulation**

Origin is of the view that the Commission has overlooked an important aspect of specific energy regulation that would benefit from a nationally consistent approach. Green energy initiatives have progressively been introduced by various state and federal



governments over the past few years. While the introduction of a national emissions trading scheme will go some way to addressing this issue over time, the administrative cost burden on retailers of green schemes such as VRET, the proposed VEET scheme, MRET, NRET, NGAC, GEC and various embedded generation feed in tariff schemes should not be underestimated. Origin urges the Commission to expand this review to include green energy schemes.

*Recommendation 5.3*

*A single consumer protection regime for energy services should be developed and implemented under the auspices of the Ministerial Council on Energy. It should apply to all jurisdictions participating in the national energy market and be enforced by the Australian Energy Regulator.*

As a national energy retailer Origin has experienced a plethora of different state-based consumer protection regimes and has actively sought the development of new energy regulation under the oversight of a national regulator.

While some progress has been made in this area and work is continuing under various national retail policy working groups Origin would support an accelerated approach to achieving nationally consistent energy regulation. Already there is a concern that this process will be largely undermined by specific state based legislation should a particular jurisdiction deem it necessary to diverge from the national model.

*Recommendation 5.4*

*The Australian Government should remove any retail price caps applying to telecommunication products and services. Also, following the establishment of national consumer protection arrangements for energy services (see draft recommendation 5.3), participating jurisdictions should remove any price caps still applying in contestable retail energy markets.*

*Ensuring that disadvantaged consumers continue to have sufficient access to utility services at affordable prices should be pursued through transparent community service obligations, supplier-provided hardship programs, or other targeted mechanisms that are monitored regularly for effectiveness.*

Origin concurs with the recommendation to remove retail price caps in contestable energy markets and supports the arguments used by the Commission to justify this recommendation. This issue is now the subject of a review by the Australian Energy Market Commission (AEMC) for Victoria with South Australia to be considered soon.

The AEMC has recommended the removal of energy price regulation from 1 January 2009 in Victoria.<sup>1</sup> Origin has taken a lead role with delivering comprehensive consumer hardship programs into Victoria and South Australia over the past few years as referred to in this recommendation.

*Recommendation 9.2*

*Australian Governments should improve the effectiveness of alternative dispute resolution (ADR) arrangements for consumers by:*

- extending the functions of the Telecommunications Industry Ombudsman to all telecommunications premium content services, pay TV and other associated services and hardware;*

<sup>1</sup> See for example: <http://www.aemc.gov.au/electricity.php?r=20080115.165948>



- *establishing a national energy and water ombudsman that incorporates relevant existing State and Territory ADR bodies;*
- *encouraging further integration of financial ADR services, which would involve:*
  - *consolidating the existing financial ADR services into a single umbrella dispute resolution scheme for consumers, but with the option for those services of retaining their independence as arms within it;*
  - *adopting a common monetary limit on consumer disputes they can consider;*
  - *requiring that any new industry ADR services, including for credit, should be part of this scheme;*
- *ensuring there is an effective and properly resourced ADR mechanism to deal consistently with all consumer complaints not covered by industry-based ombudsmen.*

Origin has long been concerned about the different approaches taken by the various jurisdictional Ombudsman Schemes even when their statutory objectives appear to be similar. Our experience suggests that some jurisdictional Ombudsman schemes place an emphasis on objective dispute resolution that is fair to all parties under the particular circumstances (a view that Origin supports), others may see their role more as an advocate for specific interest groups.

For this reason, establishing a national energy and water ombudsman scheme incorporating the existing state and territory ADR schemes would be supported by Origin provided:

- The national ombudsman is established with clear objectives that focus on the key core functions of a dispute resolution body designed to represent the majority of energy consumers;
- Existing State and Territory energy ADR schemes do not continue to operate through the addition of new peripheral functions; and
- It was assessed by a comprehensive, robust cost benefit analysis including the costs associated with the probable establishment of regional branches and/or consumer and retailer representative travel.

In conclusion Origin believes that industry specific regulation should be limited wherever possible with adequate consumer protection provided by state-based Fair Trading legislation or Federal Trade Practices legislation. It is clear that a review of the various jurisdictional Fair Trading instruments should occur in parallel to significant amendments to industry specific legislation in order to achieve an optimal regulatory regime. Should you require further information, please do not hesitate to contact Randall Brown on (03) 9652 5880.

Yours sincerely

A handwritten signature in cursive script, appearing to read "B J Hughson".

Beverley Hughson  
National Regulatory Manager