

CONSUMER LAW CENTRE VICTORIA

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EDITORIAL

Farewell Suzanne Russell

Suzanne Russell AM tragically and suddenly passed away on Saturday, 22 May 2004. Suzanne was a founding member of the Board of the Consumer Law Centre Victoria, serving as a Board member for eleven years, including four years as Chair.

In addition to her enormous contribution to the Centre, Suzanne was a life member of the Australian Consumers' Association and served on the ACA Council for twenty-four years including four years as Chair. Indeed, Suzanne was well known as a steadfast and successful advocate of consumers' rights for over thirty years, particularly in the area of food and product standards and safety. Among the many Boards and committees that Suzanne served on, she was a member of the National Consumer Affairs Advisory Council, Chair of the Victorian Consumer Affairs Committee, member of the Council of Standards Australia, Chair of the Australian Federation of Consumer Organisations and Chair of the Consumers' Association of Victoria.

Suzanne began her professional life as a Home Economics teacher at Malvern Girls High School and worked for over twenty years at RMIT University, finally retiring as an Associate Professor in December 2000. A student of MacRobertson Girls School in Victoria, she returned to serve on that school's Council, including two terms as President. A home economist by training, Suzanne was co-author of *Cookery - The Australian Way*. First published in 1966, the book became the standard secondary school text book on the subject, warranting seven editions and thirty-four reprints. It has been estimated that up to two million secondary school students have been introduced to food preparation, nutrition and consumer science through this seminal publication. Suzanne's significant contribution to consumer advocacy, consumer protection and education was recognised on 26 January 2001 when she was made a Member of the Order of Australia. At the time of her passing, Suzanne was still actively involved in public life and was a Member of the Victorian Civil and Administrative Tribunal, Chair of the Victorian Government Food Standards Committee and a Trustee of the Travel Compensation Fund among other roles.

She achieved all that she did in professional life without compromising her greatest achievement, and legacy, her family. At a time that was less forgiving of women seeking to balance family and professional aspirations, she was a devoted mother to four children and loved partner to her husband, Jim Russell, to whom she was married for over forty years. Suzanne was an extraordinary woman, deeply committed to consumer protection in all of its forms, community work and education. In this latter role she was an inspiration and mentor to generations of consumer advocates. She will be missed by all of those who work in consumer affairs and we offer our sincere condolences to Suzanne's family. Our promise to them is that her indomitable spirit for the public good will never be forgotten.

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1. What are we doing?

1.1 Competition and consumer protection in Victoria's electricity and gas markets

On 8 December 2003, the Minister for Energy Industries and Resources referred two special investigations to the Essential Services Commission (the **ESC**) under Part 6 of the *Essential Services Commission Act 2001* (the **Review**). The Terms of Reference required the ESC to investigate the extent to which retail competition has been effective for, or in respect of, the sale of electricity and gas to consumers or classes of consumers. In addition, the ESC was required to consider measures to enhance retail competition and suggest any modifications to the consumer safety net arrangements in respect of its findings on the effectiveness of competition. The ESC subsequently released an Issues Paper in relation to the Review calling for submissions from interested parties. The Centre's submission in response to the Issues Paper can be viewed at www.esc.vic.gov.au/gas728.html.

The current consumer safety net arrangements, which impose an obligation on local retailers to offer a supply contract to consumers and incorporate price protection and the regulation of the terms and conditions of supply to domestic and small business customers, are due to expire on 31 December 2004. The regulated terms and conditions include minimum retail service standards, privacy and market conduct obligations, as well as a range of consumer protection requirements administered by the ESC under the electricity and gas Retail Codes. The Centre's preference is for consumers to benefit from the operation of a competitive Victorian retail energy market, rather than continued regulation of price and service standards, subject of course, to both the operation of Victorian fair trading legislation and the *Trade Practices Act*. At this stage, however, we do not consider that the market is sufficiently mature to realise this aspiration and, accordingly, there is a continuing need for a form of consumer safety net to protect the interests of Victorian household energy consumers, in particular, low-income and vulnerable consumers.

The ESC released its draft report on the Review on 29 March 2004, in which it concluded that 'while there is now a high likelihood that the Victorian energy markets will be competitive in the next few years, further development in the strength and reach of competition will be necessary to reach that position.' In particular, the ESC noted that low volume customers and those living in more remote areas were less likely to be offered market contracts and tended to remain on the standing offer price and contract terms. Importantly, the ESC also concluded that there is a continuing need for an energy-industry specific safety net after 31 December 2004. The ESC did, however, propose modifying the application of the safety net and suggested several options with respect to small business users, not-for-profit and community organisation energy users and household energy users.

The Centre made a submission in response to the draft report, in which we supported the ESC's proposal for a more comprehensive review of the effectiveness of competition to be

undertaken in 2006 and urged the ESC to be cautious in its approach to the modification of the safety net pending the outcome of the 2006 review.

Finally, we took the opportunity in both of our submissions to encourage the ESC to use the Review to recommend a whole of government approach to energy policy in Victoria, which takes into consideration economic, social and, importantly, environmental imperatives. The ESC is required to provide the Minister with a Final report by no later than 15 June 2004.

If you would like further information about the work of the Centre in relation to the review of the gas and electricity Retail Codes or the full retail competition and safety net review, please contact Anna Stewart on (03) 9629 6300 or anna@clcv.net.au.

1.2 Victorian Water Industry Reform

There is a considerable amount of regulatory and policy activity currently being undertaken in Victoria in relation to water. Since 1 January 2004, the Essential Services Commission (the **ESC**) has been the economic regulator of all 24 water businesses in the Victorian water sector. The ESC's role is set out in the *Water Industry Act 1994* (as amended) and the *Water Industry Regulatory Order* (the **WIRO**), in addition to the Essential Services Commission Act 2001.

Importantly for consumers, part of the ESC's role is to approve water pricing principles designed to reflect the true cost of water (including the cost to the environment) and provide price signals to consumers to reduce their water use. A significant issue for the ESC is how to ensure that changes to water pricing do not impact unfairly on low-income and vulnerable consumers.

Whatever pricing structure is ultimately adopted, the Centre favours an outcome that:

- • sensibly balances the twin imperatives of sustainability and affordability;
- • sends appropriate cost-reflective price signals that will influence consumer demand; and
- • provides equity measures that protect low-income consumers from restriction based on inability to pay alone - in particular, we support the mandatory use by the water retailers of effective hardship policies, which operate to identify consumers who are suffering from financial hardship and provide for a range of measures to ensure that they are not restricted from water services as a result.

The ESC is currently consulting widely with stakeholders regarding its new role and recently released a paper titled, *Economic Regulation of the Victorian Water Sector* (the **Consultation Paper**). The Centre made a joint submission with the Consumer Utilities Advocacy Centre (**CUAC**) on the Consultation Paper (see www.esc.vic.gov.au/water736.html). The Centre is also participating in an ESC working group that is developing a Customer Service Code.

In August 2003, the Victorian Government released a discussion paper on Water, *Securing Our Water Future* (the **Green Paper**). The Green Paper, which proposes around 80 measures to encourage water conservation and to return water to the environment, inspired over 660 submissions. The Government will soon follow up the Green Paper with a White Paper.

Much of the public interest arising from the Green Paper has focused on the financial and environmental sustainability of the water industry. However, there is also a need for broader discussion about how the Green Paper proposals, including proposed pricing changes, restrictions and cost-incentives for water efficiency, are likely to impact on consumers, particularly low-income consumers. The Centre and Environment Victoria have been funded by CUAC to undertake the Water - Access, Sustainability, Affordability Project, which will consider ways in which to protect consumers' access to water as a human right, while at the same time ensure that water is returned to the environment.

If you would like more information about the Centre's work on water regulation or the Water - Access, Sustainability, Affordability Project, please contact Anna Stewart on (03) 9629 6300 or anna@clcv.net.au or Eliza Collier on (03) 9629 6300 or eliza@clcv.net.au.

1.3 Poor complaints handling

The Centre continues to receive a large number of complaints to its consumer legal practice, about the poor manner with which a business has handled the consumer's complaint. In many instances, the poor complaint handling has become of more concern than the substantive issue in dispute. Problems encountered include overly long response times, unfair decisions and failures to escalate complaints.

For example, one consumer recently contacted the Centre about his Internet bill. His usual monthly bills came to between \$100 and \$200. When he unexpectedly received a monthly bill for almost \$7,000, he immediately contacted his Internet service provider (**ISP**). However, his ISP refused to investigate the unusually high bill and did not escalate the consumer's dispute beyond the initial call-centre level. Despite repeated contact from the consumer over a long period of time, the ISP did not inform him of the existence of the Telecommunications Industry Ombudsman (**TIO**) scheme. The consumer only contacted the TIO when he saw the scheme featured on a national current affairs program. The TIO referred the consumer to an escalated complaints handling area at the ISP and the ISP agreed to waive his bill.

Such poor complaints handling by a business is unacceptable. Australian Standard AS 4269-1995, which sets out best practice in relation to internal complaints handling, has now been in existence for almost 10 years. There is little excuse for Australian businesses not to have implemented a consumer complaints handling procedure that complies with the essential elements set out in this standard.

If you would like further information about the work of the Centre in relation to complaints handling, please contact Nicole Rich on (03) 9629 6300 or nicole@clcv.net.au.

1.4 Capacity building for the community sector in the National Electricity Market

One of the objectives of the Centre's National Electricity Market (**NEM**) Capacity Building Project (the **Project**) (see *e-bulletin no.28*, March 2004) is to facilitate the development of training to provide interested stakeholders with a more detailed understanding of the electricity industry nationally, including the operation of the NEM, and the manner in which local issues fit within the NEM.

Training has commenced with the Tasmanian Council of Social Service developing an "Electricity Training Program for Domestic Consumers" in Tasmania that will be held over four one-day sessions during the year. The first session was held on 7 April 2004 in Hobart and included an overview of the Tasmanian electricity supply industry and information on energy consumption in Tasmania, including a session on energy conservation. Natasha Leigh, the Project Co-ordinator, attended the session and provided an overview of the NEM. The training sessions are free and anyone interested in attending should contact Kath McLean on kath@tascoss.org.au.

The South Australian Council of Social Service is planning an electricity training program to be delivered in South Australia and we will provide details of that program shortly. New South Wales stakeholders are also working on suggestions for the content of a one-day session to be held towards the middle of this year and updates on training plans in other jurisdictions will follow, including plans for a meeting of national stakeholders in the next few months.

If you would like further information about the NEM Capacity Building Project, please contact the Project Co-ordinator, Natasha Leigh, on (03) 9629 6300 or natasha@clcv.net.au.

2 Representing the consumer interest in the development of product and service standards

The following Standards Australia committees require consumer representatives:

- • Gas appliances
- • Gas installation
- • Quality of servicing gas appliances
- • Prams and strollers
- • Valves for use in warm and hot water systems
- • Safety of private swimming pools
- • Spa pools
- • Protective helmets for vehicle users

Consumer representatives on Standards Australia committees are entitled to have their travel expenses of attending committee meetings, including interstate meetings, reimbursed through the Standards Co-ordinator.

The following draft standards have been released for public comment:

- • DR 04919 Safety of transportable motor-operated electric tools - Part 1: general requirements
- • DR 04220 Intruder alarm systems - Part 5: Alarm transmission systems
- • DR 04240-04244 Medical electrical equipment
- • DR 04287 Health Informatics - Requirements for an electronic health record architecture
- • DR 04901-04907 and 04911CP-04918CP Safety of Household and Similar Electrical Appliances, including washing machines, spin extractors, appliances for use with aquariums, battery chargers, range hoods, instantaneous water heaters and massage appliances
- • DR 04908 Fire Hazard Testing

Draft standards may be viewed at www.standards.com.au via the 'Standards Development' link. If you would like to join a committee, comment on any of the above draft standards or simply require further information, please contact the Standards Co-ordinator, Angela Russell, on (03) 9629 6300 or angela@clcv.net.au.

If you would like more information, or to enquire how you may make comment upon the draft standards mentioned, contact Angela Russell on (03) 9629 6300 (on Wednesdays and Thursdays) or angela@clcv.net.au.

3. Next Edition: July 2004

Our e-bulletin is designed to keep our stakeholders up to date on the work of the Centre. We welcome your comments on the e-bulletin. If you would like to be added to the Centre e-bulletin mailing list, please contact Jane Douglas on jane@clcv.net.au or (03) 9629 6300.