

1st September 2006

Manager, MCE Secretariat
Department of Industry, Tourism and Resources,
GPO Box 9839
Canberra ACT 2601
MCEMarketReform@industry.gov.au

Dear MCE Secretariat,

Re: Consultation Paper: Draft Effective Competition Criteria, July 2006

The Centre for Credit and Consumer Law Griffith University has the overall objective of promoting the attainment of a fairer, safer, and more efficient marketplace, particularly for low income and vulnerable small end-users.

We endorse the Submission on the draft criteria from the Consumer Utilities Advocacy Centre (CUAC) and the Consumer Law Centre Victoria (CLCV) for its comprehensive identification of key issues including

- the need for a sufficiently comprehensive set of indicators
- consistency in the availability and quality of market data
- recognition of classes of customers in assessing criteria
- the need for a balance between input and output related indicators.

Victorian advocates are well placed to comment on the competition criteria as full retail competition has been in place for a number of years. Full retail competition will commence in Queensland on July 1st, 2007.

Overall we welcome the drafting of effective competition criteria and the acknowledgement in the consultation paper of the unique circumstances and market structures that exist within domestic and international markets. In this latter respect we note that Queensland currently has a pool of contestable customers in the southeast but not outside this area – including those customers on the extended rural network (supported currently by cross-subsidies) - and those other classes of consumers identified in the CUAC/CLCV submission.

Electricity is an essential service and we recognise that there are unique features to the energy competition market. We are acutely aware that the contestable market does not

necessarily benefit all residential consumers particularly the category classified as vulnerable customers.¹ In this respect we support the focus of the AEMC in having ‘...regard to the classes of customers/consumers which exist within the relevant market.’

We believe that the aim to achieve a broad basket of indicators should not be at the expense of achieving more reliable consensual output (outcome related) indicators in the long term even though there is no ‘...general agreement on the benchmark for these matters.’ This goal could be achieved as part of a regular review and assessment of the indicators.

Thank you for this opportunity to respond.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Bathgate', written in a cursive style.

Dr Jane Bathgate
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¹ See discussion of this area by various authors in Dr. Jane Bathgate Ed. (2006), **Electricity Issues: Interstate Perspectives on full retail competition for residential consumers**, Centre for Credit and Consumer Law, Griffith University.