

Agreement in Principle

Mr PAUL LYNCH (Liverpool—Minister for Industrial Relations, Minister for Commerce, Minister for Energy, Minister for Public Sector Reform, and Minister for Aboriginal Affairs) [4.31 p.m.]: I move:

That this bill be now agreed to in principle.

The New South Wales Government is determined to ensure that all households and small businesses in New South Wales can access the lowest available prices for energy supplies. Small energy customers in New South Wales have been able to shop around for the best energy deal since January 2002. All households and small businesses can choose between being supplied electricity on regulated prices from their standard retailer, or entering into a negotiated contract with a retailer of their choice.

Energy, particularly electricity, is an essential service. Households and businesses do not have a choice about whether or not to purchase it. It is therefore important to ensure that households and small businesses have sufficient information available to them when choosing their electricity and gas contracts. In its final determination on regulated retail electricity prices for 2010 to 2013, the Independent Pricing and Regulatory Tribunal, or IPART, reported that small energy customers are finding it difficult to obtain price information for comparison purposes. This difficulty is mainly due to a lack of accurate, up-to-date and easily accessible information from retailers.

The Independent Pricing and Regulatory Tribunal also noted the benefits of a price comparator service, which is based on accurate and up-to-date information and which would reduce search costs for customers. The Independent Pricing and Regulatory Tribunal recommended that the Government introduce requirements for retailers to publish information on their prices and establish a price comparison service. The Independent Pricing and Regulatory Tribunal advised that these measures would encourage competition to continue to develop, and would provide customers with easy access to accurate, up-to-date information on which to make informed choices. These findings and recommendations are supported by key consumer advocacy groups, such as the Public Interest Advocacy Centre [PIAC].

The Electricity and Gas Supply Legislation Amendment (Retail Price Disclosures and Comparisons) Bill gives effect to the Independent Pricing and Regulatory Tribunal's recommendations. The bill introduces strengthened price disclosure requirements on energy retailers. These requirements will be placed on all electricity and gas retailers operating in New South Wales as part of their retail licence conditions. Retailers will be required to provide this information to the Independent Pricing and Regulatory Tribunal, the Minister for Energy and any customer, on request, free of charge. The Independent Pricing and Regulatory Tribunal is required to publish this information in a way that enables small customers to meaningfully compare the tariffs and charges of different retailers.

The bill makes amendments to both the Electricity Supply Act and the Gas Supply Act to ensure customers can benefit from these measures when looking for the best price for their electricity and gas supply. The energy price comparison service and complementary retail price disclosure requirements apply to both regulated and market offers that are generally available to small retail customers. Small customers are defined as any household or small business using less than 160 megawatt hours of electricity per year, which is equivalent to approximately 20 times an average household's consumption. These customers require the most assistance in finding accurate price information and comparing this information, given their lack of negotiating power in the market place. In consultation on the draft bill, consumer groups including the Combined Pensioners and Superannuants Association and the Energy and Water Ombudsman New South Wales expressed support for these new requirements.

In response to submissions from retailers, a ministerial review of these amendments will be undertaken in 2013 to ensure the provisions continue to be appropriate to achieve their objectives. This review will ensure that the provisions continue to serve the best interests of customers and do not create an unreasonable regulatory burden on retailers. The guidelines describe the time, manner and form in which price information must be disclosed by retailers. The use of guidelines recognises the dynamic nature of the energy industry and provides flexibility to respond to any changes in the market over time, in consultation with retailers and consumers.

The Independent Pricing and Regulatory Tribunal will publish the price and contract information it receives from retailers on its website, allowing customers to inspect and compare competing energy offers in a meaningful way. The price comparison service and price disclosure requirements will even encompass aspects other than simply cost, such as any available discounts for paying on time, or through a certain payment method. These measures recognise that everyone is different and allow customers to make an informed choice, based on what is most important to them.

The best deal for some customers is also not always the cheapest. Some might consider the best deal to be the

one with the most amount of GreenPower, or the deal that provides one combined service for both electricity and gas. The information will be provided in a clear and transparent manner on the retailer's website, allowing people time to consider their options in the comfort of their own homes. The price comparison service will also be available through a telephone hotline that will be administered by the Government. The implementation of a phone line, in addition to an online price comparison site, is supported by the Combined Pensioners and Superannuants Association and the New South Wales Council on the Ageing.

This will ensure that customers who are unable to access the internet, or who do not feel comfortable using the internet to find out this type of information, will be able to enjoy the same benefits as those customers with internet access. The price comparison service and improved information to customers will be available to all small customers, which includes all households and most small businesses. This means that, regardless of a person's income level or living situation, the price comparison service will help all households get the best deal for their energy supply. This bill is in line with Queensland, Victoria and South Australia. Those States already are successfully operating price comparison services and complementary price disclosure requirements.

The New South Wales disclosure requirements and price comparison service have been modelled on existing arrangements in other States to the greatest extent possible. This approach is in line with the Independent Pricing and Regulatory Tribunal's recommendations and will minimise regulatory compliance costs on retailers. The energy price comparison service is one part of a suite of measures being rolled out by the Government to help customers manage their energy bills. The New South Wales Government will spend over \$800 million on energy concessions for five years commencing 1 July 2009. Approximately \$115 million will be spent in 2009-10.

From 1 July 2010, the New South Wales Government's energy rebate will be increased to \$145 per year in line with the energy price index. In 2011-12, the energy rebate will increase to \$161 per year. Also from 1 July 2010, the New South Wales Government's energy rebate will be extended to eligible households who hold a health care card. Health care cards are for people who are below aged pension age and who receive income support payments from the Commonwealth, due to their low income levels. The expansion and increases to the energy rebate are supported by the Energy and Water Ombudsman of New South Wales, the Combined Pensioners and Superannuants Association, the Public Interest Advocacy Centre, the Council of Social Service of New South Wales and by the Independent Pricing and Regulatory Tribunal itself. Strengthened price disclosure requirements and the establishment of a price comparison service are a crucial means of providing households and small businesses with the information and tools they need to find the best energy deal for their circumstances. I commend the bill to the House.