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Chief Executive

**Meeting consumer needs for  
supply of gas and effective  
disputes resolution**

**29 May 2007**

- In the 2004 Gas Act amendments, the Minister was given wide powers to regulate gas industry with purpose of:
  - Promoting competition
  - Ensuring infrastructure access, and
  - Improving consumer outcomes
- Focus of presentation is on retail supply of gas and complaints resolution

# Agenda

1. Legislative powers
2. GPS requirements
3. Complaints resolution
4. Retail contract terms
5. Outstanding issues
6. Concluding remarks

# Legislative powers

- Under section 43G of the Gas Act, Minister has power to regulate:
  - Minimum terms and conditions in contracts between gas consumers and gas retailers (and gas distributors), and
  - Establishment and participation by gas retailers (and gas distributors) in a complaints resolution scheme

# Process requirements

- Before exercising these regulatory powers the Minister must:
  - consult with the Minister of Consumer Affairs, and
  - give the approved industry body a reasonable opportunity to recommend the form of the regulations

- As the approved industry body, Gas Industry Co's role is to:
  - give the Minister advice on the exercise of his regulatory powers
  - implement Government Policy Statement (GPS)

- Issued October 2004
- Allows contractual or non-regulatory solutions
- Requires the industry body to develop
  - *“efficient and effective arrangements for the proper handling of consumer complaints”* and
  - *“model contract terms and conditions between consumers and retailers”*

# Consumer complaints - recommendation

March 2005

- EGCC scheme recommended to Minister for gas customers and approval sought

May 2005

- Minister sought expansion to cover complaints by landowners

October 2006

- Gas Industry Co participated in project for scheme to be extended to cover land disputes

# Consumer complaints- outcomes

- 5/9 gas retailers have joined the scheme
- Since gas was added to scheme there have only been 144 gas complaints (compared to 2376 electricity complaints)
- Gas Industry Co is still comfortable that existing scheme is appropriate **but**
- Minister has not yet approved the scheme

# Model contracts- recommendations

- June 2006 we recommended to the Minister:
  - A separate model contract is not developed
  - A number of amendments to EGCC scheme be suggested to EGCC members
  - Minister approves scheme to give code of practice a mandatory status
  - Gas Industry Co reviews effectiveness of arrangements 2 years after approval
  - Gas Industry Co progresses specific issues

# Proposed scheme amendments

## *Access and monitoring*

- Individual members required to disclose extent they comply with code
- Retailer invoices
  - set out EGCC contact details
  - advise of existence of code
  - include leaflet explaining code on periodic basis

## *Scope of Code*

- Contract must define steps to form initial contract and commencement date
- Contract must set out ways contract can be terminated
- If retailer provides metering, contract must explain pricing, customer's responsibility for meter condition/access, process to be followed for incorrect meter reads
- Notice

# Model contracts: outcomes

- In July 2006, the Minister agreed in principle with our recommendations, but he considered it inappropriate to approve the arrangements until such time as he had approved the EGCC scheme
- No progress on scheme amendments
- Allens Consulting Group in an independent review of the gas sector queried the appropriateness of having model contract set by EGCC members.

# Concluding Remarks

- Gas Industry Co is aware of need to address consumer issues
- Values industry solutions where practicable
- Have some concerns about delays:
  - Minister's approval for scheme
  - Changes to code of practice