

Mr. Paul Kelly
GMCCC Chairman
C/o~ Lv. 6, 197 St. Georges Tce.
PERTH
WA 6000



wacoss

Western Australian
Council of Social Service Inc

*Ways to make
a difference*

16 October 2008

Dear Mr. Kelly,

Western Australian
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RE: NEW GAS MARKETING CODE OF CONDUCT

The Western Australian Council of Social Service (WACOSS) is pleased to write to the Gas Marketing Code Consultative Committee (GMCCC) in regards to the New Gas Marketing Code of Conduct. WACOSS previously responded to the Economic Regulation Authority's (ERA) consultation process regarding the proposed *Gas Customer Code*, of which the new *Gas Marketing Code of Conduct* will effectively be a part.

WACOSS views gas as an essential service, its uses in many cases being analogous with those of electricity, another form of energy. The essentiality of gas as a service is derived from its use as a carrier of energy for cooking as well as water and space heating appliances.

Affordable, equitable, ongoing access to gas services is essential in ensuring acceptable standards of living as well as individual participation in activities such as employment and education. Disconnection from gas-powered services such as water and space heating, even for short periods of time, can have significant, negative social and financial impacts on consumers – especially those experiencing financial hardship or other types of disadvantage.

In responding to instance of disconnection for non-payment, in most cases, alternatives to gas appliances are not effectively or quickly available. This is because many consumers are effectively 'locked-in' to this mode of energy use given previous appliance purchase decisions. People living in residential tenancies also have limited capacity to make purchasing decisions regarding fixed gas appliances such as water heaters. These factors all suggest the importance of ensuring that the relationship between consumers and providers of gas services is fair from the outset – including in the marketing phase of the relationship.

Economic Regulation Authority 23 Oct 2008

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Well-informed demand-side participation is vital to the effective functioning of essential service markets, such as gas markets. Appropriate, regulated, mandatory consumer protection provisions are also required to prevent inappropriate marketing and other behaviour. Instances of deceptive or inappropriate marketing behaviour may detract from effective demand-side participation in the market by residential gas consumers.

While marketing in gas is one area requiring mandatory minimum consumer protections, such protections must also exist within the context of industry-specific consumer protection, such as the proposed *Gas Customer Code*. Experience in other essential service markets has demonstrated the importance of industry-specific consumer protection regulation. In part, this need exists because people experiencing financial and other types of disadvantage may be more likely than other consumers to be the target of inappropriate marketing and business practices in essential service markets.

Mandatory consumer protection regulations are of particular importance to essential service consumers, as they promote continued, unhindered access to services that are required in order to maintain an acceptable quality of life. Because of this, WACOSS is pleased to support the new *Gas Marketing Code* to the extent that it supports the implementation of the proposed *Gas Customer Code* and provides for improvements on the previous *Gas Marketing Code of Conduct (2004)* in protections provided to vulnerable essential service consumers.

If you have any further queries regarding this letter, please contact Aden Barker – Senior Policy Officer on 9420 7222.

Yours Sincerely,

Sue Ash
CEO