

## **Individual Submission to ‘Ensuring contracts are clear and fair’ issues paper**

*Received via email*

Dear sirs,

I submit the following

### **Enabling customers to easily compare offers and choose one that is suitable for them**

It is very easy to compare offers from electricity retail companies when you have available to you the prices that you are paying for your electricity. I have prepared a spreadsheet summarising my electricity bills for the quarter ended January 2016 to the present. My spreadsheet showed me what the price was for my consumption and connection charges that I effectively pay.

Over that period, my consumption went from .1564 cents per Kwh to .2045 cents per KWH, an increase of nearly 31%. My connection charge went from .7402 cents per day to .8144 cents per day, an increase of just over 10%.

Those prices are never shown on my bills yet they are the effective prices that I am paying for my electricity.

### **I submitted a question to the internet**

#### **Is GST included in retail prices in Australia?**

#### **That question elicited the following response from the AOCC**

· When you present prices to your customers, you must state the total price of the good or service as a single figure, which is the minimum total cost that is able to be calculated. This should include any tax, duty, fee, levy or other additional charges (e.g. GST or airport tax). This rule generally does not apply in business-to-business transactions. This means you do not need to include GST if a price statement is made exclusively to businesses. You do not need to include optional charges or...

[See more on acc.gov.au](http://acc.gov.au)

There were, of course, many other responses but they all quote that basic principle that a retail price in Australia are GST inclusive.

**It is very clear that in Australia, any retail price must include GST when advertised to the public. It should never have been necessary for the Victorian Government to have to issue a requirement to retailers to “express fees, prices and charges in GST inclusive terms.” (Page 7 of Issues Paper dated 05 June 2019)**

**When one is contacted by the various businesses retailing electricity either by the retailer or a commission agent, it is always the discount percentage that is offered first and then if you push hard enough, you will get, after many minutes, the real prices after the discounts and GST and then if you have a spreadsheet like the one I**

have prepared, you can then compare the prices offered to what you are already paying and the expert “energy analyst” can do the necessary calculations for you compare the offer price to you to the current prices that you are currently getting. If do not have a spread sheet like mine, it is difficult for you to do this comparison as your bill usually will not show the real net prices you are paying for your consumption and supply charge.

The size of the discounts is such that it is not a discount for paying on time but rather a marketing device to mislead customers as to what the rates really are. As I am sure that the majority of customers pay their bills on time, the retailers have as their effective selling prices, the prices that they are charging after discounts.

If a customer does not pay on time, the customer should only have to pay a charge relative to the cost of finance rather than the loss of the significant discounts that were offered which in reality are a marketing device designed to attract the customer by the size of the discount and not by the actual net rates that the retailer is prepared to accept as his retail price.

I believe the retailers should be told to simply change their billing practices so that the price seen by the customer is the net price after discounts and GST which after all is the existing law in relation to retail prices.

I have included as attachments my latest bill and a spread sheet where I have set out all my bills since April 2016.

I have also shown in this spread sheet the makeup of the bill that I receive currently AND how I believe the bill should be so that the consumer can clearly see what he is being charged for. My recommended bill clearly shows the real rates that he is paying assuming of course that he will pay on time as most of us do.

I will acknowledge that my bill is not complicated but I would suggest the majority of bills are very similar to mine. As long as the general principle that I have set out is followed, those bills that may be more complicated can still be set out so the net billing details are shown.