



February 2, 2004

To the Review of Gas & Electricity Retail Prices
at the Independent Pricing and Regulatory Tribunal
PO Box Q290
Queen Victoria Building 1230

Attention: Mr Tom Parry

SUBMISSION

Contracts to supply goods and services AGL, Telstra and other providers, I understand fall under the Consumer Credit Acts and Regs and Federal Trade Practices umbrella.

My concern is with the amount charged for late payments. This has been found to be an extremely negative practice in the private sector, to which these essential service providers have joined or aspired to join. Of course private enterprise does not have essential supply which it can hold over the heads of its customers. They have therefore established the procedure of prompt payment reward, they increase the overall accounts marginally and reward prompt payers. This is a positive practice.

This late payment option puts the suppliers in contravention of the Consumer Credit Act, NSW, which mirrors Federal Trade Practices Act.

Please note:

Credit Act Section 5 1984

Annual Percentage Rate Within the Meaning of Section 10

Act 10b

Disclosure of the Cost of Credit At Annual Percentage Rate

Consumer Credit NSW

Special Division Regulation 2002:

Part 3(7)

The maximum annual percentage rate for a credit contract to which the code applies is 48%

Example:

Customer 1 owes \$50, and a late payment to AGL for \$11.

\$50 owing taking the slowly compounding account (ie supply from \$0 to \$50, then approximate time owing \$50 if account paid one week past due date 10 weeks approximately has elapsed) interest rate then well exceeds 48% per annum.

This is:

- ▶ An accountant's myopic social view and an attempt to raise the bottom line. Yes
- ▶ In contravention of the NSW and Federal Acts Yes
- ▶ It can also be seen as an attempt to contract out of the act

Please consider these matters.

Yours sincerely

R A Caines