



Yasmin King

Small Business Commissioner

Dr Peter J. Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal
Level 8, 1 Market St
SYDNEY NSW 2000

Dear Dr Boxall

CUSTOMER ENGAGEMENT ON PRICES FOR MONOPOLY SERVICES

I would like to thank you for the opportunity to contribute to IPART's inquiry into Customer Engagement on Prices for Monopoly Services. My views are set out as general and specific comments on the Discussion Paper.

General comments

Small businesses are currently operating in a difficult economic environment, as evidenced by the decrease in the number of startups and the increase in the number of business failures in recent years. In relation to energy and water services (which represent significant input costs for many small businesses) they are acutely experiencing the negative impact of recent price increases. In relation to these services most small businesses are, like the majority of households, passive recipients of price increases and service changes.

Whilst the Discussion Paper regularly refers to engagement with consumers, customers and households, it makes few references to business. I consider that there is a need to ensure that there are specific provisions put in place for engagement with the business sector and small business in particular and that this should be identified in your report.

When doing so it is important to note that the needs of small business do not always accord precisely with those of business in general, especially larger businesses. For instance, unlike many larger businesses, small businesses do not have any real capacity (knowledge and resources) to be able to identify and research alternatives/options or to use leverage to improve their options in the way that larger businesses may be able to do.

Specific comments

I agree with the **preliminary view** set out in chapter 2 but wish to state that "customers" be defined to include households and businesses (including small businesses).

I also strongly agree with the four proposals to **improve the engagement process**, with the following comments:

- Point 1 - the pro-forma should be structured so as to accommodate comments from business and small business;
- Point 2 - there is a need to ensure that guidance provided by IPART direct service providers to engage with all relevant customers including small business; and
- Point 4 - the proposal to continue capacity building is supported. It would be useful to ensure that there is “follow up” with small business representatives to better understand the impact of price and service changes on small business.

In relation to the **engagement options** set out in Chapter 3, I support the development of a multi-pronged and multi layered engagement process and make the following comments:

- Option 1 – *customer surveys* and *WTP studies* should include a range of options for engaging consumers, some of which should be suited to the needs of time poor small businesses who are often not able to take part in surveys during business hours;
- Option 2 – there is a need to involve small business in the *CBA* process;
- Option 3 – whilst *constructive engagement* is strongly supported, the level of commitment and expertise required are major issues for small business. A further issue is the need to address the diversity of the small business sector;
- Option 4 – the proposals for *capacity building* are strongly supported especially where it will lead to improvements in understanding the impact of proposals on the small business sector;
- Option 5 – improving *incentives for better customer engagement* is supported;
- Option 6 – *consumer panels* are supported, however panel membership should reflect the impact of price and service proposals on small business; and
- Option 7 – the proposals to strengthen *communications* is supported, however, they should be broadened to include development of strategies to engage with small business and to identify issues impacting on small businesses.

I would appreciate the opportunity to meet with you to discuss the issues raised in this submission as well as a range of other small business related matters. Please contact me on 8222 4801 or by email at yasmin.king@smallbusiness.nsw.gov.au

Yours sincerely

Yasmin King
Small Business Commissioner
21 March 2012