

17 April 2010

IPART NSW
Level 8, 1 Market Street
Sydney NSW 2000

Dear Mr Cox & Ms Krieger,

Re: Review of regulated retail tariffs and charges for gas 2010-2013

I read with interest the draft report that you have published as part of the review. I am writing to you concerning late fees which are discussed in section 5.2 of the draft report to ask that you consider two points.

1 Some companies zealously issue reminder notices on overdue bills. AGL issues notices when an account is just 4 calendar days overdue. See attached account pages (not for publication) where an AGL account due for payment on Friday was paid on Monday, a reminder notice printed and mailed on Tuesday, and the late fee was charged in the subsequent bill. To protect customers from this kind of practice, **I would suggest that the definition of when a late payment can be charged should be revised from the proposed "on issue of the reminder notice" (section 5.2.2, page 55), to "on issue of the reminder notice, but no earlier than 5 business days overdue".**

2 The actual cost of late payment to a gas company is not a lump sum amount, but varies depending on how late the payment is. The cost would be that of issuing a reminder notice, plus interest on the amount outstanding until it is finally paid. Interest costs would be small because even if the cost of money to the company was 10%, on a \$200 bill that amounts to only 5.2 cents per day. Furthermore reminder notices are issued by the same automated billing system that issues the regular bills, and there is no marginal cost of issuing the reminder apart from paper and postage. The combined costs should be well less than the proposed late fee charges. **I would suggest that IPART ask for a detailed breakdown of the reasoning behind the currently proposed \$8-\$12 late charges to ensure it is not being treated as an additional revenue source, well above its true cost.**

Yours faithfully,

Keith Bengston