

L; Please select three priorities that are in your view the most important.

- cartel conduct, anti-competitive agreements and practices
- misuse of market power
- product safety issues
- consumer rights of Indigenous consumers living in remote areas
- competition and consumer issues in the agriculture sector
- competition and consumer issues in the health and medical sectors
- cartel conduct impacting on government procurement
- ensuring compliance of industry codes of conduct and new legislative provisions
- the effectiveness of action taken by suppliers to recall unsafe consumer products
- consumer guarantees
- consumer issues arising in relation to new car retailing
- disruption of scams
- consumer protection issues impacting on vulnerable and disadvantaged consumers

What new or emerging issue have you identified that you consider the ACCC should prioritise? Or, what specific issue have you identified that relates to an existing priority area?

1. Misuse of market power

Energy distributor merging to compete against contractors with government endorsement.

2. Product safety issues

The issue of non-compliant electrical product remains an issue of concern for consumers. Despite the widespread recall of the dangerous infinity branded cable and Avenco Isolators beginning in 2013, products that do not meet Australian safety standards continue to flood Australian shelves.

3. The effectiveness of action taken by suppliers to recall unsafe consumer products

The reform proposals intended to improve the effectiveness of the recall process do not appear to have been implemented.

Please tell us more about the circumstances in which you have seen this issue. If possible, please also tell us the nature and extent of the harm (for example, is it a small level of harm impacting a large number of consumers, or a significant harm impacting a small number of consumers). Please also provide information, if any, indicative of the harm you have seen from this issue.

MISUSE OF MARKET POWER

➤ *Queensland Energy Services Subsidiary*

Earlier this year, the Queensland government established a new Energy Services subsidiary in Townsville as part of plans to merge Energex and Ergon Energy. We are concerned that the new entity, with its focus on unregulated work, namely solar PV, batteries and energy efficiency solutions, will be able to use its position to dominate the solar PV market, at the expense of local electrical contracting businesses.

The new entity will have a strong advantage over small electrical contractors, being in a position to draw on the established brand awareness in the community of Energex and Ergon in order to drive leads for solar PV, batteries and energy efficiency solutions. Further to this, the resources of Energex and Ergon will be accessible to the new entity to build the company. It may even be the case that the entity will receive subsidisation from Energex and Ergon in order to meet market pricing points.

Of further concern is the conflict of interest for such an entity being involved in sale of solar PV and energy efficiency solution given that Ergon and Energex have the sole power to approve solar applications and set meter charges.

The rapid increase in solar PV demand has provided electrical contractors with a much needed revenue to keep their business afloat. An entity comprised of a merger between two large distribution businesses entering this market is an undeniable threat to the survival of the smaller electrical contracting business who specialise in this area of expertise. In an open market economy, competition is essential, however the involvement of electricity distribution businesses in this space represents a grossly unfair advantage that denies the “mum and dad” businesses any opportunity to compete.

Consumers will be the ones who will ultimately pay the price if electrical contractors are gradually pushed out of the market. With no competition, the new energy services subsidiary will have the freedom to drive up prices for renewable technologies.

Clause 3 of the National *Competition Principles Agreement (CPA)* states that “...*Government businesses should not enjoy any net competitive advantage simply as a result of their public sector ownership*”. The arrangement, whereby Ergon and Energex can use their inherent market advantage to unfairly compete with private sector businesses, is contrary to the CPA and the principle of competitive neutrality.

➤ *New South Wales Transgrid*

There is potential for the situation in Queensland to be mirrored in New South Wales with electricity distributor, Transgrid, considering venturing into new markets such as new emerging technologies and sustainable energy sources. This could have an equally detrimental impact on small business and ultimately consumers who will ultimately pay the price for an electricity market dominated by one body.

PRODUCT SAFETY ISSUES

In MEA's submission to the ACCC's 2015 Strategic Review, we detailed our concerns in relation to non-compliant electrical products and the direct and indirect costs consumers continue to bear, which can include:

- The financial cost associated with the removal and/ or replacement of a faulty article.
- Insurers may be reluctant to accept a claim for any damage to a home caused by a faulty non-compliant electrical article given that buildings are insured based on an expectation that all electrical installations and equipment comply with Australian standards.
- Home owners could face obstacles in attempting to sell a home with faulty electrical products, such as recalled wiring.
- The obvious risk of injury or even death from electrocution or fire caused by a faulty electrical article.

In our 2015 submission MEA cited examples of the risks to consumers and tradespeople from non-complaint electrical articles, namely, Infinity cables and Avanco branded DC Isolators. These mass recalls brought the issue of non-compliant product to the attention of regulators and consumers. However, despite this, little action has been taken to prevent these incidences reoccurring.

➤ *Hoverboards*

The 2015 devastating house fire in Melbourne's Northwest, sourced to the overcharging of a battery for an electric balancing scooter, is another example of the need for measures to be put in place to prevent faulty products entering Australian homes. The overseas manufactured electric balancing scooter, also known as a hoverboard, was recalled by the ACCC followed by a long list of other brands with the same faulty charger that was determined not to meet Australian safety standards for electrical products.

MEA's 2015 submission proposed the full introduction of the Electrical Equipment Safety System as developed by Electrical Regulatory Authorities Council (ERAC) as a measure to prevent non-compliant electrical articles being imported into Australia. This is yet to be actioned in all states and territories

ACTION TAKEN BY SUPPLIERS TO RECALL UNSAFE CONSUMER PRODUCTS

The recall of faulty electrical goods continues to be an issue affecting consumers. In our 2015 contribution to the ACCC Strategic review we detailed a number of strategies to improve the recall process. These include:

1. Product tracking
2. The introduction of a register of electrical products
3. Mandatory recall insurance for suppliers of electrical goods

We are disappointed that these measures have not been adopted. The delay is despite much discussion surrounding the clear merits of such strategies and the need for urgent action considering the safety implications for consumers. MEA is optimistic that government and the ACC can work together towards a collective approach to address the flaws in the current recall process. We would be eager to be involved in any discussions concerning recall strategies and measures to prevent faulty products being made available to the public.