



Master Plumbers' Association of Tasmania

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GO381

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Andrew Reeves
Regulator
Office of the Energy Regulator
P O Box 770
Hobart 7001
Tasmania

Dear Mr. Reeves,

Thank you for your letter dated the 12th December 2001 inviting a submission about the draft gas codes and licenses. The writer must confess to being a little puzzled by the terminology "Contestable" and "Non-contestable" as to feel that the definition of terms was back to front. Never the less, we wish to comment as follows.

1. In the background paper on Draft Codes and Licenses there is reference to **"The retailer is also expected to provide a broad range of services and products"**¹ We interpret this to mean appliances such as hot water cylinders, stoves and gas heaters etc.. that will consume gas. If this is so and an exclusive franchise or license is provided to a retailer for any number of years then this will clearly be a restriction on trade and may, in fact, go against provisions of the Trade Practices Act and the National Competition policy.
2. We note page 12 where **"The Regulator has developed an approach in electricity licensing which has been found to be efficient and effective"**² The Master Plumbers Association of Tasmania is hoping to see similar arrangement in place for the gas supply and in turn, plumbing and gas fitting. We see the excellent training, legislation, licensing, inspections and audit of work of licensed electrical contractors and operatives all supporting efficient and effective electricity licensing arrangements identified by The Regulator. The Master Plumbers Association of Tasmania supports such a system be introduced for plumbing and gas fitting including the installation and repair of sanitary drainage and storm water, sewage and liquid waste, water supply, gas fitting, roof work, mechanical services including air

¹ Background Paper on Draft Codes and Licenses p10

² Background Paper on Draft Codes and Licenses p12

conditioning, cooling towers and refrigeration, fire services and asbestos removal work.³

3. At page 13 we note the clause. ***“Following consideration of public comments and selection of a distributor and a retailer, the successful bidders will be consulted as to the detail of the codes and licenses”***. We see this as a weakness in the tendering process that could lead to horse-trading between bidders. The tenderer must surely be informed as to the precise content of the codes and licenses in order to prepare a firm price. Furthermore, it has become an accepted practice in Australia to invite tenders then negotiate to achieve an agreement. We find this practice against the principles of justice and fair play.
4. We have some concerns for the consumer, the existing small businesses and other new small to medium business enterprises, if appliances are supplied by the retailer who is also the distributor as noted at page 14 ***“where a person holds a license authorizing both distribution and retailing...”***⁴ Our concerns lie in the restriction to trade and impact on the business community and consumers if a very large company floods the market with appliances and dictates the installed price to the trades. More so if the installers are sub-contractors expected to vie for work in a competitive market place.
5. With regard to the ***“Gas Retail License – Obligation to Sell”***⁵ covered by clause 5 of the Gas Retail License, we note that you have requested comments. We believe that it is a most desirable but adventurous stipulation that may cause an unnecessary cost burden on the average consumer. For example a consumer living in rocky terrain at Fern Tree or on the West Coast of Tasmania may simply not understand what “fair and reasonable” terms are. Who will arbitrate?
6. We caution against clause 6 in the license documents. It seems to us that the opportunity to ***“Assist with Codes”***⁶ will always exist in any event and there is no need to regulate for such.
7. We comment as follows regarding ***“Specific issues for discussion”*** the ***“Gas Retail Code”***⁷
 - Yes (Retailer should estimate)
 - Yes (Disconnection procedure offers generous consumer benefits)
 - May be appropriate to include information about a) accidents, and near miss incidents, and b) discovery such as illegal connections or illegal consumption (eg: un-metered) in the annual return.
 - Yes (Shortened cycle appears reasonable)
 - Yes (Procedure appears to be reasonable)
 - Yes (Security of payment is a very important issue for all levels of business)

³ Master Plumbers Association of Tasmania - Comments About- Arrangements for the licensing and setting of competency Standards for those working in the Gas Industry submitted to DIER 8th October 2001.

⁴ Background Paper on Draft Codes and Licenses p14

⁵ Background Paper on Draft Codes and Licenses p15

⁶ Background Paper on Draft Codes and Licenses p15

⁷ Background Paper on Draft Codes and Licenses p18

8. We refer specifically to clause 5 of the **Gas Retail Code**⁸ Notice of 5 business days is clearly not appropriate in the case of any threat to safety. We recommend that gas may, be disconnected immediately if any safety issue is identified. We also have sympathy for the retailer if there is an illegal connection. We believe that the retailer should be permitted to disconnect immediately. There are other common law rights if the retailer should make a mistake.
9. **8.6 Account Information (a) (7)**.⁹ We assume this to mean the charge for appliances supplied by the retailer. Further clarification of this issue is required. The code should also be specific about ownership and use of appliances that are installed but not used because of a change of tenancy or disconnection. There also needs to be some further information and provisions regarding ancillary work associated with the installation of appliances.
10. **8.8 Service Charges (b)**.¹⁰ We assume this to provide for appliances in the accounting process.

We simply caution that Tasmania has proved to be best served by ensuring the viability and security of many small businesses. We do not want to see very large Companies flooding the market with cheap appliances, dictating the cost of installing those appliances to the single operator tradesmen and other small business, then deserting Tasmania and its economic base when the graph starts the downward cycle as it will when the majority of work is done. In concluding, we commend you for putting together this draft consultation document. We noted the very strong emphasis on risk management, risk reduction and consumer protection. Again we thank you for an opportunity to make comments and trust that our contribution may be of some value.

Yours sincerely,
Master Plumbers' Association of Tasmania

Adrian Cowie
Executive Officer

⁸ Gas Retail Code Cl. 5 (a) (2) p 5.

⁹ Gas Retail Code Cl. 8.6 (a) (7) p 8

¹⁰ Gas Retail Code Cl. 8.8 (b) (1) (2) p 10