

The Victorian Default Offer to cut energy bills: Consumer Action

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The Victorian Default Offer, announced today by the Victorian Government, is a positive step towards all Victorian households enjoying fairer prices on their energy bills according to Consumer Action Law Centre.

Consumer Action has long supported the recommendation in the *Independent Review of the Electricity & Gas Retail Markets in Victoria* (known as the **Thwaites Review**) to establish a guaranteed, fair price set by the independent regulator, the ESC.

Requiring energy retailers to offer the Victorian Default Offer to *all* Victorians is essential to drive down prices and is strongly supported.

Victorians have simply been paying too much for too long for their gas and electricity.

Consumer Action said it will be important for the Victorian Default Offer not to include the egregious cost of retailer marketing and customer acquisition. This includes the cost of television advertising, billboards, telemarketing or door-to-door sales. These costs are passed onto customers in the form of increased energy bills and should not form part of the default offer.

The Thwaites Review found that marketing costs are too high in Victoria, with one retailer saying that the costs of marketing, customer care and sales can be around 39 percent of total operating costs.

Other reforms announced as part of the Thwaites Review and supported by Government include:

- requiring retailers to roll customers onto the nearest matching offer at the end of a contract or benefit period – effectively abolishing the so-called 'lazy penalty'
- ending unfair penalties for paying late – any loss of discount associated with late payment will be capped at a reasonable cost
- expansion of the Energy & Water Ombudsman Victoria to cover emerging energy businesses and services – meaning access to justice will be available no matter the source of energy

The Coalition has also announced a bulk purchasing policy, enabling cheaper power for concession card holders, such as pensioners and health care card holders.

Consumer Action said that it was right for whoever is in government to use its purchasing power to get better deals for those on lower income incomes, but called for the scheme to be applied for the benefit of all who are eligible, not just those that opt into the scheme.

[Read more about our case for an independently set, guaranteed fair price for energy](#)

Quotes attributable to Gerard Brody, CEO, Consumer Action Law Centre

"The Victorian Default Offer will be an independently set, guaranteed fair price for all Victorians' energy bills—this is very good news"

"Victorians should not be paying for energy retailers' marketing costs, including billboards and telemarketers. It should be excluded from the Victorian Default Offer, as proposed by the Thwaites Review."

"The Victorian Default Offer will hold energy retailers to account for their outrageously expensive gas and electricity prices. Victorians are sick of the energy rip-offs"

"Retailers will no longer be able to jack up the price when discounts expire. Instead they'll be required to put you on the nearest matching offer. This means goodbye to the lazy penalty – retailers will be required to offer you a good deal, and not sneakily put you onto higher pricing".

ENDS

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