



MEDIA RELEASE

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COTA Australia welcomes Government's commitment to introducing "default price" for energy

Australia's leading advocacy body for older Australians, COTA Australia, welcomes the Turnbull Government's commitment today to introduce a "default price" for energy in order to provide a consistent and transparent mechanism for discounting.

The proposal forms part of a broader package of measures by the Turnbull Government aimed at putting downward pressure on prices and improving the accountability of energy companies.

Under the plan announced today, the Australian Energy Regulator (AER) will be given the power to set the maximum price for the default market offer in each region.

Chief Executive of COTA Australia, Ian Yates, commended the Government for moving swiftly to adopt some of the consumer-focused recommendations from the ACCC report released last month.

"Energy prices have been increasing exponentially, and this is having a particularly negative impact on retirees on age pensions and low superannuation balances, who are struggling with the rising cost of living pressures partly caused by hefty power bills.

"The current pricing system, whereby electricity companies set their own "standing" price and discount on top of this price, has meant consumers who have not sought a better deal are being forced to pay inflated standing offers.

"Older Australians are bombarded with various electricity plans and many have not always understood the tactics used by energy companies. Some also lack the confidence to negotiate better deals because there has been no transparency in pricing.

"The introduction of a default price will prevent retailers from exploiting consumers with inflated standing offers, a move which will be particularly beneficial for older Australians on fixed incomes.

"COTA Australia also strongly welcomes the requirement for retailers to use the new default rate as a reference point for all advertised discounts, a measure which will provide older Australians with much needed clarity and transparency when they are comparing providers," said Mr Yates.

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