

27 August 2012

Committee Secretary  
House of Representatives Standing Committee on Social Policy and Legal Affairs  
PO Box 6021  
Parliament House  
Canberra ACT 2600

By email: [spla.reps@aph.gov.au](mailto:spla.reps@aph.gov.au)

Dear Sir/Madam

### **DO NOT KNOCK REGISTER BILL 2012**

Simply Energy welcomes the opportunity to make a submission to the Committee on the inquiry into the *Do Not Knock Register Bill 2012* (the Bill).

Simply Energy is one of the largest second tier energy retailers retailing in Victoria, South Australia, Queensland and New South Wales.

Simply Energy is concerned about the proposed bill for the following reasons:

- It has the potential to limit competition in the energy retail market and thus have a detrimental impact upon the energy consumers.
- It is unnecessary given the protections provided by the Australian Consumer Law (ACL) and the self-regulation framework that has been established by the energy retail sector through Energy Assured Ltd (EAL).
- Contrary to the statements made in the Explanatory Memorandum, the Bill will not be costless and government and energy retailers will face higher costs in establishing and maintaining the Register.

#### ***Limiting competition***

Like other retailers, Simply Energy relies on door to door selling to notify potential energy customers of better energy deals available in the market and much of the success of full retail contestability in the energy retail market has been obtained through this method of selling. The Bill would significantly undermine this success and could leave customers worse off.

While attention is placed on whether or not customers like door-to-door selling, there is often little focus on how effective the customer finds door-to-door selling and whether they are made better off by that experience. Door-to-door selling can be disruptive for householders given that the householder typically has to stop what they are doing to answer the door. However, despite this inconvenience, customers typically find that they are often offered a better deal for their energy supply and thus the experience has been of benefit to them.

The proportion of complaints received about door-to-door selling received annually relative to the number of sales made is testament to this. For example, the Energy and Water Ombudsman of Victoria (EWOV) received 322 complaints concerning door-to-door activities between January and March 2012. This number is small given that over a million doors are knocked each year by energy retailers.

#### ***The energy retail sector is investing to improve the customer experience with door-to-door***

The energy retail sector recognises that the customer experience with door-to-door marketing has not always been ideal. As a result, the energy retail sector has invested in Energy Assured Ltd (EAL) in an effort to improve the quality of the door-to-door experience for customers. EAL aims to monitor and improve door-to-door marketing standards through a Code of Practice agreed to by energy retailers. This Code includes:

- A program to ensure sales agents are recruited, trained and assessed in a consistent manner across the industry;
- A central register of sales agents which identifies their accreditation level;

- Monitoring sales agent behaviour such that a proven breach of Energy Assured's standards may result in disciplinary measures and deregistration of the sales agent for five years;
- Annual compliance audit of each energy retailer; and
- Imposing sanctions on energy retailers or marketing companies who fail to comply with the Code

While EAL has only been in operation since the beginning of 2012, the industry is already witnessing substantial improvement in the number of complaints received about direct selling activities. The EAL needs time to solidify the early gains.

***Bill appears unnecessary given the Australian Consumer Law***

The Bill appears unnecessary given that direct marketing is already heavily regulated under the ACL. As the Committee will be aware, the ACL sets strict requirements around contact times and creates substantial civil penalties for non-compliance. In particular, the ACL requires direct marketers to observe any Do Not Knock stickers at a property which protects a consumer's rights not to be marketed to at their home.

***Do Not Knock will not be costless***

Contrary to the statements made in the Explanatory Memorandum, the Bill will not be costless and government and energy retailers will face higher costs in establishing and maintaining the Register. It will also add to red tape as it creates an additional administrative process (ie checking the register) that energy retailers must go through before energy retailers can retail their product to potential customers.

In contrast, EAL is funded entirely by the energy retail sector and does not draw upon government resources and is the key advantage that EAL has over the Do Not Knock Bill.

***Conclusion***

The industry and individual energy retailers are concerned that the door-to-door experience is positive given that this is often the only direct interaction a potential customer will have with an energy retailer. How the customer views that experience will determine how that customer views the energy retailer and thus whether they will shop with that retailer.

Energy retailers have invested significant resources to establish EAL and improve the door-to-door experience for customers. We believe that EAL (and the ACL) should be given time to work and the results of both these initiatives assessed before any additional legislation is introduced.

If you wish to discuss this submission with me, please contact me on [REDACTED]

Yours sincerely

Dianne Shields  
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