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Committee Secretary
House of Representatives Standing Committee on
Social Policy & Legal Affairs
PO Box 6021
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CANBERRA ACT 2600

By email: spla.reps@aph.gov.au

Dear Committee Secretary,

Inquiry into the Do Not Knock Register Bill 2012

The Consumer Utilities Advocacy Centre Ltd (CUAC) is a specialist consumer organisation established in 2002 to represent Victorian energy and water consumers in policy and regulatory processes. As Australia's only consumer organisation focused specifically on the energy and water sectors, CUAC has developed an in-depth knowledge of the interests, experiences and needs of energy and water consumers. Our work is guided by strong principles. Energy and water services are essential for health, wellbeing and social participation. Therefore, we believe that consumer interests – particularly those of low-income, disadvantaged and rural and regional consumers – must be a primary consideration in the development and implementation of energy and water policy and in service provision. CUAC's advocacy maintains a focus on the principles of affordability, accessibility, fairness and empowerment through information and education. CUAC supports informed consumer participation in energy and water markets.

CUAC welcomes the Inquiry into the Do not Knock Register Bill 2012 (Inquiry). We apologise that our submission is a day late.

Door-to-door sales - Landscape

CUAC's research

We are familiar with the issues around door-to-door marketing. Despite the range of legislative instruments and codes regulating direct marketing, marketing misconduct is still a major concern. CUAC and other consumer organisations have, over a number of years, expressed significant concerns about improper marketing conduct to regulatory bodies and to government. Unconscionable and misleading marketing is difficult to prove because it generally occurs where there are no witnesses present to the interaction between the door-to-door sales person and customer. Low income and vulnerable consumers particularly, may be misled by inappropriate marketing behaviour and enter energy contracts without sufficient or reliable information. Newly arrived immigrants and those with English language difficulties are often vulnerable to direct marketing.

We take an evidence-based approach to advocacy, and have undertaken research in door-to-door marketing.

CUAC's research indicates that Aboriginal consumers are particularly vulnerable to door-to-door sales. Some of the conduct described by participants in CUAC's research project potentially breached the Code of Conduct for Marketing Retail Energy in Victoria, the energy retailers' licence and the Australian Consumer Law. Our research also indicated that while consumer dissatisfaction with door-to-door sales practices appears to be fairly widespread in Victoria, participants highlighted factors of particular relevance to Aboriginal consumers.

A lower literacy rate means that some Aboriginal people are unable to interpret written information on offers. Consumers and service providers also suggested that Aboriginal people are more likely to feel intimidated in official or bureaucratic interactions and uncomfortable asserting their rights. Participants also spoke about what was sometimes called the 'yeh yeh yeh factor', the tendency to agree to a proposition put rather than to disagree or argue.¹

In late 2011, a CUAC survey looked at Victorian energy consumers' experiences, including the experience of door-to-door sales. Nearly 90 per cent of the 327 survey respondents had been approached by a door-to-door energy salesperson over the past two years, with most people approached a number of times. CUAC's

¹ Wein, Paen, Ya Ang Gim: Victorian Aboriginal experiences of energy and water (August 2011), at 11. Available at:
http://www.cuac.org.au/index.php?Itemid=30&option=com_docman

survey asked consumers about the sales tactics used by the last energy door-to-door salesperson they dealt with. A large proportion of respondents reported a range of mis-selling tactics, including failure to disclose the purpose of the visit or pretending to be from the government. Misleading and deceptive marketing practices raises questions as to whether consumers can make an informed choice in the door-to-door sales environment. In fact, respondents who had accepted the offer from a door-to-door salesperson reported relatively low levels of understanding of the offer contents and a low level of confidence that they were better off as a result of the switch.

Nearly half of the survey respondents took the opportunity to write optional extra comments on any energy issue, and of these, three quarters made a negative comment about door-to-door sales. Common issues highlighted included: salespeople came late (often around dinner time); salespeople provided inaccurate information; salespeople were a nuisance; and the overall experience of dealing with door-to-door sales was unpleasant and would better be avoided. The survey results suggest that there is a need to address the high rates of mis-selling and consumer dissatisfaction around door-to-door sales.

We attach a fact sheet "*The consumer experience of door-to-door energy sales in Victoria*" which provides a synopsis of the findings of this survey to this submission. We would like the fact sheet to be considered a constituent part of our submission to this Inquiry. The fact sheet can also be downloaded from our website.²

Responses from regulator and government

Both regulators and government have acknowledged the problems around door-to-door sales. Door-to-door is one of the enforcement priorities of the Australian Competition and Consumer Commission (ACCC) for 2012.³ In a keynote address at the Australian and New Zealand Ombudsman's conference in May 2012, the Chair of the ACCC referred to the recent work by various energy ombudsman and the Australian Energy Regulator (AER) in taking action over door-to-door selling, an area where "complaints evidence suggests that there is consumer detriment."⁴ In 2011, Consumer Affairs Victoria (CAV) formed the Energy Marketing Working Group (EMWG) consisting of government, industry and consumer advocacy bodies including CUAC. The objective of the EMWG was to work in partnership to address systemic and emerging issues relating to door-to-door energy marketing.

² http://www.cuac.org.au/index.php?Itemid=30&option=com_docman

³ <http://www.accc.gov.au/content/index.phtml/itemId/1033964>

⁴ <http://www.accc.gov.au/content/index.phtml/itemId/1049222>

Responses from industry

The energy industry's response to the problems of door-to-door marketing has been the establishment of a self-regulatory voluntary code of practice, the Energy Assured Limited (EAL) scheme. CUAC supports industry initiatives to improve their sales practices. Nevertheless, it is our experience that there is still much angst within the community. Further, as highlighted in Consumer Action Law Centre's submission, there are many consumer complaints about door-to-door marketing in this industry some months after the introduction of the EAL Code.

Consumer education and information

CUAC believes that consumer information and education campaigns have an important role to play in ensuring that consumers are aware of their rights in relation to door-to-door sales.

In February 2012, CAV in conjunction with the EMWG launched an energy marketing campaign. The campaign focused on educating consumers about their rights in relation to door-to-door selling. Information was disseminated through regional, ethnic and social media channels and with face-to-face presentations at a range of community events in metropolitan and regional Victoria.

The Do Not Knock Register

We have in the above sections provided a glimpse of the problems around door-to-door and the responses from industry, government, regulator and community towards this issue. These responses taken collectively are positive. Only time will tell if these initiatives result in an improvement in sales behaviour at the door and a lower level of consumer dissatisfaction with this form of activity.

CUAC strongly supports the idea of having a Do Not Knock Register as that will provide consumers with the option of not being contacted by door-to-door sales persons. Door-to-door is intrusive; and consumers should have the ability to opt out of this form of engagement.

Thank you for the opportunity to make this submission. If you have any queries please do not hesitate to contact us on (03) 9639 7600.

Yours sincerely,



Jo Benvenuti
Executive Officer



Deanna Foong
Research & Policy
Advocate