



11 May 2010

The Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

By Email: economics.sen@aph.gov.au

Dear Secretary,

Supplementary Submission – Inquiry into *Trade Practices Amendment (Australian Consumer Law) Bill (No. 2) 2010 (Cth)*

1. Salmat, AEGIS Direct and CPM thank the Committee for the opportunity to give evidence at the hearing into the *Trade Practices Amendment (Australian Consumer Law) Bill (No. 2) 2010* on 29 April 2010 in Melbourne.
2. We would like to offer the following additional comments and responses to questions taken on notice during the hearing.

Abuse of face to face consent (Senator Busby)

3. Senator Bushby raised some concerns about the possibility that consent provisions could be abused where consumers feel pressured into agreeing to the sales representative returning at a later time.
4. We offer for the following additional information on consent for the benefit of the Committee:
5. It is not in our interest to pressure consumers into agreeing to a further meeting if they do not want to. We know that consumers are highly unlikely to purchase the product at a later time if they are not really interested during the first engagement.
6. Our sales representatives are trained to identify when a customer genuinely wants a call back. They know that it is a waste of their valuable time and they are better off making presentations to real prospects if the consent to come back later is not genuine and obtained through pressure.

7. Our sales representatives receive no financial benefit for signing up consumers who subsequently exercise their right to cancel during the cooling-off period.
8. We restate our strong position that consumers should have the option to give genuine voluntary consent face to face to a sales representative to call back at another time.

Remuneration (Senator Cameron)

9. Senator Cameron asked: *'Can you provide details about how your sales agents are paid and their terms and conditions?'*
10. Salmat, CPM & Aegis Direct have a variation of remuneration models for the field sales representatives.
11. The key aspects of these remuneration models are:
 - Sales Representatives may have the option of a base plus variable commission or fully variable bonus/commission models.
 - All commissions are paid in arrears to encourage quality/compliant sales. This allows for the completion of the verification call, possible cancellations and cooling off periods.
 - A base salary is provided for the first 2-4 weeks to all **new** Sales Representatives to allow them time to settle into their sales presentation following their induction training.
 - New sales representatives working with our organizations are not permitted to commence making sales presentations until they have completed compliance training.
 - Any sales representative's income can be withheld or not paid due to poor sales practices. Penalties also exist for compliance breaches weighted by the severity of the breach.
 - Pay is also withheld for three months when a sales agent leaves the organization. This ensures that sales representatives continue to behave to the highest standards right up until the end of their employment. This also ensures that commissions are not paid until the sales pass the appropriate validation process.
12. We are happy to provide more detail on remuneration to the Committee if necessary.

People Telecom (Senator Cameron)

13. Senator Cameron referred to People Telecom and the ACCC News Release dated 1 March 2010 entitled '*Telco admits telemarketing and door-to-door sales likely to mislead*'.
14. Salmat, AEGIS Direct and CPM would like to confirm that People Telecom is **not** one of our clients.
15. We understand that Telstra has informed the Committee since the hearing that Telstra was not involved nor did Telstra condone the activities of People Telecom. Moreover, the activities of People Telecom had a detrimental impact on Telstra.
16. Salmat, AEGIS Direct and CPM strongly support Telstra in urging the ACCC to remain vigilant about such illegal activity and to take all necessary action to ensure that unscrupulous operators are punished for breaking the law.
17. We respectfully submit that the actions of People Telecom do not represent systemic problems in the industry. The vast majority of reputable organisations in the field sales industry enforce strict compliance with the various consumer laws across Australia.

Conclusion

18. Unfortunately, it is probable that unscrupulous operators will always exist in the field sales industry no matter how draconian the regulatory regime may be.
19. As previously submitted, the key is to get the regulatory balance right between protecting consumers and ensuring the ongoing viability of the industry.
20. Our view is that the majority of the industry that should not be unnecessarily punished for the irresponsible actions of a few.
21. Rather, we submit that every organisation that operates in the field sales industry should be required to adhere to strict minimum standards to ensure consistency across the nation and protection of fundamental consumer rights.