



4th March 2011

Neil Howes on behalf of Richard Chadwick
Adjudication Branch
GPO Box 520
Melbourne VIC 3001

Dear Sir

ACCC Letter of Support for the Energy Assured Code

Appco Group Energy Pty Ltd supports the application for authorisation of a Door to Door Energy Sales self-regulatory scheme.

Appco Group Energy Pty Ltd is a part of Appco Group Australia (Appco) organisation which is a direct face to face marketing organisation established in Australia 24 years ago. While Appco has expanded into over 20 countries, it is Appco's intention to continue to operate and grow its presence in Australia for many, many years to come. This is one of the many reasons that we support the Energy Assured Code.

In order to maintain a healthy industry, you must look after the consumers in your market on a long term basis. This means meaningful engagement, treating people with respect, providing accurate information in the manner the consumer wants to receive it, having competitive offers to provide consumer choice and acting as responsible corporate citizens in the community. Appco fully subscribes to all these values and actions.

The Appco Group also operates in the UK market and we have seen a number of very positive changes within the energy industry in that market over the years since the introduction of the Energy Sure Code. We sought information from colleagues in the UK on the mechanisms that really helped make a difference to Appco as an energy marketer there, in particular to ensure public benefits were achieved, public confidence in the industry was maintained, and consumers were enabled to make a more fully informed choice. Actions taken in the UK market included in-field assessments, improved training and the central registry, which prevented rogue marketers from moving from company to company. All of these mechanisms have been adopted by the Code.

The Australian market was much more heavily regulated from the outset of deregulation with regard to marketing and we never experienced the volume of issues that the UK industry suffered. Appco also self regulated with an internal code of conduct and verification of understanding by a third party not engaged in the sales process. Verification is another procedure that has been incorporated into the Code that will assist with safeguarding the consumer.



a cobra group company

Level 6, 80 Cooper Street, Surry Hills NSW 2010 • PO Box K1145, Haymarket NSW 1240
tel: +61 2 8219 7900 • fax: +61 2 9280 4878 • www.appcogroup.com.au

ABN • 52 095 526 243



It is very important to note that direct marketing does increase competition. It enables direct communication with consumers which enables them to make a more fully informed choice. Direct marketing has been extremely successful within the energy market, as many people want to have a conversation and be able to ask questions about such an important household outgoing. Direct selling is an excellent form of communication and marketing, and this is what has allowed the industry to thrive, and enables consumers to gain the benefits of competition.

The Code will encourage all retailers and marketers who are members of the code to compete in an ethical and customer centric manner, with accountability across industry to meet accepted and transparent standards.

Any business entity or individual involved in the energy industry on a long term basis has a vested interest in making sure that marketing is conducted in a professional and transparent manner. The Code will provide uniformity in process across the industry, provide customers with information on what they should expect, and provide a level of accountability to the industry that we are all part of. This provides a public benefit for industry and marketers by establishing a level, competitive playing field and also minimising compliance costs arising from inconsistent state based compliance regimes. Ultimately, these benefits can be expected to be passed on to consumers in the form of lower prices.

Introducing processes such as police checks, standard identification checks for registration, complaints procedures and sanctions for marketers and energy retailers will also provide an increased level of consumer confidence and trust in the energy industry and direct marketing, which we believe will spur the competitive process.

Organisations or individuals that have limited interest in compliance, consumer care or that want to operate outside of the law will have no interest in becoming a Code member. Having the ability to separate those who do care from 'rogue' operators is extremely important to Appco as a business and the industry within which we operate. Appco's entire business is built on the ability to reengage with consumers time after time over many years, and behaviour that reflects poorly on the direct sales industry as a whole affects us all to our detriment.

There is clearly a public benefit to having an industry Code that provides additional protection for consumers and the industry that are not currently required to by law.

The industry is already heavily regulated, and a raft of consumer protections are in place at both state and federal levels. There is also a robust and effective Ombudsman system in place in each state. Appco firmly believes that industry self governance will complement the existing framework.

This belief is based on experience in overseas markets, and the recognition of the need for maturing deregulated industries to take responsibility and assist government through self-governance.



a cobra group company

Level 6, 80 Cooper Street, Surry Hills NSW 2010 • PO Box K1145, Haymarket NSW 1240
tel: +61 2 8219 7900 • fax: +61 2 9260 4878 • www.appcogroup.com.au

APPN • 22 093 538 246



We note the objections from some consumer groups to the Code. Appco has attempted to engage with some of these groups who completed submissions as we wished to understand their issues and where appropriate enhance our existing consumer rights guidelines within our organisation. Unfortunately, there has been a lack of willingness from some organisations to engage in this process. We understand that consumer organisations' resources are limited, and we would welcome the opportunity for further engagement that could be provided by this Application.

Appco views self regulation that offers public benefit and additional consumer protection as an extremely positive step by the energy industry. Appco would like to see the Energy Assured Code authorised by the ACCC.

Yours sincerely

A handwritten signature in black ink, appearing to read "R. de Wolf-Ngarimu".

Regina de Wolf-Ngarimu
Head of Sales Support



a cobra group company

Level 6, 80 Cooper Street, Surry Hills NSW 2010 • PO Box K1145, Haymarket NSW 1240
tel: +61 2 8219 7900 • fax: +61 2 9280 4878 • www.appcogroup.com.au

ABN • 32 095 538 245