

From: Eli Court [mailto:eli@mefl.com.au]
Sent: Thursday, 3 March 2011 11:08 AM
To: Howes, Neil; Howes, Neil
Subject: Door to door energy sales scheme

Dear Neil

I have very recently become aware of the ACCC process regarding door-to-door energy sales, but have not yet had the opportunity to get across all the detail. I am, however, aware that you are meeting with representatives of a number of consumer and community organisations to discuss this matter today, and would welcome the opportunity to discuss the Moreland Energy Foundation's (MEFL) perspective.

MEFL is a community organisation working on energy and sustainability issues, based in the inner north of Melbourne. We have close connections to the community, over 100 members, and almost 3,000 participant households, businesses and community organisations in our flagship Zero Carbon Moreland program.

We are in frequent direct contact with members of the community, and often respond to complaints about door-to-door energy sales. Key points include:

- While this activity can be a mere irritation for the few well-informed consumers or those who adopt a 'zero tolerance' approach, it is a serious problem for others, particularly the elderly, those from culturally and linguistically diverse communities including those who do not speak English as a first language, and those from socio-economically disadvantaged backgrounds.
- However, it is not just these groups. Consumer engagement with and awareness of energy issues is low, and most are unable to fully understand the 'pitch' delivered by these salespeople.
- This is particularly the case because, according to anecdotal information we receive, the 'pitch' usually involves some level of misrepresentation as to the salesperson's status and intentions. Often, the salesperson implies that they somehow official or aligned with the government rather than a representative of a competitor company, and presents their offer in terms of 'making sure the consumer is getting the tariff reduction they are entitled to' rather than pitching an alternative product.

It is my view that it is extremely difficult to adequately regulate this practice. There is an inherent incentive for commission-based energy salespeople to exploit the very low level of consumer understanding of the energy market and retail energy products, and the most vulnerable consumers are the ones least likely to contact a regulator or the ombudsman to complain about poor practices, in part because they are likely to be unaware that the information they were given by the salesperson was misleading.

I stress the need for further engagement with community and consumer organisations in order to safeguard consumers. MEFL would welcome the opportunity to participate in further work, and if you maintain a consumer/community stakeholder list we would be grateful for our inclusion on it in order to receive updates on this issue.

There is also a need for robust monitoring and evaluation of the success of any regulatory framework put in place to protect consumers and prevent inappropriate sales techniques, and should regulation prove incapable of preventing consumer harm, the question must be asked as to whether the practice should be prohibited or permitted only on an opt-in basis.

Please do not hesitate to contact me to discuss this matter further or if you have any queries.

Sincerely
Eli Court

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Energy Policy Advocate

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