

# MEDIA RELEASE

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## NEW ENERGY SALES SELF-REGULATION SCHEME FUNDAMENTALLY FLAWED

Consumer Action Law Centre has today warned that a new self-regulatory approach for door-to-door sales of energy marketing is unlikely to reduce consumer detriment caused by widespread poor practices in the industry.

The comments followed a decision by the Australian Competition and Consumer Commission (ACCC) to authorise a new code of conduct for door-to-door marketers of electricity and gas. Energy Assured Limited (EAL), made up of a coalition of energy retailers, has developed the code which Consumer Action has labelled a lame duck due to the inherent conflict of interest caused by a sales approach that relies on commission sales.

"Self-regulation is just not appropriate in an environment where industry relies on sales commissions to switch customers who are often better off with their current deal. But that's exactly what consumers face after the ACCC gave a green light for electricity and gas retailers to establish their own code of practice," said Consumer Action Senior Policy Officer Janine Rayner.

"Each time a sale is made, not only the retailer but the salesperson reaps a financial benefit, so there's an incentive for agents to pressure sell or mislead consumers," said Ms Rayner.

"This is why a code focused on individual door knockers won't work, and why we need stronger enforcement by regulators where miss-selling occurs"

"Under self-regulation things will continue as they always have; salespeople will apply pressure, consumers will complain, and the industry will give their salesperson a rap over the knuckles while taking no responsibility themselves.

"We've seen it all before, the energy companies will blame a rogue salesperson rather than addressing systemic issues which exist within their industry," said Ms Rayner.

Unfortunately, the ACCC has no option than to authorise any industry proposal so long as it believes that the public benefit outweighs any anti-competitive outcomes.

In a worrying sign for the quality and robustness of the new scheme, the ACCC has flagged in its determination a number of areas that EAL will need to consider further should it wish to have the scheme re-authorised after three years.

Ms Rayner said consumers had a genuine right to ask why these areas aren't being addressed now rather than in three years time.

"This is a half baked scheme and it would seem the ACCC are willing to concede as much.

If the ACCC and other consumer regulators want to stop consumers being ripped off, they should be prosecuting door-to-door marketers that commonly mislead and pressure consumers in breach of consumer laws," said Ms Rayner.

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