



**ENERGY
CONSUMERS
AUSTRALIA**

A Suite 2, Level 20, 570 George Street
Sydney NSW 2000
PO Box A989
Sydney South NSW 1235
T 02 9220 5500
W energyconsumersaustralia.com.au
TW @energyvoiceau
in /energyconsumersaustralia
f /energyconsumersaustralia

ABN 96 603 931 326

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Emma Jacobs
Manager, Demand Side Policy
Energy Demand and Efficiency Policy Branch
Department of Energy, Environment and Climate Action

By email: energy.upgrades@delwp.vic.gov.au

Submission to Consultation Paper on banning telemarketing under the Victorian Energy Upgrades program

Dear Emma

Energy Consumers Australia appreciates the opportunity to provide a submission to the Department of Energy, Environment and Climate Action (DEECA) consultation on banning telemarketing under the Victorian Energy Upgrades (VEU) program. Energy Consumers Australia is the national voice for household and small business energy consumers.

We are pleased to see the announcement regarding the proposed ban on telemarketing and other high-risk forms of unsolicited marketing under the VEU program. We are supportive of action being taken as we recognise the growing number of consumer complaints about this practice. This submission highlights the reasons why we support action being taken to protect consumers from potentially misleading or harmful marketing, as well as recommending further considerations for monitoring market behaviour and conduct in marketing VEU products and rebate offers.

Poor marketing behaviour and misinformation are contributing to an already complex energy environment which is difficult for consumers to navigate.

Consumers are playing an active role in the transition of Australia's energy system to net-zero emissions. While this has delivered large benefit to the system, and to consumers, it also means consumers are now faced with dozens of decisions when it comes to energy. The challenge for consumers today is not that there is a lack of information about potential energy choices, but that it is increasingly difficult to identify a trusted and independent source of information. This is not made easier by poor marketing behaviour or potentially misleading information.

Governments have an important role as sources of trusted information and in providing protections for consumers. The proposal the Victorian Government has made for a ban on telemarketing and doorknocking under the Victorian Energy Upgrades program is an opportunity to protect consumers and help provide them with the tools and information they need to navigate an increasingly complex market.

Prices are high and consumers are looking for ways to save money by reducing bills making them particularly vulnerable to marketing tactics.

Consumers are concerned about how they will afford to pay their energy bills, leaving them more vulnerable to poor marketing behaviour or potentially misleading information. Since the recent increase of the Victorian Default Offer was announced, we have seen advertised retail electricity offers increase by 40% for some customers in Victoria. Our latest Energy Consumer Sentiment Survey

(ECSS) results found that 64% of Victorian consumers believe that gas and electricity will become unaffordable for them within the next three years ¹.

Governments and regulators need to do everything they can to protect consumers experiencing vulnerability. Banning telemarketing and door knocking under the VEU program is a positive first step in achieving this outcome for consumers.

Telemarketing and door to door sales are but one avenue for misinformation, more needs to be done to tackle digital advertising.

We applaud the steps the Department is taking in responding to complaints with telemarketing and door knocking, however, we are also hearing of targeted advertising consumers are receiving online (particularly about rebate products such as hot water heat pumps in both Victoria and New South Wales). In particular, on channels such as Instagram and Facebook (and Facebook Marketplace), consumers are seeing targeted advertising from hot water heat pump service providers selling, for example, 'free' hot water heat pumps that "could save '\$1000' off your energy bill". Consumers are vulnerable to marketing that virtually guarantees a significant decrease in their energy bill at no real cost to them and we have raised these concerns with the Australian Competition and Consumer Commission (ACCC). However, we also recommend the ESC monitor the activities of relevant parties online as well as over the phone and in-person and take similar appropriate action to ensure consumers are protected from potentially misleading and predatory behaviours.

The consultation paper notes actions consumers can take in addition to lodging a complaint with the ESC, however, it isn't clear how accessible or well-known these potential options are. As the Consultation paper indicates, it is likely that for every complaint formally made to the ESC or Australian Communications and Media Authority there are even more incidents of marketing misconduct that go unreported. We would encourage the Department to ensure that consumers are informed of their rights and how they can seek help if required.

We would greatly appreciate the Victorian Government keeping us informed as the final details of the ban are progressed. As mentioned above, we are very supportive of the Victorian Government taking action that will help to make the energy market a safer, easier, and supportive market for consumers. If you have any questions about our comments in this submission or require further detail, please contact Marie Harrowell marie.harrowell@energyconsumersaustralia.com.au.

Yours sincerely



Melissa McAuliffe
Acting Director, Energy Services and Markets

¹ <https://ecss.energyconsumersaustralia.com.au/sentiment-survey-june-2023/featured-content-household-sentiment-june-2023/>