



***Do Not Knock Register Bill 2012***

**Salmat Submission to  
The House of Representatives Standing Committee  
on Social Policy and Legal Affairs**

**July 2012**

## INTRODUCTION

1. Salmat welcomes the opportunity to make a submission to the House of Representatives Standing Committee on Social Policy and Legal Affairs on the *Do Not Knock Register Bill 2012* (Cth) (**the Bill**).
2. Salmat is a member of Energy Assured Limited (EAL) and supports their submission on the Bill including their analysis on constitutional validity.
3. Salmat is a long standing market leader in the field sales industry. We engage over 900 sales representatives who take our clients products and services to thousands of Australian homes each week. We provide field sales services for some of Australia's most iconic brands across telecommunications, energy and pay TV.

## EXECUTIVE SUMMARY

4. Salmat strongly opposes the introduction of another layer of regulation of the field sales industry as outlined in the Bill for the following reasons:
  - i. Consumers have enough protection under the Australian Consumer Law (ACL), State Trade Practising Laws and Privacy regulation.
  - ii. The ACL law has only recently been introduced and should be allowed to run its course. It is premature to be contemplating additional regulation at this time.
  - iii. The Do Not Knock Stickers initiative and the zero tolerance enforcement policy of the EAL is proving to be effective and provides consumers with adequate choice and protection when combined with the ACL and other consumer laws.
  - iv. The difficulties and cost of establishing and administering the scheme have not been adequately explored. We submit that these costs could be significant to business and government. In addition, the scheme would be administratively unworkable
  - v. If enacted, the Bill could have a substantial impact on competition across many industries and a corresponding detrimental impact on consumer choice and cost of living.
5. Fundamentally, any additional regulatory burden imposed on business must be carefully balanced with the expected benefit to the consumer.
6. The extensive suite of consumer protection regulation that is currently in place, coupled with strong industry initiatives, means that there will be little additional benefit to the consumer as a result of the introduction of the Do Not Knock Register Scheme (the scheme) proposed in the Bill with potentially significant additional costs imposed on the industry.
7. Salmat believes that the case has not been made for the imposition of further regulation on the field sales industry and that an education program designed to inform consumers of their existing rights and protections under current consumer laws would be a more appropriate mechanism to address any uncertainty and concerns.

## FIELD SALES IN AUSTRALIA

8. The Australian economy derives enormous benefit from field sales. Every year, this industry engages thousands of Australians who positively interact with consumers to conduct millions of sales, pumping billions of dollars into the economy. It is a legitimate sales channel that a large number of Australia's leading household names and iconic brands rely heavily upon.
9. Field sales has been a long standing feature on the competitive sales landscape in Australia. It has proven itself as a successful, effective and flexible sales representation channel – and one that provides a significant consumer benefit, both in terms of increased choice and competition.
10. Our focus is on ensuring that our clients and their customers have the best possible sales experience. We work hard to maintain our reputation as one of the most professional and responsible operators in the industry. Our intensive recruitment and training processes are complemented with a suite of rigorous standards that in many cases go further than what is required under and the ACL and State and Territory consumer legislation.
11. Unfortunately, many of the negative comments about “pressure selling” and “inappropriate behaviour” stem from organisations who do not invest in recruitment, training and compliance practices.

## ABOUT SALMAT

12. Salmat is Australia's leading multichannel communications provider. We help our clients communicate with their customers across a broad range of communication channels including voice, mail, online, mobile, social media and field sales.
13. Salmat is a market leader in:
  - **Business Process Outsourcing** – Australia's largest provider of transaction essential mail services (bank statement, utility bills etc) with over 1.2 billion mail packs lodged with Australia Post each year.
  - **Catalogue delivery** – Australia's biggest letterbox distribution network delivering over 5 billion catalogues per year.
  - **Contact Centres** – Australia's largest outsourced contact centre provider that has approximately 100 million conversations on behalf of our clients.
  - **Digital Communications** – email, sms, social media, mobile, online, e-commerce, data – sending over 600 million emails each year.
  - **Field Sales** – One of Australia's leading field sales providers across Pay TV, Energy and Telecommunications speaking to millions of consumers each year.

## SALMAT COMMENTS ON THE BILL

### Existing Consumer Protections

14. The consumer protection regime established under the Australian Consumer Law was the result of a long and extensive process of negotiation and consultation.
15. Under the ACL, consumers are now afforded significant protections including:
  - Further restricted calling hours
  - Salesperson must leave immediately if asked to – we train our sales contractors to ensure they do not knock on a door that displays a „Do Not Knock“ sticker.
  - Sales personnel must disclose their identity, including their address and the purpose of the call
  - Prior to reaching agreement the salesperson must disclose the cooling off period
  - No goods or services can be supplied for at least 10 business days
  - Significant penalties for breach of these provisions
16. As a reputable operator, Salmat takes its obligations under the law extremely seriously and has extensive training and processes in place to ensure, to the greatest extent possible, that our sales representatives comply with the regulatory regime. This includes standards that often go beyond what is required by the ACL and other consumer laws.
17. The protections afforded to consumers in relation to field sales under the Australian Consumer Law (ACL) regime are substantial and go further in many instances than the regulation of other industries. Therefore, we submit that the scheme proposed in the Bill is unnecessary.
18. The ACL commenced on 1 January 2011 following a long reform process initiated by the Council of Australian Governments in 2008. This is a new law and should be allowed to run its course before any objective assessment can be made to its effectiveness. It is grossly premature to be considering additional regulation of the industry so soon after the introduction of a consumer law that intended to broadly cover the field.
19. At an absolute minimum, we argue that this Bill must be subject to a detailed public consultation process and that the Ministerial Council on Consumer Affairs be asked to consider the proposed scheme in the context of the Intergovernmental Agreement for the Australian Consumer Law.
20. The ACL law has only recently been introduced and should be given time to run its course. It is premature to be contemplating additional regulation at this time.

## Do Not Knock Stickers

21. Salmat supports the right of the consumer to display Do Not Knock stickers. Essentially, we do not want to sell to a customer who does not want to be sold to. Our objective is to ensure that consumers are fully informed and happy with the sales process and would like to continue with the product or service that our clients provide. Salmat or our clients do not receive any remuneration for contracts that are not completed or cancelled during the cooling off period. Therefore, it is within our interests to ensure sales contractors do not approach residences that display the Do Not Knock stickers.
  22. Our sales contractors are given absolute instructions not to approach residences that display the stickers. In fact, under the EAL scheme, sales representatives are deregistered if they are found to have ignored a Do Not Knock sticker. At Salmat, their contract is immediately terminated. We consider this to be a powerful deterrent that is proving to be effective in ensuring that consumers that do not want to be approached are left alone.
23. The Do Not Knock Stickers initiative and the zero tolerance enforcement policy of the EAL is proving to be effective and provides consumers with adequate choice and protection when combined with the ACL and other consumer laws.

## Cost and Administration

24. There will be considerable costs associated with the establishment and administration of a Do Not Knock Register. Putting aside the cost to Government, each business that engages in field sales will be required establish completely new compliance processes in addition to the systems and training set in place for the ACL. Each field sales business will have to:
  - Continually monitor the Register for new addresses and the status of existing ones
  - Check the status of each residence before a salesperson can approach a residence
  - Develop comprehensive compliance training to cover all aspects of the dual regime
25. These activities alone will create additional compliance costs for the industry.
26. It is unrealistic and unworkable to require local tradespeople and small business owners to establish systems that would ensure compliance with the scheme. These businesses may not have the resources or the funding available to check the register and would be subject to additional penalties if they contravened the scheme under the proposed legislation and the ACL.
27. The scheme will also be extremely difficult to administer. A phone number on the Do Not Call Register can move with the resident, keeping the register reasonably up to date. The Do Not Knock Register would be harder to administrate, as residents who move in to, or out of, a property would need to „re-register“ regularly or potentially „de-register“ an address when moving in.

28. The difficulties and cost of establishing and administering the scheme have not been adequately explored. We submit that these costs could be significant and the intended benefit for consumers does not justify this additional impost on businesses.

### Competition and Cost of Living

29. Field sales in Australia is all about competition. It provides consumers with information and tools to save money by easily switching between suppliers. Importantly, field sales also allows for a more comprehensive discussion around customer needs, different packages and pricing. Consumers only make a purchase in this environment if the offer meets their value expectations.
30. If this marketing channel did not exist in Australia, there would be a marked reduction in competition in some of the industries that have the biggest impact on cost of living such as energy and telecommunications. Field sales enables millions of Australians each year to change providers for a better deal and to save money. This competition drives down prices, and in our view, is the kind of competition that should be encouraged given the current economic climate and cost of living pressures on families across the nation.
31. Salmat made a joint submission to the Senate Economics Legislation Committee on the *Trade Practices Amendment (Australian Consumer Law) Bill (No. 2) 2010* in April 2010. In that submission, we stated that the Australian Consumer Law, as it was drafted, had the potential to threaten the viability of the industry. The unfortunate reality is that this new regulatory regime has had a significant impact on the profitability of our field sales business. In our view, additional regulation in this area would only further hasten the demise of this important and legitimate marketing channel while delivering little additional benefit to the consumer.
32. If enacted, the Bill could have a substantial impact on competition across many industries and a corresponding detrimental impact on consumer choice and cost of living.