

# MEDIA RELEASE

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## NEW ENERGY LAW PENALTIES FALL WOEFULLY SHORT ON CONSUMER PROTECTIONS

Consumer Action Law Centre says the new national energy consumer law proposed by the Federal and State Governments will make it more profitable for energy retailers to violate consumer rights than actually obey the law.

Nicole Rich, Consumer Action's Director of Policy and Campaigns, says the Governments are talking up the benefits of moving to one national consumer law for electricity and gas ahead of their June meeting, but the penalties are so woefully out of step with comparable consumer protection laws that energy businesses may not care what's in the new law.<sup>1</sup>

"Australia's energy providers turn over billions in profit every year. To think that a maximum possible penalty of \$100,000 – which could only be imposed if a government agency wins a lengthy court battle - is going to deter them from breaching consumer protection laws is about as logical as thinking a rubber duck could stop a freight train."

"If businesses flout the *Trade Practices Act*, financial services protections, the new consumer lending laws or the anti-spam and Do Not Call Register rules, they can face civil penalties of \$1 million or more, ten times the proposed penalties for energy law breaches."

"It's even more worrying when you consider that many of these energy companies are already known for significant consumer protection failures," Ms Rich said.

Ms Rich said that earlier this year Victoria's energy regulator reported that Australia's biggest energy provider, AGL, had '**significant non-compliance with regulatory obligations that have a material impact on customers**' including failing to bill customers on time and not offering instalment payment plans to customers.<sup>2</sup>

"The new energy laws, on paper, require energy retailers to bill customers regularly, offer payment plans if customers need them and meet appropriate marketing standards. But in reality, it's likely paying the proposed penalty would be a significantly cheaper option than the cost of fixing the billing system or retraining staff."

"Cases of "slam selling" where consumers are signed up to new retailers door-to-door without realising it could also be generating substantial amounts of new business for some retailers and with such modest penalties in place, there will be little disincentive to stop sales representatives engaging in these practices," Ms Rich said.

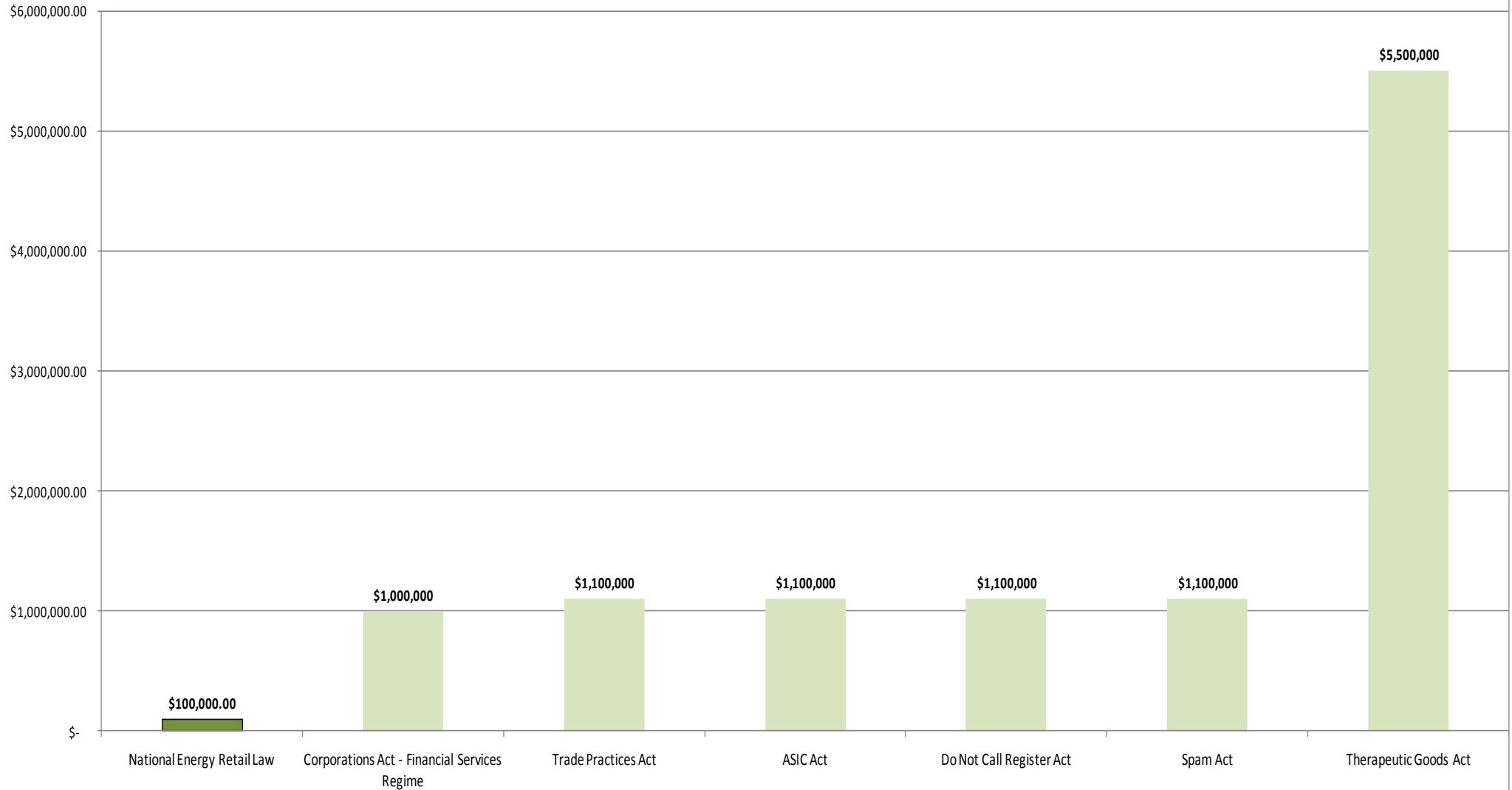
The Ministerial Council on Energy will be debating the national energy consumer law at its 11 June meeting in Melbourne. Consumer Action is calling on the Ministers to up the civil penalties in the law as a matter of urgency. The new national energy laws are expected to pass through the South Australian parliament this spring before being enacted in other states around the country.

<sup>1</sup> See attached table

<sup>2</sup> <http://www.esc.vic.gov.au/NR/rdonlyres/9112378A-F802-47F2-9CBA-935E012A5588/0/Compliancereport200809.pdf>

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### Comparison of Civil Penalties for Breaches of Consumer Laws (by companies)



## Comparison of Civil Penalties for Breaches of Consumer Laws (by individuals)

