

# Consumer Action Law Centre

## Policy and Campaigns Plan 2015-16

Consumer Action Law Centre is an independent, not-for profit consumer organisation based in Melbourne. We work to advance fairness in consumer markets, particularly for disadvantaged and vulnerable consumers, through financial counselling, legal advice and representation, and policy work and campaigns. Delivering assistance services to Victorian consumers, we have a national reach through our deep expertise in consumer law and policy and direct knowledge of the consumer experience of modern markets.

### Policy and Campaigns Practice

Consumer Action's strategic plan for 2014-17 commits us to working with others to advance fairness in the marketplace, particularly for vulnerable and disadvantaged consumers. Our policy and campaign work integrates with our casework to deliver on our strategic priorities. We identify issues from casework and other sources that contribute to consumer problems, and develop appropriate responses, by:

- Ensuring consumer interests are recognised and represented in policy debates;
- Providing an effective and credible public voice for consumers, particularly disadvantaged and vulnerable consumers;
- Advocating for changes to laws, regulations, and industry practices;
- Contributing to the body of knowledge of consumer issues and laws through original research;
- Developing strategic partnerships, both traditional and unusual; and
- Building capacity within the consumer movement.

There are many issues that impact consumers, and we prioritise the issues on which we work to ensure that our resources are used strategically, efficiently and effectively for the benefit of consumers. We select issues based on:

- Their significant impact on disadvantaged and vulnerable consumers
- Broader impact on consumers generally, for example market failures or lack of competition
- Concerns emerging from our legal and financial counselling casework
- Opportunities for change through advocacy and public debate
- Our ability to contribute our specialist skills and knowledge
- The potential for collaboration and partnerships to have impact for consumers

## Policy & Campaign Priorities

We will remain responsive to consumer policy issues and debates as they arise, and will focus on five priority areas during 2015-16. In accordance with our strengths, we will be credible experts, agile in our approach to emerging issues, integrated across casework, policy & campaigns, collaborative internally and externally, progressive and bold. We have identified several streams of project work that will be the focus of our policy and campaign work in 2015-16.

### Consumer protection and competition

Consumer Action will:

- Test the effectiveness of consumer guarantees through casework and improve consumer ability to assert their rights
- Monitor the implementation of general fair trading laws and regulatory protections, and advocate a ban on unfair trading
- Facilitate the creation of Standards for products and services relevant to consumer protection
- Be a watchdog for fair competition, particularly in the demand side of markets
- Advocate for market study powers for national regulators, and the implementation of strong consumer protections arising from the Competition Policy Review

### *Protection & Competition Projects*

**Unfair trading** – Some business models seem to specifically target consumer vulnerabilities, exploiting consumer anxiety and using high pressure or unscrupulous marketing tactics to drive a sale. Contracts can be complex or unusual, further manipulating consumer decision-making. Existing laws are not adaptable to stopping harm before it occurs. That’s why we will campaign for the law to be expanded to include a new “unfair trading practices” prohibition, to give consumers real protection from unaffordable, unnecessary and unwanted products and traders.

**Consumer Protections** – the Australian Consumer Law is scheduled for review in 2016. We will campaign to maintain our existing consumer protections and strengthen the weak areas. Our watchdogs need stronger powers to tackle consumer problems, and we’ll campaign for the resources they need to run market studies and challenge dodgy business practices that rip consumers off.

**Dodgy Traders** – older Victorians, students, home builders, second-hand car buyers – just four examples where we know people are being ripped off through shonky business practices and dodgy traders. We will campaign for legislative reform and robust dispute resolution forums to make sure the most vulnerable in our community aren’t sitting targets for slippery spruikers.

## Consumer credit and financial services

Consumer Action will:

- Pursue reform in consumer credit and insurance products and services with a specific focus on unnecessary products, unfair contract terms and a standardisation of insurance products to improve consumer welfare through effective competition
- Expose avoidance of consumer credit and financial service protections and problem products
- Monitor implementation of national credit laws and advocate for further reform where the new laws provide inadequate protection for disadvantaged consumers
- Advocate for the implementation of strong consumer protections arising from the Financial Services Inquiry

### *Credit & Financial Services Projects*

**Fair and safe financial products and services** - financial inclusion isn't just about access to financial services, but protection from exploitative products that are inappropriate to consumers' needs. Consumer leases and payday lenders target high cost credit at consumers excluded from mainstream finance, and contribute to financial hardship and chronic debt. We will campaign for real reforms in this area, ensuring the real costs are disclosed, welfare payments don't subsidise dodgy businesses, damaging marketing practices are exposed, and unfair contract terms stamped out.

**General insurance** – the insurance industry has long enjoyed special treatment under our laws. Insurers aren't required to comply with basic consumer protections afforded by the ban on unfair contract terms that exists under the Australian Consumer Law. This means consumers aren't engaging with a fair, safe and genuinely competitive insurance market, and we think it's time that changed. We'll campaign for legislative changes to bring insurance law into line with modern consumer law. We'll also campaign for product standardisation so that consumers can actually compare one insurance product with another and pick the product that really is right for them.

**Refunds for junk** – many people are buying low value or unnecessary insurance products like consumer credit insurance or extended warranties and may not even realise they've done so, because it was bundled in with another more significant purchase, like a car or a household appliance. We think that's dishonest – people should know exactly what they are buying and have enough time to think about whether they really need it, rather than having it forced on them at the point of sale. We'll keep the industry accountable for its poor sales practices, and campaign for reforms that enable consumers enough time to think about the secondary products before they sign up to pay for them.

## Financial inclusion and difficulty

Consumer Action will:

- Assist consumers to access appropriate and affordable financial products, services and hardship support
- Advocate for strong and fair protections in credit reporting, debt agreements and bankruptcy
- Expose the consumer detriment arising from for-profit financial difficulty businesses and pursue efficient and effective regulation to protect consumers
- Provide, promote and support access to free and confidential financial counselling

### *Financial Difficulty & Inclusion Projects*

**For Profit Financial Difficulty Business** - business is booming for those seeking to profit from those in financial difficulty, including debt management and so called “credit repair” services. Low-income consumers struggling to balance their budgets must have the necessary protections, advocacy and support to ensure that they don’t end up worse off, can have confidence in service providers through licencing, and have access to alternative dispute resolution. We’ll be campaigning for legislative reform and strong watchdog powers to make sure the most vulnerable can have confidence in accessing the assistance they need.

## Effective consumer dispute resolution

Consumer Action will:

- Advocate for access to effective industry internal and external dispute resolution (EDR) processes and schemes, and for a single EDR scheme per industry sector
- Pursue the need for industry EDR schemes in new market sectors
- Ensure consumers are not disadvantaged by mediation and other alternative dispute resolution procedures
- Use court and tribunal forums where there no alternative dispute resolution forums exist, or to facilitate test cases where the law is unclear
- Ensure access to consumer dispute resolution forums for low income and vulnerable consumers by lowering the complexity and cost barriers
- Advocate for improved access to justice arising from the Productivity Commission inquiry.

### *Dispute Resolution Projects*

**Financial services sector EDR** – competition might, under the right conditions, work for goods and services, but it creates a race to the bottom in EDR schemes. We will advocate for effective EDR outcomes for consumers, particularly in the financial services sector.

**Access all areas** – VCAT was established to provide an affordable and quick dispute resolution forum for Victorians. It has become increasingly expensive, and it can take a while to get a hearing date. We think it's time to reduce the costs, speed up the process, and help Victorians get on with their lives. We'll work collaboratively with other VCAT users, as well as the legal profession and the State government, to make this happen during this term of government.

## Energy

Consumer Action will:

- Advocate for the ability of consumers to engage in the competitive retail energy market
- Engage with regulators and rule makers to secure pricing and product frameworks that benefit consumers
- Assist consumers to access government and industry support in paying their bills and prevent disconnection
- Support the establishment of consumer protections for new energy services, to drive energy efficiency and savings for all

### *Energy Projects*

***They're all the same, so why bother?*** – Consumers need to be able to engage in a competitive energy market to get the best value and keep prices as low as possible. However competition in Australia's most deregulated and competitive state, Victoria, isn't working – retailer margins are higher here than anywhere else. If the market worked, the opposite would be true. We're campaigning for fair contracts and a basic level of standardisation to help consumers make sense of the energy market and engage with confidence.

***It's expensive*** – Energy is an essential service, and it's critical that it is accessible and affordable for all consumers. Disconnections in Victoria are at an all-time high – that's just not acceptable for an essential service. We want to know why, what it's costing affected families and the taxpayer, and what industry and government need to do to turn this around. We also want retailers to provide world leading support to struggling customers through realistic payment plans, support to find the most affordable deals for their needs, and easy access to hardship programs to avoid escalating energy debt.

***It's complicated*** – The role of consumers in energy markets is changing. No longer passive recipients of electricity, many consumers are now generating their own. New and innovative services harnessing 'smart' technologies should mean consumers play an even more active role in driving efficiency savings. But with innovation comes complexity and consumers will need protection when things go wrong. We need a fit for purpose energy market regulatory framework with strong consumer protections built in from the beginning so the regulators don't have to play catch up. Consumers can then engage with the energy market confident that their rights and interests haven't been left behind in the race to innovate.