

# Updating Australia's Consumer Policy Framework?

---



Catriona Lowe  
Co-CEO

## About the PC Review

---

- Reference given in December 2006
- By the Commonwealth Treasurer
- Wide terms of reference
- Public hearings
- Written submissions - original deadline 11 May 2007
- Draft report (understandably) delayed

# PC review – risks and opportunity

---

## Positives

- Proactive PC
- Acknowledgement of important themes – disadvantaged and vulnerable consumers, importance of consumer behaviour
- Opportunity to take stock of societal and market changes and update our framework

## Risks

- Strong themes around cutting red tape, reducing compliance burdens
- CA agrees red tape helps no one but what is effective and necessary regulation and what is red tape may be subject of significant disagreement

# Trends and developments

---

- To be hoped that the Commission's recommendations acknowledge changes in the consumer landscape.
- EDR schemes are in an excellent position to observe trends in consumer behaviour and sources of complaint. Eg increased debt levels, market failures

# Key issues

---

- Five key themes in Consumer Action's submission:
  - Need for a flexible approach to regulation
  - Ensure consumer behaviour is taken into account
  - Consider the needs of disadvantaged and vulnerable consumers
  - Update elements of the consumer protection framework
  - Need for a strong consumer voice

## Flexible framework

---

- Concern should be selecting the right tool for the right job - not a linear approach
- No automatic preferencing of one tool or approach over another
- Emphasis should be on minimum *effective* regulation

# The importance of consumer behaviour

---

- Actual consumer behaviour has two key implications for consumer policy makers:
  - Consumers are critical in activating competition, therefore, where possible barriers to consumers doing so should be removed.
  - Any regulation making process involves assumption. Behavioural economics and study of consumers' actual behaviour in market offers the possibility of improving those assumptions.

## Disadvantaged and vulnerable consumers

---

- Need more than tax and transfer
- In market solutions can and do work
- Eg Hardship policies in the energy and banking markets



## Updating the framework

---

- Unfair contract terms regulation
- Market investigation powers
- Improved remedies
- Super complaints
- Regulation for particular market problems

## A strong consumer voice

---

- Recognition of the importance of that voice
- Independent national research capacity
- A funded peak body
- Improved access to industry based ADR
- Improved access to direct services

## The role of the schemes

---

- A success story of consumer protection
- Demonstrate the innovative solutions possible when the above themes are in place.
  - Provide access to justice for individual consumers; involve consumer representative both formally and informally; provide targeted solutions for disadvantaged and vulnerable consumers; flexible

## Role of the schemes cont.

---

- Importantly also committed to ongoing review and improvement
  - Eg Monetary limits; methods of receiving complaints; increased harmonisation; awareness

## Implications of the review

---

- Support for increased harmonisation
- New tools and remedies if new elements are introduced to the consumer protection framework
- An enhanced operating environment (or not)