

OUR POLICY & CAMPAIGN PRIORITIES

2022-23





About us

Consumer Action is an independent, not-for profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians, and our advocacy supports a just market place for all Australians.



Consumer Action is located on the land of the Kulin Nations. We acknowledge all Traditional Owners of Country throughout Australia and recognise the continuing connection to lands, waters and communities. We pay our respect to cultures; and to Elders past, present and emerging.

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There are many consumer issues that impact Australians. We take a strategic approach in selecting our Policy and Campaigns priorities to ensure that our limited resources are used most effectively, and our work is aligned with our Impact Framework.

We will be focusing on the following priority areas during 2022-23 while remaining responsive to emerging consumer issues and supporting Consumer Action's ongoing projects and partnerships. We also do policy work in many other areas where research and action is required. A (non-exhaustive) list appears at the end of this document.

Our policy and campaigns team work closely with our casework and engagement services to deliver on our [2022-25 Strategic Plan](#). We identify consumer issues from our casework and other sources, and work to shape a fairer system by leading change to policy, laws and industry practice.



Lemon cars

Many Victorians rely on a car for daily life: to get our kids to school, drive to work and stay connected with friends and family. Cars can be part of a safety plan – a way to flee family violence or as a means to evacuate during bushfires and extreme weather events. In Victoria's regional and rural areas without public transportation, including our rural Koori communities, cars are essential.

Consumer Action will campaign for better protections for people who purchase faulty or 'lemon' cars. Motor vehicles are protected by consumer guarantees, but too often Victorians cannot enforce their consumer rights when sold a lemon car because seeking justice through the Victorian Civil and Administrative Tribunal (VCAT) is costly, time consuming, and inaccessible.

We will campaign for a specialist, free alternative dispute resolution scheme – a Motor Vehicle Ombudsman – that is:

- ✓ **ACCESSIBLE** – so that all Victorians can access justice, no matter their background or circumstances
- ✓ **AFFORDABLE** – so that people don't need to find thousands of dollars for an expert report, which is beyond the means of most, particularly with the rising cost-of-living
- ✓ **TIMELY** – so that people can access justice, recover financially and get back on the road in weeks, not years.



Scams

Australia's banks can do much more to stop the plague of scams that are destroying lives and costing the economy more than \$2 billion annually. The [ACCC 'Targeting Scams' report](#) confirmed that \$129 million of losses reported to Scamwatch in 2021 were paid via bank transfer. Scam victims are woefully unsuccessful in getting a refund when they make complaint to the Australian Financial Complaints Authority (AFCA). In addition to the devastating financial impacts, scam victims often experience feelings of deep shame and a loss of confidence and trust in the banking system and people.

Australia is lagging behind international responses to scam prevention and reimbursement. In the United Kingdom, the success of the voluntary [Contingent Reimbursement Code](#) has led UK Treasury to mandate the Code even though it has already been adopted by many of the big UK banks. TSB Bank is also taking the lead by providing customers a 'Fraud Refund Guarantee,' which commits TSB to reimbursing customers for any losses incurred as a result of being conned by a scam. This approach actually saves the TSB money, as it allows it to better focus on supporting customers and stopping fraudsters.

We will campaign for introduction of mandatory rules that will:

- ✓ Require banks to detect, prevent and respond effectively to scams,
- ✓ Require the investment in measures that reduce the risk of scam activity (e.g. 'confirmation of payee' on bank transfer platforms); and
- ✓ Require that customers are reimbursed and not blamed for scam losses.



Payday loans and consumer leases

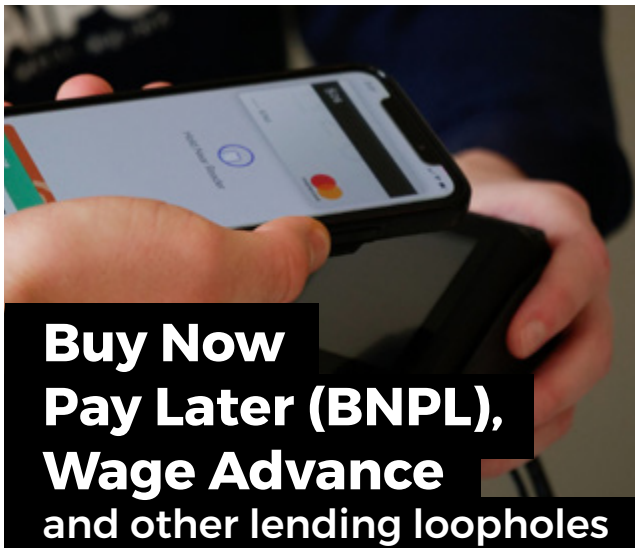
We will campaign for legislative reform to make payday loans (also known as small amount credit contracts) and rent-to-buy products (also known as 'consumer leases') safer and affordable. These lenders often target Australians who are doing it tough, and the exorbitant fees cause unsustainable debt traps that make it hard for people receiving low incomes to meet their basic needs such as food, rent and utilities.

The problems with payday loans and consumer leases have been well-known for years. In 2016, a government appointed expert panel recommended a number of solutions in the [Small Amount Credit Contract \(SACC\) Review](#). Their implementation was inexplicably delayed for years by the previous government. Adopting these key reforms would mean that payday lenders could take no more than 10% of a person's income, and consumer leases (which have been found to have equivalent interest rates of up to 884%) would finally have a cost cap. We also must remove consumer leases from Centrepay, which is designed for life's essentials, not high-cost, unsustainable credit repayments.

With Australians experiencing ongoing harm from these products and the rising cost-of-living pressures, we will be calling upon the Federal Government to implement these long overdue reforms in 2022.

We will fight for:

- ✓ Federal legislative reform that will implement the SACC Review recommendations;
- ✓ The removal of consumer lease providers from Centrepay.



Buy Now Pay Later (BNPL), Wage Advance and other lending loopholes

We will campaign to reduce the risk of unaffordable credit and financial hardship caused by unregulated credit products.

BNPL and wage advance products are forms of credit that use a loophole in our national credit laws to bypass basic consumer protections—like assessing someone's ability to repay the amount borrowed or having hardship processes. Research from the Australian Security and Investments Commission (ASIC) shows that one in five people with BNPL debts have cut back on essentials to make their repayments. When things go wrong with repayments or the loan, Australians dealing with unregulated lenders are left without proper protections and access to redress.

Together with colleague consumer organisations,

we will advocate for implementation of reforms to our national credit laws that will:

- ✓ Remove exemptions and capture all consumer credit providers, including BNPL and wage advance providers; and
- ✓ Include a strong general anti-avoidance provision.



Save Sorry Business: Youpla/ACBF redress

For decades, the private unregulated funeral insurance company 'Youpla' (also known as ACBF) misled and aggressively sold poor-value funeral plans to First Nations peoples. Now this company has collapsed, leaving thousands of people unable to access funeral plans they had paid for to cover the cost of grieving for loved ones through Sorry Business.

Funerals and Sorry Business play a special cultural role in First Nations communities. Youpla sought to deliberately exploit communities through loopholes in financial laws and consumer protections. Successive governments and regulators have been on notice of this misconduct and the regulatory gaps that facilitated it for nearly three decades and did nothing to prevent it.

This is one of the worst financial scandals we've ever seen. Over ten thousand First Nations peoples have lost access to a product they have paid for, and we must act.

Together with First Nations leaders, people and organisations,

we will be calling upon the Federal Government to provide:

- ✓ Fair compensation; and
- ✓ Urgent financial assistance,

for all policyholders and victims of ACBF/Youpla so that Sorry Business can be culturally preserved.



Fairer Telecommunications

Consumer Action will advocate for stronger, directly enforceable consumer protection laws and regulation in telecommunications to ensure Australians have access to fair, affordable and suitable telco products. Too often we see people experiencing vulnerability and disadvantage sold unaffordable telco products by pushy sales staff, then being treated appallingly by customer service representatives. Despite providing an essential service, the telecommunications industry is still allowed to set the rules, meaning the rules don't meet community expectations and lack effective oversight and enforcement.

We will campaign for:

- ✓ Law reform that requires genuine affordability and suitability checks for telco products;
- ✓ Improved dispute resolution and hardship procedures to help people get quick and fair resolutions when things go wrong; and
- ✓ Increased industry accountability with tough consequences for breaking the rules.



Fairer Energy Services

Traditional energy services

It is critical that all Victorians can access affordable energy services, that energy retailers effectively identify and support people experiencing vulnerability, and that regulators hold businesses to account. Disconnections for non-payment in Victoria are still too high – that's just not acceptable. As an essential service, disconnection should be a last resort option. We also want retailers to more proactively support people who are struggling to afford their energy bills to stop them ending up in debt in the first place.

We will fight to improve energy practices by advocating for:

- ✓ Expansion of consumer entitlements within the Payment Difficulty Framework (PDF) to improve the treatment of people in financial hardship
- ✓ The Victorian Government to introduce a Victorian Default Offer (VDO) for gas;
- ✓ Working with the Essential Services Commission (ESC) and the Energy and Water Ombudsman Victoria (EWOV) to ensure compliance and enforcement activities and dispute resolution processes are being used to improve retailer conduct.



New energy products and services

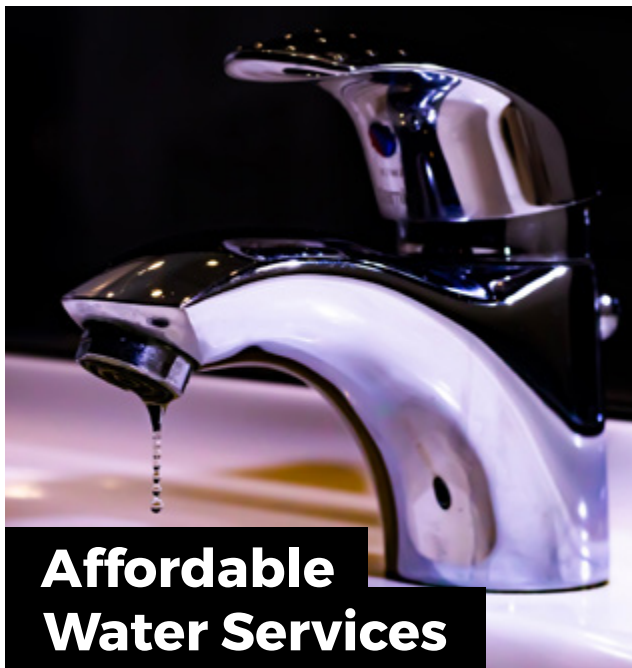
It is important all Victorians can benefit from the new energy market and its products and services. We will take early action to avoid potential consumer harm (such as through high pressure sales tactics) and ensure that the transition to clean energy is fair for all.

We will advocate for:

- ✓ An updated and robust consumer protection framework for solar and other products
- ✓ The Victorian Government to extend its ban on unsolicited selling of solar panels to include telemarketing and all businesses (not just those in the Solar Homes program)
- ✓ Improved access to external dispute resolution services through EWOV for new energy businesses, services and products.

Other areas in which we work

Our Policy & Campaigns team has expertise and will undertake other policy work, where relevant, on issues such as:



Affordable Water Services

With rising inflation and cost-of-living, it is important that all essential services remain affordable and accessible for everyone, including people receiving fixed incomes and in vulnerable situations. As with energy, water must remain affordable for Victorians.

We will advocate for:

- ✓ Affordable water prices through the Essential Services Commission's Water Price Review scheduled for 2023; and
- ✓ Updated customer service codes for the water sector that match or exceed protections already in place in the energy sector.

- ✓ Consumer law reforms, including consumer guarantees, unfair terms, and unfair trading
- ✓ Insurance and financial services regulation
- ✓ Bankruptcy, debt agreements and debt management
- ✓ Financial difficulty, hardship and debt
- ✓ Effective consumer dispute resolution and redress
- ✓ Consumer issues affecting First Nations communities.

