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Dear Ms Irvine

South Australian Council of Social Service (SACOSS) submission to the inquiry into Australia's consumer policy framework

Thank you for the opportunity to provide comment on the issues paper for the Australian Government's inquiry into the national consumer policy framework. We welcome the opportunity to do so and trust that the Commission will give our comments appropriate consideration in due course.

We look forward to further participation in the next stage. If you require any further information about this submission, please do not hesitate to contact me on 08 8226 4111 or at karen@sacoss.org.au

Yours sincerely



Karen Grogan
EXECUTIVE DIRECTOR



SACOSS

*South Australian Council
of Social Service*

**Australian Government Productivity
Commission Inquiry into Australia's Consumer
Policy Framework**

May 2007

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About SACOSS

SACOSS is the peak organisation for community services in South Australia. Our membership numbers in excess of three hundred, including organisations and concerned individuals that provide services and advocacy for disadvantaged and low income people in South Australia such as financial counselling, crisis services, disability advocacy and accommodation support. SACOSS is an independent non-Government organisation with a proud sixty year history of advocating for disadvantaged and vulnerable consumers. Our submission to this inquiry is based on the perspective of the wide ranging experience of our membership.

Comments on Australia's consumer policy framework

Introduction

SACOSS welcomes the review of the consumer policy framework. In our role as a peak body for community services in South Australia we cover a broad range of policy areas including essential services (utilities), many areas of health and other areas that range from the very broad (such as playing a key role in the current juvenile justice debate in South Australia) to a targeted and issue specific response (such as an interest in regional dental care for low income consumers). In respect to vulnerable and consumer issues over recent years we have led or participated in the debates and advocacy in the areas of consumer credit, electricity, gas and water, telecommunications, financial counselling, payday lenders, food security and gambling.

Consumer Advocacy in South Australia

South Australia, unlike many of the larger states and territories, lacks a targeted and well co-ordinated system of consumer advocacy that is independent of Government. The lack of dedicated and properly resourced institutions that provide assistance to vulnerable and disadvantage consumers has been of concern for many years. While there is substantial work being undertaken by individual financial counsellors, welfare support workers and community legal centres, access to and availability of independent consumer advocacy services and advice is generally ad hoc. Therefore as a core element of this review, we urge the Commission to consider ways in which smaller states can be appropriately resourced to consolidate the current knowledge base, in order to provide stronger advocacy and protections for vulnerable and disadvantaged consumers,

<p>Recommendation: The Commission give urgent attention to the need to support independent consumer advocacy organisations in each state and territory of Australia to ensure equity of access for vulnerable and disadvantaged consumers to advocates and information.</p>
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The disjointed approach to consumer advocacy in Australia comes from strong need to establish a National Consumer Council to unify advocacy groups and present a national body to inform policy discussion and debate, as well as having the ability to initiate processes to tackle the complex issues that can arise in consumer advocacy.

The United Kingdom's National Customer Council (<http://www.ncc.org.uk/>) serves as an ideal model for direct application to Australia's consumer policy framework.

Recommendation: The Commission undertake a further inquiry into the formulation of a national consumer council to undertake research and policy work, based on the United Kingdom model. The Commission is requested to give particular attention to the interests of vulnerable and disadvantaged people from a small state perspective such as South Australia

South Australian Government Consumer Advocacy

The Office of Consumer and Business Affairs (OCBA) is the primary contact point for consumer issues in South Australia. The Commissioner has statutory functions under South Australian law as both a protector of consumer rights and a regulator of traders. While OCBA maintains a comprehensive Internet site and a number of regional contact centres as well as a metropolitan 'hub'¹, difficulties are often encountered in accessing services for many vulnerable and disadvantaged people seeking independent consumer assistance. Effectively, consumers have little choice but to seek advice from Government.

There are few, if any, specific interventions or outreach services targeting disadvantaged and vulnerable consumers. The South Australian governments response to consumer protection remains largely disconnected from disadvantaged and vulnerable consumers and the organisations that support them.

Therefore robust and independent advice to Government in the development and implementation of consumer policy at the state level is lacking.

Recommendation:

The Commission consider the impact of the lack of independent consumer advocacy services in South Australia on vulnerable and disadvantaged people. The Commission analyse the effectiveness of state government in providing effective advocacy for vulnerable and disadvantaged consumers while remaining the trading regulator.

Regulatory frameworks

When dealing with consumer policy frameworks and regulations, there is a myriad of options and choice available to the consumer. One example of this is the National Electricity Market (NEM). The deregulation of the electricity market in Australia has presented consumers with the option to choose everything from their electricity retailer, supplier and metering options. With the amount of choice present in Australia's consumer policy, particularly in those elements that have been subject to deregulation, it becomes more important than ever that the interests of low income and disadvantaged consumers are subject to a high standard of protection. This means regulations must be specific and written in plain English to allow vulnerable and disadvantaged consumers equity of access to policy that has the potential to impact directly on their lives.

It is important that consumers that are low income and disadvantaged also have equity of access to 'market participation'. Again using the NEM as an example, this can include:

¹ See <http://www.ocba.sa.gov.au/contact/>

- The capacity to make active choices within the market that are affordable, can be paid for and in the best interests of their current circumstances.
- Having the capacity to pay for their choices
- Having the capacity to decide when to make a change and if so, how best to undertake that change
- Having the ability to receive appropriate advice and information on these changes wherever possible

Recommendation:

That the Commission consider the accessibility of general regulation and analyse the need to reframe regulation to plain English, issue specific documentation. The Commission consider the accessibility of information and the level at which information is received and accessed about both core and secondary consumer policies.

Rationale behind consumer policy

SACOSS sees Australia's consumer policy strength in its thoroughness and comprehensiveness. As stated in the Issues Paper², an effective consumer policy framework is an important complement to competition policy with supply and demand intertwined. It is essential to ensure that the role that government plays within the policy framework, no matter what form it ends up taking, must be balanced and fair.

Government intervention, when it comes from a rationale of consumer protection and empowerment rather than a proscriptive approach is most effective when working to balance business regulation and consumer interest. This is especially important for the protection of the consumer rights of low income and disadvantaged people. Government involvement should promote and be based on:

- A consumer's ability to actively respond to the options for choice when presented to them – government involvement can occur effectively here in making sure clear and adequate information is available for everyone in an easily accessible format.
- A consumer's ability to access the support they need when a dispute arises – governments should facilitate access to independent advice and assistance.

The balance between empowerment and proscribing particular outcomes and protection is a difficult one to master for Australian society. The Commission must be mindful of the need to take into account differing capabilities and skills of consumers while respecting the rights of individuals to choose the way that they access consumer assistance. Vulnerable and disadvantaged consumers often find themselves in positions that require special protections.

SACOSS notes that the Commission has recognised the need to define a clear interpretation of 'vulnerable' and 'disadvantaged' consumers within this inquiry. SACOSS endorses the following definitions of vulnerable and disadvantaged consumers as described by Consumer Affairs Victoria:

*A **vulnerable consumer** is a person who is capable of readily or quickly suffering detriment in the process of consumption. A susceptibility to detriment may arise from*

² Issues Paper Page 12

either the characteristics of the market for a particular product, the product's qualities or the nature of the transaction; or the individual's attributes or circumstances which adversely affect consumer decision-making or the pursuit of redress for any detriment suffered; or a combination of these

*A **disadvantaged consumer** is a person in persistent circumstances and/or with ongoing attributes which adversely affect consumption thereby causing a continuing susceptibility to detriment in consumption. As a result, a disadvantaged consumer repeatedly suffers consumer detriments or, alternatively expressed, generally obtains below-average satisfaction from consumption.*