

Consumer Action Law Centre Policy Plan 2007

Consumer Action Law Centre (Consumer Action) is a campaign-focused consumer casework and policy organisation, dedicated to advancing the interests of low-income and vulnerable consumers, and of consumers as a whole. It was formed by the merger of the Consumer Law Centre Victoria and the Consumer Credit Legal Service, and builds on the significant strengths of these two centres.

As a consumer organisation, Consumer Action's work concentrates on advancing the consumer interest and the public interest. The consumer and public interest is reflected in the eight basic consumer rights, being:

- the right to safety;
- the right to be informed;
- the right to choose;
- the right to be heard;
- the right to satisfaction of basic needs;
- the right to redress;
- the right to consumer education; and
- the right to a healthy environment,

and in the broader goals that these rights promote, namely: eradicating poverty; reducing inequality; promoting social justice and respect for human rights; and ensuring fair and effective markets; while recognising a responsibility to support ethical and sustainable consumption.

Consumer Action's Policy and Campaign Practice

One of Consumer Action's principal objectives is to achieve broad benefits for consumers through identifying issues (from our casework practice and other sources) that contribute to consumer problems and responding to those issues.

The policy and campaign practice of Consumer Action works to achieve this objective in a number of ways, including:

- seeking to ensure the consumer interest is recognised and represented in policy debates that impact on the consumer interest;
- representing an effective and credible voice for consumers, particularly disadvantaged or vulnerable consumers;
- bringing about change (in laws and regulatory and/or industry practices) in the consumer interest;
- contributing to the body of knowledge of consumer issues and laws; and
- building capacity within the consumer movement.

Consumer Action recognises that the policy areas and issues that impact on consumers are numerous, and the capacity of Consumer Action's policy and campaign practice to engage with consumer issues is necessarily limited by constraints on its resources. It is therefore important to prioritise the policy issues that Consumer Action will focus on in

order to ensure that our resources are used strategically, efficiently and effectively for the benefit of consumers, particularly disadvantaged or vulnerable consumers.

This Policy Plan sets out the priorities for Consumer Action's policy and campaign practice for 2007. Of course, if new or emerging policy issues arise or existing policy issues become of more or less concern during the year, Consumer Action may decide to re-prioritise its focus as necessary.

Prioritising Policy Issues

Consumer Action prioritises policy issues to ensure that our resources are used strategically, efficiently and effectively for the benefit of consumers, particularly disadvantaged or vulnerable consumers.

To do this, Consumer Action considers that policy issues can be prioritised based on the following factors:

- impact on disadvantaged or vulnerable consumers;
- impact on consumers as a whole, for example market failures or lack of competition;
- issues arising out of our casework practice;
- our ability to effect change, including use of Consumer Action's skills and strengths;
- responding to and maximising current opportunities; and
- efficiency in terms of what we and other organisations are working on, including opportunities for effective collaboration and, conversely, avoiding duplication.

First, Consumer Action will pursue a certain number of **priority campaigns** using larger-style campaigns and a variety of actions. Secondly, Consumer Action will maintain a watching brief on **key policy issues** and engage in actions relating to those issues from time to time in response to, for example, external reviews. Finally, there are other policy issues that raise consumer issues but that, due to limited resources, Consumer Action has identified but chosen not to prioritise at this time.

In addition, within the general range of consumer policy areas, Consumer Action may identify that a policy area is worthy of further or a specific type of work, but would benefit from separate funding for a project addressing that policy area. This may be particularly important where there is a need to build capacity, expertise or resources in the area. In this case, Consumer Action may seek funding to engage in this work. If funding is obtained, this policy area will form part of Consumer Action's policy and campaign practice, albeit as a separately funded project (as with, for example, our current NEM Project).

Consumer Action has undertaken a comprehensive policy planning process to assist in prioritising policy issues for this year. A formal review of the policy plan is intended to occur at the beginning of each year.

Priority Campaigns

World Class Consumer Policy for Australia

Australia was once a world leader in consumer affairs. Now we lag behind other countries, particularly the US, UK and EU. Consumer Action wants Australia's consumer policy and consumer protection frameworks comprehensively updated in line with world's best practice, including: the re-establishment of an Australian Minister for Consumer Affairs; introduction of national unfair contract terms laws; facility for super-complaints by consumer groups; stop-now orders; and establishment of a National Consumer Council to lead consumer research and policy.

Reckless Lending

It is time for Australian loan providers to stop their race to the bottom in terms of lending standards in their quest for market share and profits. While lenders may not care if consumers default on loans they have no capacity to repay, so long as the lender can sell a house or other asset to repay the debt, the cost and distress of a loan default to consumers and their families is enormous. The Australian Federal and State Governments also need to use their powers to put a stop to reckless lending.

Penalty Fees

Banks and other financial service providers charge excessive penalty fees when consumers commit a "default", such as overdrawing their account; having a direct debit or cheque bounce; or paying their credit card bill late. Not only are these fees unlawful because they go well above recovering the cost of the default, they also disproportionately hit low-income consumers, the people least able to afford them. If industry won't drop their unlawful penalty fees, it is time for the Federal Government to intervene.

National Energy Market Reform

Australia is moving to a full national energy market with national regulation. While national energy regulation has the potential to bring great benefits to Australia's economy and Australian consumers, Consumer Action wants to ensure that appropriate consumer protections are retained and regulation is targeted at ensuring the best market outcomes for consumers of this essential service.

Motor Car Trading

For many years Consumer Action has received large numbers of complaints about practices in Victoria's motor car trading industry. Consumer Action remains concerned about the lack of access to affordable and efficient dispute resolution; increasing and problematic links between motor car traders and finance providers; misleading and sharp sales practices; and conflicts of interest in the provision of Roadworthy Certificates by mechanics linked to traders to facilitate the sale of vehicles. The Victorian Government's response to the consultations on the *Motor Car Traders Act* either does not mention or postpones action on these issues. It is time for the Victorian Government and industry bodies to crack down on poor practices in the industry, as well as establish an industry dispute resolution scheme. Given ongoing consumer problems, a comprehensive education campaign for consumers about their rights when dealing with motor car traders is also needed.

Key Policy Issues

Financial Services and Consumer Credit

- Implementation of the Victorian Consumer Credit Review
- Fringe and pay day lending
- Debt collection and credit reporting
- Agreements under Pt IX of the Bankruptcy Act
- Mortgage minimisation
- Brokers
- Financial counselling funding

Energy and Water

- Energy marketing and sales practices
- Sustainable and affordable water supply
- National Water Initiative

Telecommunications

- Appropriate processes for dealing with customers in financial hardship
- Marketing and sales practices

Access to Justice

- Accessible and affordable dispute resolution including industry-based ADR schemes
- Consumer disputes with lawyers

Public Transport

- Inappropriate or illegal conduct by Authorised Officers (ticket inspectors)

General

- High pressure sales