

31 January 2023

By email: MeasuringWhatMatters@Treasury.gov.au

Submission to Treasury consultation on Measuring what matters.

Going beyond typical economic indicators can capture important information about how consumers benefit or are harmed from business practices in complex markets.

The attachment to this letter outlines the potential indicators that should be further developed to capture factors that relate to consumer wellbeing. These measures build on the OECD framework indicators by adding economic measures that demonstrate how markets are contributing to positive or negative outcomes for Australians.

The Consumer Policy Research Centre (CPRC) is an independent, not-for-profit consumer research organisation. Our mission is to improve the lives and welfare of consumers by producing evidence-based research that drives policy and practice change.

CPRC recommends the Federal Government incorporates indicators that capture consumer outcomes as part of the development of wellbeing indicators. In measuring what matters, it's important to better understand the role of markets can play in causing or exacerbating consumer vulnerability.¹ This will become more important as markets continue to develop and shift increasingly to digital first approach. While this may deliver benefits, our research highlights consumer harms including, that this transition offers firms the ability to leverage consumer biases through dark patterns and access to redress is more complex through online platforms.^{2,3}

Measuring negative externalities born by consumers is rare outside market inquiries and Royal Commissions, yet these inquiries have demonstrated that harms can be significant and widespread across essential services such as energy,⁴ banking,⁵ telecommunications, online and digital platforms⁶ and housing, as well as quasi-markets such as aged care⁷ and the NDIS.⁸

CPRC has previously considered the benefit of going beyond GDP measures and applying a wellbeing approach to consumer policy.⁹ Benefits include:

- A more complete picture of people's life circumstances and the outcomes that matter to them.
- An ability to identify experiences, areas of need and drivers of vulnerability to target policy interventions accordingly.
- Greater alignment and coordination of policy goals and development across government through a shared analytical framework.

¹ CPRC, 2021, Exploring regulatory approaches to consumer vulnerability. Report prepared for the AER, pg 3
<https://cprc.org.au/wp-content/uploads/2021/12/Exploring-regulatory-approaches-to-consumer-vulnerability-A-CPRC-report-for-the-AER.pdf>

² CPRC, 2022, Duped by Design – Manipulative online design: Dark patterns in Australia, June 2022

³ CPRC, 2021, The Digital Checkout, December 2021

⁴ ACCC, 2018, Retail Electricity Pricing Inquiry Final Report <https://www.accc.gov.au/regulated-infrastructure/energy/retail-electricity-pricing-inquiry-2017-2018>

⁵ Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry 2017-2019
<https://www.royalcommission.gov.au/banking>

⁶ ACCC, Digital platform services inquiry 2020-25, <https://www.accc.gov.au/focus-areas/inquiries-ongoing/digital-platform-services-inquiry-2020-25>

⁷ Royal Commission into Aged Care Quality and Safety <https://agedcare.royalcommission.gov.au/>

⁸ Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability
<https://disability.royalcommission.gov.au/>

⁹ CPRC, 2021, Towards a wellbeing approach to consumer policy in Australia Part 1 and 2, October 2021
<https://cprc.org.au/towards-a-wellbeing-approach-to-consumer-policy-in-australia/>

Improved data for regulators who are then able to more effectively use their resources to target companies or practices that are causing consumer harm.

Measuring the impacts of less regulated or unregulated markets should be part of any new approach taken by government. Our *Buy Now, Pain Later*¹⁰ survey findings demonstrate payment difficulty in the still newly emerging BNPL sector is as widespread as regulated banking services (credit cards and personal loans). If Australia more regularly collected data on wellbeing and markets, the Federal Government would have been able to identify the issues with this sector earlier.

By measuring outcomes in essential and complex markets, the Federal Government would be adopting a central and active role as market stewards and 'shapers' and not just market 'fixers'. This requires steering business decision-making towards societal need and ensuring government regulation of businesses is driven by public interest and predicated on public value creation.¹¹

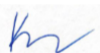
If market-based services are designed around consumer interests, consumers will be more resilient during times of economic, social and environmental turbulence, and able to better sustain connections to essential services. Affordable services can in turn drive broader economic growth. Allocating a smaller proportion of household income to debt servicing, housing costs, energy and telecommunication bills, and insurance payments leaves more money available for discretionary spending in the broader economy, assisting recovery post COVID-19 and any global recession brought on by responses to rapid inflation.

CPRC considers it important to capture data and measure outcomes across the following domains:

- **Fairness and respect** – consistent with the United Nations (UN) guidelines for consumer protection¹² which includes principles of protection of economic interests, redress, representation, e-commerce rights, and privacy.
- **Equity, access and inclusion** – consistent with the UN consumer guidelines principles of access and inclusivity.
- **Safety and sustainability** – consistent with the UN consumer guidelines principles of safety, sustainability, and education.
- **Agency, choice and transparency** – consistent with the UN consumer guidelines principles of protection of economic interests, information, and education.

CPRC would welcome the opportunity to work with the Government to provide further insights from our consumer research as the strategy is finalised. If you have any queries about this submission or would like more information on our research, please contact Kristal Burry, Policy and Program Director at kristal.burry@cprc.org.au

Yours Sincerely



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Consumer Policy Research Centre

¹⁰ CPRC, *Buy Now, Pain Later: The experience of Victorian consumers with Buy now, pay later loans*, February 2023

¹¹ Institute for Innovation and Public Purpose, 'Stakeholder capitalism during and after COVID-19', UCL IIPP COVID-19 Briefing Papers 01, April 2020.

¹² UNCTAD, 2015, United Nations guidelines for consumer protection <https://unctad.org/topic/competition-and-consumer-protection/un-guidelines-for-consumer-protection>

Table 1: Fairness and Respect – Potential indicators

| Fairness and respect | Potential Indicators |
|--|--|
| Consumers have essential service providers that act fairly and in consumer's best interests | <ul style="list-style-type: none"> • Experience of unfair practices, products or services • Experience of actions that work against consumer interests, e.g., offers/sales of high-cost products, pressured sales, upselling • Experience of positive actions that promote consumer interests, e.g., receiving price reductions, proactive offers of more affordable or suitable products, or proactive information on managing costs • Consumer confidence/trust in service providers to act fairly and in consumer interests |
| Consumers are helped to recover from payment difficulty and cope with common life events | <ul style="list-style-type: none"> • Experience of payment or other difficulty affecting product/service needs (e.g. family violence, elder abuse, mental health issues) • Awareness of / access to / experience of payment difficulty or hardship support and affordable payment arrangements • Awareness of / access to / experience of family violence, elder abuse or other support |
| Consumers know and can assert their consumer rights and market stewards hold businesses to account | <ul style="list-style-type: none"> • Awareness and understanding of rights, protections and dispute resolution services • Use of and outcomes for internal complaints processes • Use of and outcomes for external dispute resolution • Expectations of/confidence in regulators and government to impose regulations in consumers' interests, monitor business conduct and take enforcement action |
| Human rights are respected in marketplaces | <ul style="list-style-type: none"> • Experience of discrimination • Experience of privacy infringements • Access to inclusive service design (e.g essential service provider websites meet accessibility standards) |

Table 2: Equity, Access and Inclusion – Potential indicators

| Equity, access and inclusion | Potential Indicators |
|--|---|
| Consumers can afford the basic services needed for everyday living | <ul style="list-style-type: none"> • Costs/prices as share of household income • Experience of missed or late payments • Use of trade-offs, credit or community assistance to afford payments for essential services • Awareness, use and adequacy of government income support, concessions and grants • Reliance on high cost/high interest products, e.g., high interest credit products, or higher than market value energy plans • Capacity for discretionary spending • Impact of unaffordable products/services on health, education, social connectedness, work or other areas of life • Number of consumers who live below the poverty level |
| Consumers have equitable access to basic services | <ul style="list-style-type: none"> • Exclusion from services due to credit history/data profile, history of payment difficulty, geographic location etc. |
| Consumers enjoy inclusive service design that benefits everyone | <ul style="list-style-type: none"> • Availability and timeliness of preferred communication tools such as text, chat/email, relay services, moderated speed and volume of speech, and written follow-up after phone conversations • Access to easy English or easy read information • Availability of non-digital formats, e.g. paper bills and phone payments |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Access to information in the person’s main language • Interpreter availability |
| Consumers are heard, understood and satisfied when engaging with service providers | <ul style="list-style-type: none"> • Availability of easy-to-find contact details • Experience of timely assistance • Experience of being heard and understood • Level of satisfaction with outcome and overall experience |

Table 3: Safety and sustainability – Potential indicators

| Safety and sustainability | Potential Indicators |
|---|--|
| Consumers are safe from business conduct that causes physical, mental, economic or environmental harm | <ul style="list-style-type: none"> • Experience/risks of physical harm, e.g., where a business does not properly respond to family violence risks • Experience of mental harm, e.g., arising from marketing practices, harassment, debt collection, pressure sales • Experience of economic harm, e.g., unfair financial loss, impaired credit history, reduced life opportunities • Indicators of environmental harm, e.g., lack of responsibility for lifecycle impact of product/service, use of deliberate obsolescence strategies |
| Consumers enjoy safe and sustainable products and services | <ul style="list-style-type: none"> • Experience/risks of physical harm, e.g., from an unsafe car, toy or house • Experience of mental harm, e.g., harms arising from credit availability for gambling, or the financial stress caused by unaffordable products • Experience of economic harm, e.g., arising from no remedies for faulty products or unaffordable products • Indicators of environmental harm, e.g., lack of right of repair, lack of information about environmental safety of product/service, lack of affordable environmentally safe options • Consumer expectations of/confidence in business and market stewards to exclude unsafe products and services from the market |

Table 4: Agency, choice & transparency – Potential indicators

| Agency, choice & transparency | Potential Indicators |
|--|---|
| Consumers can easily understand and acquire goods and services that meet our needs and preferences | <ul style="list-style-type: none"> • Understandability of pricing and terms and conditions, including privacy implications and data collection, sharing and use practices • Ease and outcomes of searching, comparing and switching • Availability of default/safety-net products • Financial and non-financial costs of choice – time spent making choices, consequences of ‘wrong’ choices (e.g., high-cost products) |
| Consumers have access to transparent and competitive markets | <ul style="list-style-type: none"> • Availability of choice and competitive services across key sectors (including measures of limited choice, e.g., in rural and regional markets) • Market concentration and competition measures • Transparency measures, e.g., ability to identify supplier for exercising consumer rights and redress |