

23 April 2020

Mr Scott Farrell
Inquiry into Future Directions for the Consumer Data Right
The Treasury
Langdon Crescent
PARKES ACT 2600

By email to data@treasury.gov.au

Dear Mr Farrell,

Submission on the Future Directions for the Consumer Data Right

Thank you for the opportunity to comment on the Treasury's Inquiry into Future Directions for the Consumer Data Right (CDR).

I understand the CDR will soon be implemented by major banks and will be later adopted by the remainder of the banking sector. Expansion to the energy sector and then to the telecommunications sector may follow. I will be in a better position to comment on the future expansion of the CDR once we have a clearer understanding of how the CDR regime will be extended to the telecommunications sector.

I offer the following general observations on the Inquiry's Issues Paper. These observations are based on our knowledge of the telecommunications sector and what we have learned from handling complaints.

The telecommunications sector has different barriers to switching providers

The Issues Paper describes a trend of consumer behaviour in the banking and energy sectors whereby consumers are not switching to more competitive offerings. The Issues Paper attributes this behaviour to a lack of meaningful information about alternative products.

The behavioural barriers outlined for the banking and energy sectors may not apply to telecommunications due to the following differences in the regulation and market structure:

- 1) The shift in infrastructure to the National Broadband Network requires consumers to contact service providers in order to remain connected, and so there is already increased consumer awareness of, and engagement with, competitive plans and products
- 2) Telecommunications service providers are required to disclose key product information in a 'critical information summary' for each of their services, and a 'key fact sheet' for consumer plans delivered over the National Broadband Network. This information assists consumers to compare telecommunications products and services

- 3) With over 1,400 telecommunications service providers¹ in operation and low barriers to entry, the telecommunications sector is in some ways a more competitive market than the banking and energy sectors.

However, other industry-specific factors may present more relevant barriers to switching. For example:

- Contracts for mobile services are often sold alongside, or linked to, contracts for mobile handsets. This can have the effect of incentivising consumers to remain with their mobile service provider until they have completely paid for their handset
- The underlying infrastructure may affect the quality of a fixed-line service, and so changing providers might not result in any substantive change to the consumer experience.

Strong consumer protections should be considered for any 'write' access developments

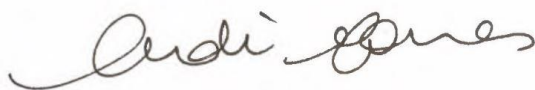
The Issues Paper contemplates expanding the CDR to include 'write' access. Granting 'write' access to third parties may pose significant privacy risks and financial risks to consumers. I encourage the Treasury to underpin any 'write' access developments with a strong focus on consumer protections.

I also recommend careful consideration of how third-party companies with 'write' access, who manage accounts for consumers, would fit into the complaint handling jurisdiction of an industry-based external dispute resolution scheme.

The CDR can leverage existing OAIC frameworks

Finally, as I have said in my previous submissions on the CDR, I encourage the Treasury to leverage the existing OAIC Guidelines for the recognition of complaint handling bodies and industry-based Ombudsman schemes.² To reduce delays and avoid the fragmentation of complaints across multiple complaint bodies, future directions for the CDR should maintain a focus on a 'no wrong door' approach to complaint handling.

Yours sincerely



Judi Jones,
Telecommunications Industry Ombudsman

¹ Based on the number of members of the Telecommunications Industry Ombudsman scheme

² OAIC, *Guidelines for recognising external dispute resolution schemes* (September 2013), 1.15-1.20