



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

13 September 2024

Treasury
Langton Cres
Parkes ACT 2600

via Email: CDRRules@treasury.gov.au

Dear Sir/Madam,

Submission to Treasury's Consumer Data Right Rules consent and operational enhancement amendments consultation

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to provide feedback on the Department of the Treasury's exposure draft amendments to the *Competition and Consumer (Consumer Data Right) Rules 2020 (the Rules)*.

The Consumer Data Right (CDR) offers an important opportunity for small businesses to access, share and transfer their data with accredited third parties to compare products, services and insights that can lead to financial and operational benefits. Unfortunately, for the 2.5 million small businesses in Australia many are not experiencing the promised benefits of the CDR because of low participation and awareness.

We acknowledge that the proposed amendments to the Competition and Consumer (Consumer Data Right) Rules 2020 (the Rules), which include the simplification of the consumer consent process and operational enhancements will reduce some of the complexity for participants. However, the Australian Government should explore options to increase small business participation and continue to monitor and explore options to enhance the CDR framework to ensure the CDR can deliver better outcomes for small businesses. To this end, we provide the following recommendation:

Recommendation 1: The Australian Government should explore options in collaboration with industry bodies, which represent small businesses on the most effective method for increasing awareness and understanding of the CDR framework among small and family businesses.

To increase the low participation of small businesses using the CDR, the Australian Government should work with industry bodies which represent small business on the most effective means of increasing participation.

We have heard from stakeholders that there may be several factors contributing to the low participation rate, which include a limited understanding and awareness of the CDR, the benefits of the CDR for business operations and financial considerations, lack of clarity about the CDR guidelines and the role trusted advisers play in accessing CDR data.

By working with industry representatives, the Australian Government can develop a better understanding of the barriers that small business face in using the CDR and the Australian Government will be better equipped to implement solutions that increase participation from small businesses.



Recommendation 2: The Australian Government should continue to monitor and review the Rules to ensure they remain fit-for-purpose to support the intended objectives of the CDR.

The CDR presents an opportunity for small and family businesses to realise financial and operational benefits, especially given current business conditions are resulting in higher loan repayments for small businesses to both their business loans and personal mortgages.

To ensure that the CDR can deliver on its intended objectives we encourage the Australian Government to continue to monitor and review the implementation of the CDR as new sectors are added and new participants are registered. The Australian Government should continue to monitor and evaluate the costs of participation to ensure that small businesses who may provide innovative services using CDR data do not incur unreasonable costs.

In addition, the Government and regulators are encouraged to be attentive and responsive to unhelpful conduct by established service providers which seek to frustrate use-case development and/or data sharing in order to inhibit the policy objectives and customer awareness of competitive service offerings and benefits that can be enabled by CDR.

Recommendation 3: The Australian Government should consider broadening the requirement of the Rules under section 1.10C (4) to include accredited data recipients.

We have heard from stakeholders of instances where a consumer has nominated a trusted adviser and when the trusted adviser contacts an accredited data recipient who is an accounting software provider, for data relating to the consumer, the accredited data recipient will contact the CDR consumer recommending alternative preferred advisors.

While we recognise that the Rules regulate the relationship between the accredited person or CDR representative and the CDR consumer, requiring the accredited person to not make the nomination of a particular person as a trusted adviser for the condition for supply of the goods or services requested by the CDR consumer. However, there is not an explicit requirement for the authorised data recipient to comply with section 1.10C (4).

To ensure the CDR achieves the intended objectives of empowering consumers including small businesses to not only access new products and services but to reduce the costs of compliance for completing taxation documents for lodgement, the Australian Government should consider broadening the existing category of accredited person or CDR represented under the Trusted adviser section of the Rules to include accredited data recipients. This would support small businesses choice to their chosen trusted adviser and not a preferred adviser.

If you require any further information, please do not hesitate to contact the Policy & Advocacy team at the ASBFEO, via email at advocacy@asbfeo.gov.au.

Yours sincerely

The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman