

Consumers' Federation of Australia

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Review of the Direct Marketing Model Code
Consumer Policy Framework Unit
Competition and Consumer Policy Division
Department of the Treasury
Langton Crescent
Canberra ACT 2600

& by email to: GLEVERITT@treasury.gov.au

Attention: Steve French, General Manager.

Dear Mr French,

Re: Review of the Direct Marketing Model Code of Practice

I refer to my conversations with Geoffrey Leveritt of your office. Our comments in relation to the above review are enclosed with this letter.

As you may be aware, the Consumers' Federation of Australia has been the main peak body for consumer groups since 1974. The current Commonwealth Government withdrew funding for the CFA in 1996. That decision resulted in the closure of the secretariat the association had operated for many years. It has also significantly reduced the capacity for informed, researched and inclusive consumer comment on issues of vital importance to all Australians, particularly low income and vulnerable consumers.

Whilst the comment we make is brief, it is the view of the CFA that it exposes an area of self-regulatory failure that borders on farce. The case description, driven by a consumer more able, articulate and informed than the ordinary consumer might be expected to be, provides an up-to-date example of how flimsy the current arrangements are. Solutions that might prevent such outcomes for consumers go beyond mere consideration of the Model Code. In our view this type of scenario is an example of misplaced confidence that markets will or can self-correct, when there is no incentive for them to do so.

If you would like to discuss any of the comments raised in the submission, or this letter, please feel free to contact me directly.

Yours sincerely,

David Tennant
Chair.

5 November 2002.