

Dear John

I'm writing to confirm that the Consumers' Federation of Australia endorses the submission responding to the Discussion Paper (Phase Independent Review of Strata Insurance Practices) provided by our member organisation, Queensland Consumers' Association (attached).

We look forward to the opportunity to continue to engage with your review.

Warm regards

Gerard Brody
Chairperson



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The Consumers' Federation of Australia (CFA) is the peak body for consumer organisations in Australia.

We acknowledge the Aboriginal and Torres Strait Islander peoples as the traditional custodians of the lands on which we work and live.



26 April 2022

SUBMISSION ON DISCUSSION PAPER ON PHASE 1 OF INDEPENDENT REVIEW OF STRATA INSURANCE PRACTICES

BACKGROUND

The Queensland Consumers' Association (the Association) is a non-profit organisation established over 40 years ago and which exists to advance the interests of Queensland consumers. The Association's members work in a voluntary capacity and specialise in particular policy areas.

The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups, and works closely with many other consumer and community groups.

The Association has a particular interest in the facilitation of informed consumer choice via the provision of information that is easy for consumers to notice, read, understand and use.

Therefore, the Association welcomes this important review of strata insurance practices and the opportunity to participate in this consultation and in subsequent ones.

The contact person is Ian Jarratt, email ijarratt@australiainmail.com

COMMENTS

General

We support the Paper's advocacy for greater transparency in disclosure since this will **facilitate informed consumer choice and enhance competition**. Additionally we wish to emphasise that:

1. The eleven general principles in the United Nations Guidelines on Consumer Protection¹ include:
Access by consumers to adequate information to enable them to make informed choices according to their individual wishes and needs

2. The 2015 Competition Policy Review² (the "Harper Review") commissioned by the Australian government included a chapter on Informed Choice and in it stated that:
*.....markets work best when consumers are informed and engaged, empowering them to make good purchasing decisions. Empowering consumers requires that they have access to accurate, easily understood information about products and services on offer.
However, just providing information is not enough to guarantee good choices by consumers. It is also important that:*

- *the 'right' type of information be provided and is accessible;*

¹ <https://unctad.org/topic/competition-and-consumer-protection/un-guidelines-for-consumer-protection#:~:text=The%20United%20Nations%20Guidelines%20for,formulating%20and%20enforcing%20domestic%20>

² <https://treasury.gov.au/publication/p2015-cpr-final-report>

- consumers can assess the available offers; and
- consumers can (and want to) act on the available information and analysis to purchase the goods and services that offer the best value.

The recommendations on informed choice included that:

Governments should work with industry, consumer groups and privacy experts to allow consumers to access information in an efficient format to improve informed consumer choice.

Further, governments, both in their own dealings with consumers and in any regulation of the information that businesses must provide to consumers, should draw on lessons from behavioural economics to present information and choices in ways that allow consumers to access, assess and act on them.

3. The importance of ensuring that consumers can make informed choices, and the need to facilitate this by providing information (often pre-tested with consumers) that consumers can easily use, are now accepted as key components of many public policies in Australia, including the provision of financial information.

Specific

1. We strongly agree with the following statement at the start of Part 6 of the Discussion Paper:
....there is a pressing need, in the interests of transparency and visibility to owners' corporations, for improving the scope, standard and quality of disclosures made to OCs by some SMs and brokers.

2. We support a full disclosure regime.

3. We consider that:

- all of the eight transaction items (base premium, commission, broker fee, any government charges, stamp duty, any other fees, GST, and commission rebate and resulting allocation of intermediary charges between SM and broker) should be disclosed
- to increase clarity, the dollar amount should be provided for **all** items i.e. that the provision of only the percentage should not be allowed for item (b) Commission or item (h) Commission rebate and resulting allocation of intermediary charges between SM and broker
- to ensure clarity and facilitate understanding, the provision of the percentage should also be encouraged for item (b) Commission and item (h) Commission rebate and resulting allocation of intermediary charges between SM and broker

4. To facilitate consumer use of disclosed information, we support the maximum possible standardisation of nomenclatures, definitions and information display.

5. To ensure that disclosed consumer information is easy for consumer to notice, read, understand and use, we support pre-testing with consumers any standard formats proposed for presenting consumer information.

6. We support the inclusion in any guidance, etc. provided to industry on the display of written information of a requirement that the information be easy for the reader to notice, read, understand and use, no matter how it is provided.