Dear Sir/Madam

Financial System Inquiry—Draft Terms of Reference

The Consumers' Federation of Australia welcomes the opportunity to comment on the draft Terms of Reference to the Government's Financial System Inquiry.

About us

The Consumers' Federation of Australia is the peak body for consumer organisations in Australia. CFA represents a diverse range of consumer organisations, including most of Australia's major consumer organisations. CFA advocates in the interests of Australian consumers. It develops policy on important consumer issues, nominates and supports consumer representatives to industry and government processes, and supports consumer participation in the development of standards. CFA is a full member of Consumers International, the international peak body for the world’s consumer organisations.

Objective—outcomes for consumers

The Consumers' Federation supports the objective of the Inquiry to examine how the financial system can be positioned to meet Australia's evolving needs and support Australia's economic growth.

CFA is of the view, however, that the objective should be amended to incorporate consumer interests. The draft terms of reference states that recommendations will be made that foster an efficient, competitive and flexible financial system. We support this objective but believe that improved efficiency, competition and flexibility in the financial
system will not only contribute to economic growth, but meet the needs of and benefit Australian consumers as end-users of the financial system. The CFA believes that informed and confident consumer participation in the financial system will deliver an efficient and competitive financial market.

**Recommendation**

The overall objective for the Inquiry should include an examination of whether the financial system meets consumers’ needs, including how competition, flexibility and market efficiency will contribute to consumer wellbeing and deliver a financial market in which consumers can effectively participate.

**Consumer policy expertise on Inquiry panel**

Consumers across Australia are the most significant stakeholder group in this Inquiry. We therefore recommend that the Inquiry panel would benefit from the expertise of an eminent person with a strong understanding of consumer policy and the financial services consumer protection framework. The Productivity Commission has, in a number of recent reports supported the inclusion of consumer participation as contributing to better and more effective policy outcomes.

We note that the Prime Minister and Treasurer have indicated that the Inquiry panel will comprise four eminent Australians led by Mr David Murray AO. We would submit that this expertise should include consumer expertise.

We would happy to make recommendations of eminent individuals that would make a significant contribution to this important Inquiry in representing consumer interests.

**Recommendation**

The Government should include an eminent expert in consumer policy and financial services consumer policy on the Inquiry panel in order to adequately represent stakeholder interests.

Thank you for the opportunity to comment on the draft Terms of Reference. Please contact me on 0408896044 or by email on chair@consumersfederation.org.au if you have any queries about this submission.

Yours sincerely

Jo Benvenuti
Chair
Consumers’ Federation of Australia