

12th September 2003

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Dear Sir,

Renewal of Authorisation of ADMA Code

The Consumers' Federation of Australia (CFA) submits that the ACCC should not renew authorisation of the Australian Direct Marketing Association Code of Practice.

The existence of industry codes can act to prevent, or delay, the introduction of more effective regulation. Therefore, in determining the net public benefit of a code, it is important for the ACCC to consider whether authorisation may have this result. In the case of the ADMA Code, consumer groups believe that telemarketing is an area where tighter regulation is required, including a national, Government run, "do not call" register.

CFA and its members believe that to achieve any public benefit, a Code must at a minimum:

- Have broad industry coverage,
- Be effectively monitored and enforced; and
- Raise industry standards above those generally provided for in legislation.

The ADMA Code fails, at least, on the last two points. We cannot clearly ascertain the coverage of the industry by ADMA, however it appears that many organisations that cause problems for consumers are not ADMA members. Enforcement of the Code by ADMA is ineffective (in part due to the low number of complaints received by ADMA and the ability of companies to resign from ADMA if they don't like ADMA's decision).

In fact, a reasonable level of complaints is usually required in order to adequately monitor a Code. We clearly reject any suggestion that the lack of complaints is due to the lack of consumer concerns, as this is more likely to be the result of a lack of awareness of the ADMA Code.

Authorisation of the ADMA Code would provide very little, if any, benefit for consumers. However it would be likely to delay any effective approach to the growing problems of direct marketing and would provide the industry, in the public's mind, with ACCC approval.

The Consumers' Federation of Australia supports and endorses the arguments contained in the submission made by the Financial Services Consumer Policy Centre.

CFA would welcome the opportunity to provide additional comments and input at a meeting with ACCC staff.

Yours faithfully,

David Tennant
Chair