



**CONSUMERS
FEDERATION
OF AUSTRALIA**

Developing and promoting
the consumer interest

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18 November 2019

By email: productsafety@treasury.gov.au

Manager
Consumer Policy Unit
The Treasury
Langton Crescent
Parkes ACT 2600

Dear Sir/Madam

Submission - Improving the Effectiveness of the Consumer Product Safety System

Thank you for the opportunity to comment on the Consultation Regulatory Impact Statement (**RIS**), *Improving the Effectiveness of the Consumer Product Safety System*. The Consumers Federation of Australia (**CFA**) is the peak body for consumer organisations in Australia and represents a diverse range of consumer organisations, including most major national consumer organisations.

The CFA is concerned about

- the increased number of recalls in Australia;
- safety risks associated with changing patterns of supply such as on-line selling and an increase in the number of small business importers; and
- the cost to the community of unsafe products.

Given the above, the CFA considers the current safety enforcement regime in Australia is not working. We are also concerned that, as some administrations such as the European Union and United States tighten safety regulations, unsafe products may be dumped on the Australia market.

In addition, trading partners in the Pacific region who are slowly moving along the road of more effective regulation regarding safer products, may be further encouraged by Australia adopting higher standards of safety.

The CFA notes that the methodology for estimating the benefits of reform relies on accepted government guidance on the value of a statistical life that is based on indexing a base valuation of \$4.2 million modelled in 2003,ⁱ and then converted into life years. While CFA has no underlying concerns with the process of estimating these benefits, CFA wishes to direct the Treasury to more contemporary figures estimated for the Australian economy in 2017, which indicates that the appropriate valuation is \$10.3 million.ⁱⁱ

An application of these figures would indicate that the benefits of reform are likely to be materially higher than those currently outlined in the RIS. CFA does not believe that there are sound grounds for not applying these valuation figures noting that they are more recent and have been undertaken on the same basis as the previous estimates by the leading scholar in this field.

CFA strongly supports RIS option 6, modelled on the UK General Safety Provisions or EU style regulation. The UK General Product Safety Regulations 2005 require all products to be safe in their normal or reasonably foreseeable usage and enforcement authorities have powers to take appropriate action when this obligation isn't met. There are also specific regulations for some product sectors, setting out essential safety requirements.

CFA also supports the addition of option 3 and option 4 in addition to option 6, but not as an alternative because these do not place enough obligations on suppliers to pro-actively manage their product risks.

Aside from Option 1 all options will require additional resources to ensure that the safety provisions are enforced. CFA is concerned that in developing an effective and workable product safety regime without adequate Commonwealth and State/Territory Government funding and in spite of upgrading existing requirements little change to the actual safety outcomes will occur.

Unfortunately, the CFA is a self-funded organisation and does not have the resources to provide a detailed response to the RIS.

Yours sincerely



Gerard Brody
Chair
Consumers' Federation of Australia

ⁱ. Viscusi, W.K. and Aldy, J.E., 2003. The value of a statistical life: a critical review of market estimates throughout the world. *Journal of risk and uncertainty*, 27(1), pp.5-76.

ⁱⁱ. Viscusi, K. & Masterman, C. 2017, 'Income Elasticities and Global Values of a Statistical Life', *Journal of Benefit-Cost Analysis*, vol. 8, no. 2, pp. 226–50.