

2025-26 Pre-budget Submission

The Consumers' Federation of Australia (CFA) thanks the Treasury for the opportunity to submit to the 2025-26 Pre-Budget consultation and provide our views on the priorities for the 2025-26 Federal Budget. With over 40 members, ranging from membership, service delivery and policy organisations, CFA's organisational members represent or provide services to millions of Australian consumers.

Consumer representation in the development of policy and regulatory frameworks is critical to ensuring that markets function to promote the welfare of all Australians. At present, consumer representation on economy-wide policy matters is constrained by the absence of an effective, funded peak body for consumer organisations.

The lack of funding for the Consumers' Federation of Australia undermines the effective representation of the consumer interest on key matters of competition, consumer protection, product safety and productivity. Further, the absence of funding, has now placed CFA in a position where it is expected that we will commence the process of winding up in the forthcoming financial year, after half a century of advocacy on behalf of Australian consumers.

Advancing consumer centric policies is not just good for consumers, it is fundamental to raising living standards and improving the economic outcomes enjoyed by all Australians. Consumption by Australian households represent around 50% of our total GDP, and in 2023 consumers contributed an estimated \$1.3 trillion to the economy.¹

In FY24-25 taxes on consumption will contribute significantly to the Australian Budget, with GST alone forecast to raise \$92.1 billion.² In addition, federal consumer regulators have delivered \$136.5m to general revenue through legal actions using the consumer law.³ However, despite the material economic contribution of consumers to the economy and government revenue, consumer perspectives are not consistently considered by government or regulators.

CFA and its members believe that the following economy-wide reforms should be urgently progressed to put consumers first in the cost-of-living crisis and drive long term improvement in living standards. CFA and its members believe that urgent reforms are required to advance the goals of:

- Safe products;
- A fair economy;
- Competitive markets; and

¹ World Bank, 2024, GDP Ranking. Australian GDP was \$1.723 trillion USD in FY23, or \$2.621 trillion AUD, of which approximately 50% is household consumption as reflected in OECD, Data Indicators, House Spending 2022, <<https://www.oecd.org/en/data/indicators/household-spending.html?oecdcontrol-00b22b2429-var3=2022>>.

² Australian Budget, 2024-25 Overview, 2024, p. 59.

³ ACCC and AER Annual Report 2023-23, p. 2.

- Effective representation.

Goal: Effective representation

Consumer advocacy and input is critical to policy processes. However, despite this, consideration of consumer perspectives remains inconsistent, with a patchwork of funding undermining effective representation. Adequately funding consumer representation and reforming institutions to drive consideration of the diversity of consumer perspectives across government is critical to driving effective market reform.

Key asks

- Fund CFA to an adequate level so that it can act as the national consumer advocate, as set out in the attached business case.
- Establish a fund to resource State and Territory consumer representation, across all markets including rural, regional and remote Australia.

Goal: Safe products

Protecting the public from harm is the primary role of government. However, it remains legal in Australia to sell unsafe products to consumers. The inadequacy of existing arrangements has seen many consumers experience significant injury (in some cases fatalities), as well as other forms of harms including financial abuse, exploitation and hardship.

Key recommendations

- Enact a General Safety Provision, placing a positive onus on suppliers to ensure the safety of a product before placing it on the market, supported by effective penalties and enforcement.
- Retain protections for responsible lending and ensure all financial products and services are designed and delivered with consumer safety in mind.
- Reform the recall process to make it simpler and ensure that recalls are clearly communicated where there is demonstrated risk to the safety of consumers and the public from products.

Goal: A fair economy

Trust and confidence are critical to consumer engagement in markets, especially during times of economic transition. Where markets fail to deliver on community expectations, consumer engagement and spending are reduced, lowering consumer welfare, harming small businesses and slowing economic growth.

Key recommendations

- Modernise the Australian Consumer Law through an economy-wide prohibition on unfair business practices, like confusing supermarket specials, subscription traps and loyalty penalties in insurance.
- Introduce penalties for all protections in the Australian Consumer Law, making sure that businesses face appropriate consequences when they repeatedly fail to fix problems with products or services.
- Ensure that all homes are climate resilient by providing people with incentives and support to take action to improve the energy efficiency of, and electrify their homes,

and develop mitigation and migration strategies with communities that build resilience.

Goal: Competitive markets

Competition is critical to a vibrant and dynamic economy, that produces the goods and services that consumers want and need at the lowest cost. Driving more competitive markets is critical to reducing cost of living pressures and improving living standards for Australians.

Key recommendations

- Reform mergers and acquisitions law to ensure appropriate scrutiny and oversight by the ACCC of market consolidation.
- Give regulators stronger powers to hold powerful companies to account, including giving the ACCC the power to initiate market studies and request information from businesses.
- Reform regulatory assessment processes through the National Competition Partnership Agreement to require the consideration of consumer benefits to drive effective regulation.

Sector specific reform

CFA's members have deep expertise about required sector-specific reforms, and for industry specific reforms we encourage government to engage with the relevant consumer organisations.

CFA thanks the Treasury for considering our submission and looks forward to engaging further on the reforms set out above.

Should the Treasury require any further information on the proposals above, or the attached business case CFA can be contacted via chair@consumersfederation.org.au or on 0414 396 022.

Yours sincerely,

Dr Gareth Downing
Chair
Consumers' Federation of Australia