

## Submission to the Senate Economics Legislation Committee

### Inquiry: The Scams Prevention Framework Bill 2024 [Provisions]

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### 1. Introduction

I appreciate the opportunity to provide a submission to the Senate Economics Legislation Committee regarding the Scams Prevention Framework Bill 2024 (SPF Bill). This submission reflects a detailed analysis of the Bill's provisions, focusing on its potential to address scam-related harm, including the misuse of mobile phones and landlines, as well as areas for improvement.

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### 2. Overview of the Scams Prevention Framework Bill 2024

The SPF Bill seeks to address the pervasive issue of scams in Australia by amending the Competition and Consumer Act 2010 to introduce:

- A framework for the prevention, detection, disruption, and response to scams.
- Governance obligations for regulated entities in designated sectors.
- Mechanisms for enforcement and consumer redress.

This initiative is commendable given the significant financial and emotional toll scams impose on Australian individuals and businesses, with reported losses exceeding \$2.74 billion in 2023.

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### 3. Strengths of the Bill

#### 3.1 Comprehensive Framework

The SPF Bill provides a comprehensive approach by targeting multiple aspects of fraud prevention, including:

- Governance requirements for regulated entities.
- Reporting and detection obligations.
- Disruption measures aimed at limiting the impact of frauds.

#### 3.2 Addressing Telecommunications Vulnerabilities

The inclusion of telecommunications services (mobile phones and landlines) in the regulated sectors is a crucial step. These channels are frequently exploited for:

- Phishing and impersonation frauds through SMS messages.
- "Robocalls" or unsolicited fraud calls targeting vulnerable populations.

The Bill's emphasis on actionable fraud intelligence and disruption requirements can significantly mitigate these risks.

### 3.3 Consumer Protections

The introduction of internal and external dispute resolution mechanisms empowers consumers to seek remedies when frauds result from a regulated entity's failure to meet SPF obligations.

### 3.4 Regulatory Collaboration

The Bill promotes cooperation between regulators such as the ACCC, ASIC, and ACMA, fostering a cohesive approach to enforcement and compliance.

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## 4. Areas for Improvement

### 4.1 Mandatory Reimbursement for Scam Victims

While the Bill enables victims to seek compensation through dispute resolution mechanisms, it stops short of mandating automatic reimbursement for fraud losses. A reimbursement model, similar to the UK's approach, could incentivise regulated entities to implement robust fraud prevention measures.

### 4.2 Mobile Phone and Landline Safeguards

Additional provisions should be included to strengthen safeguards against frauds delivered via telecommunications:

- **Mobile Phones:** Enhance protections against SMS scams through improved sender ID verification systems and mandatory adoption of the SMS Sender ID Register.
- **Landlines:** Mandate proactive measures to block known scam numbers and implement caller ID authentication across networks.

### 4.3 Small Business Compliance Support

The high compliance costs associated with governance and reporting obligations may disproportionately burden small businesses. Financial or administrative support mechanisms for these entities should be considered.

### 4.4 Clear Definitions and Expectations

The Bill lacks clarity in some areas, such as:

- What constitutes "reasonable steps" for detection, prevention, and disruption.
- The scope of "actionable scam intelligence" and the obligations tied to its use.

Providing detailed guidance and examples would help regulated entities comply effectively.

### 4.5 Safe Harbour Limitations

While the safe harbour provisions protect entities acting in good faith to disrupt scams, limiting this protection to 28 days may be insufficient for complex scam investigations.

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## 5. Recommendations

- **Introduce a Mandatory Reimbursement Scheme:** Adopt a model that ensures consumers receive compensation for scam-related losses in cases of regulated entity non-compliance.
- **Enhance Mobile and Landline Protections:**
  - Improve sender ID verification systems for mobile networks.
  - Require carriers to block known scam numbers proactively.

- Develop robust authentication measures for landline calls to prevent impersonation scams.
  - **Provide Compliance Assistance for Small Businesses:** Establish grants or subsidies to support smaller entities in meeting SPF requirements.
  - **Enhance Clarity Through Guidelines:** Develop comprehensive guidelines outlining key terms and expectations, reducing ambiguity for regulated entities.
  - **Extend Safe Harbor Provisions:** Increase the safe harbour period to accommodate complex disruptions and investigations.
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## 6. Conclusion

The Scams Prevention Framework Bill 2024 represents a significant step toward reducing scam-related harm in Australia. Its inclusion of telecommunications services acknowledges the critical vulnerabilities posed by mobile phones and landlines. However, adopting the above recommendations would enhance its effectiveness, ensuring robust consumer protection and efficient implementation across all sectors.

Thank you for considering this submission. I welcome the opportunity to provide further insights or clarification as needed.

**Yours sincerely,**

Greg Peak