

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

2016 - 2017

**Division/Agency:** Financial System Division

**Question No:** 462

**Topic:** Credit Cards

**Reference:** Written

**Senator:** Ketter, Chris

**Question:**

- 1) What action has Treasury taken in relation to the Credit Cards: Improving Consumer Outcomes and Enhancing Competition Paper since submissions closed on 17 June 2016? What stage is Treasury currently at with respect to his report?
- 2) Has any further consultation been undertaken? What has been the nature of this consultation, and with whom has it been undertaken? Which aspects of the Paper have been the focus of consultation?
- 3) The table on page 2 of the Credit Cards: Improving Consumer Outcomes and Enhancing Competition Paper outlines two phases of proposed action. Is Treasury still intending to pursue each of these proposed courses of action as set out and described in the table? Have there been any changes (including in response to stakeholder feedback)?
- 4) With respect to Phase 1, at what stage in the development of exposure draft legislation is Treasury at (e.g. have drafting instructions been finalised, has OPC commenced drafting)? Could you answer with respect to each of the 4 proposed actions. When does Treasury expect exposure draft legislation to be completed by the Office of Parliamentary Counsel?
- 5) With respect to phase 2, at what stage is the behavioural testing with consumers at? Has testing commenced? Has testing concluded? Could you answer with respect to each of the 5 proposed actions? Page 19 of the Report states that "Testing may involve the use of behavioural laboratory experiments as well as in-field experiments with participating credit card issuers". Can you provide a further description of what the testing involves
- 6) Which division(s) in Treasury has responsibility for progressing the proposed actions in this report? What other agencies are involved? Please provide a brief description of the involvement of each division and agency so far and the anticipated future involvement.

**Answer:**

- 1) Treasury is reviewing submissions with further consultations expected in 2017.
- 2) No.
- 3) The consultation paper noted that a decision on whether to pursue the "Phase 2" reforms would be informed by the results of consumer testing, the extent to which industry provides solutions of its own accord, along with further consultations with stakeholders.
- 4) Yet to commence.

- 5) The Department of the Prime Minister and Cabinet's Behavioural Economics Team of the Australian Government (BETA) are soon to commence behavioural testing with an industry partner.
- 6) The Financial System Division within Treasury has responsibility for progressing any proposed reforms. The Department of the Prime Minister and Cabinet's BETA has responsibility for behavioural testing.