Division/Agency: Australian Competition and Consumer Commission
Question No: 87
Topic: Disruption of scams and deceptive relationships
Reference: Written
Senator: Ketter, Chris

Question:

1) Page 70 of the Portfolio Budget Statement for 2016-17 notes that the ACCC is focusing on enforcement and compliance in relation to disrupting scams. The Statement notes that you work with other agencies and partners. Who are these partners? How do you coordinate efforts? What's the total budget between your agencies, broken down by agency on disrupting scams?

2) Have you found scams to be increasing? Are there more scams online? How has your enforcement strategy shifted to accommodate these changes?

3) When the Statement (page 70) notes "severe and widespread consumer or small business detriment" – what sorts of costs and harm are we talking about? What's the scale of the harm?

Answer:

1) The ACCC collaborates and engages with a broad range of organisations and industries to promote scam awareness and disruption. In particular, the ACCC is a member of the National Cybercrime Working Group, the International Consumer Protection Enforcement Network and the International Mass Marketing Fraud Working Group.

   In addition, the ACCC chairs the Australasian Consumer Fraud Taskforce (ACFT), which comprises 22 Australian and New Zealand government regulatory agencies and departments with responsibility for consumer protection and policing in the areas of scams and fraud.

   The ACFT members are:

   Australian Government
   • Attorney-General's Department
   • Australian Bureau of Statistics
   • Australian Communications and Media Authority
   • Australian Competition and Consumer Commission (Chair)
   • Australian Federal Police
   • Australian Institute of Criminology
   • Australian Securities and Investments Commission
   • Australian Taxation Office
   • Department of Communications
   • IDCARE

State and territory governments
- ACT Office of Regulatory Services
- Consumer Affairs Victoria
- Consumer Affairs Northern Territory
- New South Wales Office of Fair Trading
- New South Wales Police Fraud Squad
- Queensland Office of Fair Trading
- Queensland Police Service
- South Australian Office of Consumer and Business Affairs
- State and Territory Police Commissioners
- Tasmanian Office of Consumer Affairs and Fair Trading
- Department of Commerce (Western Australia)

New Zealand Government
- New Zealand Commerce Commission
- Scamwatch New Zealand (New Zealand Ministry of Consumer Affairs).

The ACFT meets regularly and coordinates scam disruption activities, such as National Consumer Fraud Week (Fraud Week) each year. The ACFT also partners with non-government organisations and Australian businesses which assist in the dissemination of scam messaging during Fraud Week.

The ACCC is unable to comment on the budgets of other departments and organisations in relation to their scam awareness and disruption activities. The ACCC does not maintain a separate budget for this activity, but estimates expenditure of about $1.8 million annually on scam related activities.

2) Reports to the ACCC's Scamwatch website have consistently increased each year since 2009. In 2015, there were 105,200 scam reports made to the Scamwatch website while there are 121,686 reports for January to September 2016. However, over the last three years, the number of those reports indicating monetary loss has decreased. This suggests that the public is reporting scams in greater numbers but are also increasingly able to identify scam attempts and avoid monetary loss.

Analysis of scam reports to the ACCC since 2009 indicates an increase in scams delivered via online means with a trajectory suggesting reports of online scams may outnumber telephone based scams in the next few years.

The ACCC's strategy for scams focuses on scam prevention, in particular raising awareness and education to enable the public to identify and avoid scams. The ACCC collects data from Scamwatch reports and promotes specific scam education and awareness messaging based on this data. This includes specific warnings regarding scams delivered online. The ACCC also updated its scam report webform to allow for the public to report additional information regarding the specific websites and social media platforms on which they encounter scams. The ACCC intends to use this data to approach website and social media platform operators or other intermediaries where appropriate to drive improvements in scam prevention and disruption.

3) In 2015, the ACCC estimated through a culmination of scam statistics gathered through the ACCC's Scamwatch website and Australian Cybercrime Online Reporting Network (ACORN) reports that scam losses for 2015 were in excess of $229 million. True costs may be significantly higher because it is understood that not all victims of scams report

their losses. The non-monetary damage of scams on individuals can include significant psychological harm, especially where the scammer has groomed a relationship with the victim over a long period of time.

For small businesses specifically, monetary losses reported to the ACCC in 2016 were $2.8 million. For small businesses, scams can also have detrimental flow on effects on normal operations especially where a scam damages IT systems or where customer data is breached or destroyed.