



Consumer  
Policy Research  
Centre

# Annual Report 2017–18

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Consumer Policy Research Centre



#### **ABOUT CONSUMER POLICY RESEARCH CENTRE (CPRC)**

An independent, non-profit, consumer think-tank established by the Victorian Government in 2016, CPRC undertakes consumer research independently and in partnership with others to inform evidence-based policy and business practice change. Our vision is to deliver a fair outcome for all consumers.

We work closely with policymakers, regulators, academia, industry & the community sector to develop, translate and promote evidence-based research to inform practice and policy change.

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# Chair's address

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As we continued to see trust in markets erode for another consecutive year in Australia, significant regulatory interventions attempted to reinstate fairness and ensure that business practice is in line with community expectations. This occurred against a backdrop of fast-moving technological advancement and an emerging 'big data' economy.

Perhaps more than ever before we've needed adequate resourcing of evidence-based consumer research to inform policymakers of the challenges and opportunities presented by the current market landscape. Ensuring the voice of the consumer reaches the decision-makers is critical if we are to develop sustainable markets that deliver to the needs of consumers and the community.

It's been an important foundational year for the Consumer Policy Research Centre (CPRC). Established in December 2016 by the Victorian Government, the organisation has gone through a period of transformation from a utilities-based advocacy centre to a generalist consumer policy research centre. Carrying its proud history and reputation for delivering high-quality and practical research projects has been central to the new operating model and in building a new team.

I must also thank my predecessor in the role of Chair, Ronda Held, and the outgoing board members for their dedication and sustained effort not only in overseeing the Consumer Utilities Advocacy Centre, but in steering it through the change to CPRC. Thanks to their dedication and commitment, CPRC started with a strong platform and agenda, which has served it well in meeting the challenges of this new phase.

I am also deeply grateful for the ongoing contributions made by Petrina Dorrington and Maree Davidson AM, who carried over to the new Board from their previous roles, bringing rich knowledge and sharp insights into how CPRC could best meet its new remit while building on the successes of the past. And I welcome two new board members, who joined the CPRC Board in December 2017 with me; Associate Professor Helen Dickinson and Dr. David Cousins AM, bringing their expertise in public policy and academia to the Centre.

Establishing the new organisation with strong foundations, CPRC has focused on developing robust systems, processes and governance for its research program, and its approach to stakeholder engagement, partnerships and research grants.

Bringing diverse thinking to the table is central to the organisation's DNA. Better connecting academic research to policy and regulatory reforms, engaging with business to understanding emerging trends, and working with community sector colleagues on the emerging risks of 'big data' has all been part of CPRC's work throughout the year.

The organisation has begun to demonstrate its ability to stay ahead of the curve on emerging issues – releasing ground-breaking research into Australian attitudes, knowledge and preferences on consumer data, this forming a major input to Open Banking reforms and Australian Competition and Consumer Commission (ACCC) Inquiry into Digital Platforms.

Similarly, CPRC's foundational research report *Five Preconditions of Effective Consumer Engagement* has provided a resource for policymakers and businesses across multiple sectors considering reforms to enhance consumer choice and decision-making. Drawing on the field of behavioural economics, and international advancements, a practical toolbox has been developed for implementation in Australian markets.

It has also maintained its focus on the needs and interests of Victorian consumers, and commenced an innovative program of work in the housing space to better understand the needs of renters through a journey-mapping process which should yield new insights into the experiences of renters and inform the fast-moving policy developments in this arena.

That the Centre has been able to establish its position at the forefront of critical consumer and public policy debates has also enabled it to develop new partnerships and leverage funding opportunities to strengthen its financial situation and allow for access to a wider range of policy perspectives and expertise. We look forward to building on this approach with future collaborations.

Most importantly, CPRC's vibrant, inquisitive and collaborative research team are well placed to build on this record over the coming year, delivering policy and practice changes to improve the lives of Australian consumers by making their interactions with markets fairer, easier and simpler.

**Catherine Wolthuizen**  
**Chair**



# Chief Executive Officer's report

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CPRC has evolved through a year of growth as we develop our new identity and role in driving policy and practice change. We've formed an inquisitive, analytical and down-to-earth team committed to bringing the voice of consumers to the fore and forging new solutions.

We've been guided by our values in the way we work – curious, collaborative, effective and respectful. Exploring policy challenges while embracing different schools of thought and perspectives has been central to our approach. Some of the key highlights from the past year are outlined below.

## Launch of CPRC and research priorities

In August 2017, the Hon. Marlene Kairouz MP, Victorian Minister for Consumer Affairs, Gaming and Liquor Regulation officially launched the CPRC and research program at Parliament House. The event included a vibrant panel discussion exploring the erosion of trust and emerging challenges for consumers. We also released our research focus areas over the next three years, including: The Home, Living Online, Making Consumer Decisions Easier and Fairer, When Things Go Wrong, and the establishment of an Annual Consumer Index.

## Release of two foundational research reports

In August 2017, the *Building Customer Trust* report was released. The culmination of a year's work with participating energy and water utilities, the project documented the positive practices and steps being taken to build trust with consumers. We were proud to release this report at the *Thriving Communities Partnership* launch, where CPRC joined as a founding partner.

March 2018 saw the release of the *Five Preconditions for Effective Consumer Engagement* report. Including timely insights for policy reform in the energy, telecommunications and banking sectors, the report outlines five core preconditions to enable effective consumer choice of products and services, recommending practical, consumer-centred reforms to ensure consumers are empowered to acquire products that suit their needs.

## Establishing a cross-sectoral and interdisciplinary approach to stakeholder engagement

CPRC established three new forums this year to support effective stakeholder engagement from across the disciplines and sectors. The CPRC Reference Group includes representation from leaders from the community sector, academia, industry and regulatory communities and provides strategic guidance on emerging issues. The Vulnerability Forum has been formed to explore the experiences of vulnerable consumers across several markets and identify opportunities for improvement.

Lastly, in acknowledgement of the rapid digital transformation and data collection practices impacting consumers, CPRC established the Consumer Data Research Network of Australian academics working in the field of consumer data. This brings together researchers working on data ethics, machine-learning, competition and consumer law, privacy and behavioural science.

## Launch of \$220,000 Research Pathways Program

Supporting the consumer research of others through our Research Pathways Program is another key part of CPRC's work. In January 2018, we opened our \$100,000 Project Grant stream for Expressions of Interest for projects to investigate consumer data collection and profiling practices. CPRC received a strong field of responses from interdisciplinary teams around the country. Our independent Research Review Panel selected the grant recipient to be announced at our upcoming *query:data* conference on 16 July 2018.

Lastly, thank you to the CPRC Board for their guidance and support as the organisation has grown, and to Consumer Affairs Victoria for their ongoing engagement. I'm really proud of what this bright, hard-working and committed team has been able to achieve over the past year. Combining our detailed analytical work with simple communications and open engagement, the team is well placed to deliver policy and practice reforms over the coming year for Australian consumers.

**Lauren Solomon**  
Chief Executive Officer





# Our activities

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At CPRC, we believe that fair outcomes for consumers are central to the operation of sustainable markets and our economy. Our focus is to take a people-centred approach to our analysis of policies, regulations and practices. Our work is reflective of the policy cycle from identification of the problem, through to recommendations for change.

We support the production of consumer research in three key ways: conducting research internally, partnering with others, and providing research grants. This year, the organisation has focused on two key research priority areas in our activities: Making Consumer Decisions Easier and Fairer and Living Online.

## Making Consumer Decisions Easier and Fairer

With major inquiries into Australia's banking, insurance and energy sectors this year, the gap between consumer expectations and current practice has perhaps never been wider. At the same time, trust in all major institutions has been eroding, with trust in Australian businesses falling for another consecutive year from 48% to 45%<sup>1</sup>.

Consumers are finding it more difficult to navigate complex markets and acquire products that suit their needs. CPRC has produced two pieces of work to support more effective product choice and a third documenting the steps energy and water businesses have been taking to build trust with their customers.

### Five Preconditions of Effective Consumer Engagement – a conceptual framework

During the numerous regulatory and government consultation processes seeking to improve consumer engagement this year, we observed that the range of interventions being proposed lacked clarity around the intended outcomes for consumers participating in complex markets. Also absent was due consideration of consumer capacity to engage in markets, and the customer journey when making decisions.

In response, CPRC Research & Policy Officer, Ben Martin-Hobbs, developed a conceptual framework which explores the various barriers and issues that might cause consumers to disengage, or experience decision-making challenges in complex markets. Drawing heavily on the behavioural economics literature and examples of interventions and trials across jurisdictions and sectors, the framework identifies the different aspects of the consumer journey and decision-making process when searching, comparing and acquiring products and services.

The *Five Preconditions of Effective Consumer Engagement* framework provides policymakers, regulators and businesses across different industries a toolkit with which to identify intended consumer outcomes, and design policy interventions or tools accordingly.

### Building Customer Trust Report

Building and maintaining trust is an ongoing process for businesses: in each interaction, retailers need to demonstrate genuine integrity and the motivation to meet customer expectations. Policy Officer Sally Watts sat down with participating businesses AGL Energy, EnergyAustralia, Origin Energy, City West Water, South East Water and Yarra Valley Water to document steps taken within businesses to build trust with customers.

Across the six energy and water retailers, we interviewed around 90 frontline staff, team leaders and senior managers, seeking their views on business policies, practices and procedures – particularly those that they thought worked particularly well at building customer trust.

The *Building Consumer Trust* report provides a guide and toolkit for business looking to improve relationships with their customers. The report identifies four underlying principles with relevant examples, along with a checklist of suggested practices that businesses can adopt to improve the customer experience.

1. Edelman Trust Barometer 2018 – Australia.

## Energy Comparator Code of Conduct (ECCC)

Since its inception in 2014-15, the ECCC has been a collaborative project drawing on the expertise of comparators, consumer groups, retail energy providers and regulators to deliver better outcomes for consumers using comparator websites. The ECCC was officially launched in late 2015, facilitated by CUAC. The second stage was to develop appropriate governance and monitoring arrangements to give the ECCC effective enforcement powers, and to transition it to a voluntary industry code run by industry.

Throughout FY17/18, CPRC supported the working group to update the ECCC and ensure it was consistent with the current needs of consumers, and to collectively develop a governance and monitoring framework which adequately met stakeholder expectations. This work was led for CPRC by Senior Policy Officer, Damian Bye.

CPRC developed a project plan, including key activities required to progress the development of an authorised Code that is in line with consumer expectations. This project and implementation plan has now been handed back to industry and ECCC signatories for industry to determine investment in the next phase of the project.

## Living Online

Australians are spending more of their lives online. 87% were active internet users in 2017<sup>1</sup>, more than 17 million use social networking sites<sup>2</sup>, and 84% of Australians are now buying products online<sup>3</sup>. Rapid shifts in technology and data science are enabling the collection, sharing and analysis of consumer data at record volumes.

Ensuring that consumers are empowered and have their rights adequately protected in this new digital economy is critical for sustainable innovation and building consumer trust. Senior Research & Policy Officer, Phuong Nguyen has led CPRC's research in 2018 into consumer data – the opportunities, risks and need for reform. This included two submissions to the *Review into Open Banking* and *ACCC Digital Platforms Inquiry* and new market research to understand the current levels of knowledge, and the attitudes of Australian consumers.

### Australian knowledge, understanding and preferences of data collection, sharing and use practices

To build a greater knowledge base of consumer preferences and knowledge of data collection practices in Australia, CPRC engaged Roy Morgan Research to conduct a nationally representative survey of 1004 Australians throughout March and April 2018, along with two focus groups.

This new research clearly demonstrated the gap between community expectations and current practice in the Australian digital economy, when it comes to consumer data collection and sharing:

- › 95% of Australian consumers surveyed wanted business to provide them with more optionality when it comes to what data gets collected, used and shared.
- › 92% of those surveyed wanted companies to be more open about how they use their data to assess their eligibility or exclude them from services or products.
- › 73% of consumers expect government to regulate companies by mandating companies give opt out options
- › 67% wanted protections for consumers from being unfairly excluded from essential products or services based on their data.

2. Statista. (2018a). Active internet users as percentage of the total population in Australia from 2015 to 2017. Statista.

3. Ibid.

4. Office of the Australian Information Commissioner (OAIC). (2017a). Australian Community Attitudes to Privacy Survey 2017. Office of the Australian Information Commissioner, Sydney, Australia.

## Consumer Data Research Network

In June 2018, CPRC established the Consumer Data Research Network of Australian academics working in the field of consumer data. The network brings together researchers working on data ethics, machine-learning, competition and consumer law, privacy and behavioural science. CPRC, as secretariat, supports academics by sharing research, connecting with relevant policy and regulatory reforms, and building shared-understanding of consumer data issues.

CPRC continues to build on work completed in this space with a forthcoming research report *Consumer Data and the Digital Economy* and the cross-sectoral conference *query:data* to be held on 16 July 2018 in Melbourne.

## Research Pathways Program

Lastly, CPRC is committed to supporting the consumer research of others through partnership and through research project grants. In February 2018, the organisation opened the \$220,000 Research Pathways Program.

The Program is made up of three streams:

- › **Stream 1: Supporting higher education consumer research (\$20,000)**
- › **Stream 2: Research Project Grant (\$100,000)**
- › **Stream 3: Partnership Pathways (\$100,000)**

\$100,000 of these funds were announced in January 2018 for an interdisciplinary research grant exploring consumer data collection and profiling practices. CPRC received a strong field of applications, with twenty projects being submitted to EoI stage and four proceeding to final grant application phase. An independent Review Panel including Ms Ellen Broad, Mr Chris Connolly, Mr Bruce Cohen and Professor James Arvanatakis was appointed to review the final four applications. The successful grant is due to be announced at the upcoming *query:data* conference.



# Our engagement

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CPRC's approach to engagement is to share knowledge, build stronger connections across the sectors and the disciplines, to maximise the impact of consumer research to drive policy and practice change. We work collaboratively with policymakers, industry, the community sector and academia because we believe that diversity in thought and approach are often needed to tackle complex consumer policy problems.

## CPRC organisation launch

On 23 August 2017, the Victorian Minister for Consumer Affairs, Gaming and Liquor Regulation officially launched CPRC, an independent, non-profit, consumer policy think-tank. Held at Victorian Parliament House, the event was attended by over 70 representatives from consumer organisations, academia, industry and consumer-focused government agencies.

Attendees heard from expert panellists Ms Michele Levine, CEO of Roy Morgan Research; Dr Paul Harrison, Co-founder of the Centre of Employee and Consumer Wellbeing; and Ms Riki Polygenis, Head of Australian Economics, NAB discussing some of the key trends impacting Australian consumers today. In a robust conversation across the fields of economics, market research and consumer behaviour, panellists debated topics such as how we define a 'fair outcome', the importance of considering the marginal consumer, the risk of placing the full burden of decision-making on consumers without support in complex markets, and the role of research in the policy cycle.

This rich conversation was emblematic of the approach of CPRC – bringing together different disciplines and sectors to have an evidence-based conversation about the issues facing consumers. Responding to the challenges consumers face, then CPRC Chair, Ronda Held, also set out the CPRC research priorities. Ronda outlined a five-fold program focusing on:

- › **The Home:** the changing structure of markets and impacts at different life stages;
- › **When Things Go Wrong:** assessing the effectiveness of redress processes;
- › **Making Consumer Decisions Easier and Fairer:** building greater understanding of what can assist consumers in the decision-making process and improved business practice;
- › **Living Online:** data, comparisons and online purchases in a changing environment;
- › **Annual Consumer Index:** providing consumers, industry and government some ongoing measurement of consumer use and satisfaction from consumer markets.

## Reference Group

The CPRC Reference Group was established in February 2018 to provide input and advice to CPRC on emerging trends and risks for consumer detriment. The Reference Group meets quarterly and is chaired by CPRC Board Chair Catherine Wolthuizen. Members include: Ms Annabelle Butler, Suncorp; Mr Gerard Brody, Consumer Action Law Centre; Dr Paul Harrison, Deakin University; Dr Martin Joy, ANZ; Mr Gavin Dufty, St Vincent de Paul Society Victoria; and Mr Brendan Coates, Grattan Institute.

## Vulnerability Forum

CPRC is committed to the operation of inclusive markets with adequate safety nets. Ensuring that policy and practice frameworks sufficiently protect consumers who may experience challenges or barriers to engaging markets is an important factor when it comes to reform and change.

CPRC is establishing a Vulnerability Forum to ensure that projects undertaken by CPRC, or by our Research Pathways Program recipients, consider the impact on vulnerable customers as a standard step within the research process.

Participants of the Vulnerability Forum will be invited to review, provide advice and recommendations to research projects throughout the year. The first meeting of the Forum will be held early in the new financial year.

# Consumer Data Research Network

CPRC established the Consumer Data Research Network in May 2018, in collaboration with founding partners across key disciplines relating to consumer data. CPRC hosts and acts as secretariat for the network.

Founding partners include leading academics from around the country and across the disciplines, including:

- › Competition and Consumer Law: Dr Katharine Kemp, Faculty of Law, UNSW Sydney;
- › Privacy Law: Dr Angela Daly, Faculty of Law, QUT;
- › Data ethics: Professor James Arvanitakis, Pro-Vice Chancellor, Research and Graduate studies, Western Sydney University;
- › Artificial Intelligence & Machine Learning: Maia Gould, Engagement and Impact lead, and Professor Genevieve Bell, Director, 3A Institute;
- › Consumer engagement and privacy via technology: A/Professor Shanton Chang and Dr Suelette Dreyfus, School of Computing and Information Systems, Melbourne School of Engineering, The University of Melbourne.

Founding partners are building a community within their organisations to support interdisciplinary collaboration and lead a process to build a more formalised long-term partnership between themselves and CPRC. The founding partners form the advisory group to guide the development, implementation and expansion of the Consumer Data Research Network.

The goal of the network is to maximise the impact of academic research, sharing insights with policymakers and building greater shared understanding of how to provide consumers better outcomes in the digital age.

The objectives of the network are to:

1. Provide a platform for sharing current and emerging research;
2. Feed in latest research with policy and regulation processes to improve consumer data rights and protection;
3. Provide guidance to businesses and government about ethical uses of data;
4. Improve consumers' control, access and value they can extract from their data.

## Advisory roles to industry and government

Throughout FY17/18, CPRC progressively broadened its engagement across various industry sectors, being appointed to:

- › Telstra CEO Roundtable;
- › Origin Energy Consumer Advocacy Panel;
- › NSW Smart Cities Technology Providers Working Group.



# Our research

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Our consumer-centric and evidence-based approach to research is reflective of the policy cycle, from issue identification, to analysis and recommendations for change. In FY17/18, CPRC completed three key research projects focused on building consumer trust and enhancing consumer decision-making and product comparison.

## Building Customer Trust report

Initiated in 2015 by CUAC, this project took a new approach, to identify existing practices and processes within energy and water retail businesses that deliver fair consumer outcomes. CUAC, and later CPRC, worked closely with industry, consumers and consumer groups to identify business practices that delivered fair outcomes and helped to build customer trust. By highlighting and sharing principles and examples of best practices from within these organisations, we hope to raise the bar and lift industry practice.

During the many hours spent observing business practices and speaking with staff and customers, we noticed the theme of 'trust' recurring continually. Building and maintaining trust is an ongoing process for businesses: in each interaction, retailers need to demonstrate genuine integrity and the motivation to meet customer expectations. This is particularly important in a context of low wage-growth in Australia, with millions of Australians still living in, or on the edge of, financial vulnerability or poverty.

The *Building Consumer Trust* report identifies four underlying principles with relevant examples identified from the businesses observed, along with a checklist of suggested practices which businesses can adopt to improve the customer experience.

In launching the report, CPRC also is proud to have become a founding member of the *Thriving Communities Partnership* (TCP). The TCP is a cross-sector collaboration of Australian businesses, coming together with the goal of ensuring that everybody has fair access to the modern essential services they need to thrive in a contemporary Australia.

Using the *Building Consumer Trust* report as a foundation, the TCP has now developed a Charter which incorporates many of the principles and themes identified. A commitment by business to adopt the principles and implement practice changes is a practical outcome from the project. We encourage all businesses committed to building customer trust to get involved with the TCP initiative and sign on to the Charter that has been developed.

## Five Preconditions of Effective Consumer Engagement report

CPRC developed the preconditions framework in response to the numerous regulatory and government consultation processes which sought to improve consumer engagement.

The *Five Preconditions of Effective Consumer Engagement* framework offers policymakers and regulators across different industries a tool to identify intended consumer outcomes, and design policy interventions or tools accordingly.

CPRC's report identified and outlined five key preconditions for consumer engagement and product choice to be effective across markets, drawing on the evidence and insights from a range of disciplines and sectors, from Australia and abroad.

The five preconditions to enabling effective product choice in markets are:

1. Barriers to access for consumers with reduced capacity or vulnerability are removed;
2. Key product information is disclosed in a relevant, clear and comprehensible manner;
3. Comparison tools are accurate, simple and effective;
4. Switching costs (financial and non-financial) are low;
5. Consumers are aware of how to access, assess, and act on information.



CPRC considers it incumbent upon policymakers and regulators to ensure these preconditions exist to facilitate consumer engagement and choice, rather than increasing the burden on consumers to engage more in markets, potentially with adverse impacts.

CPRC launched the report on the 16 April 2018, and has submitted the report to numerous government and regulatory organisations in its consultation processes. As part of the launch, three academics with relevant expertise and research spoke at the event, sharing their insights and research on the barriers for consumers with decision-making impairment, the opportunities of data, and the digital divide: Dr Yvette Maker, the Melbourne Social Equity Institute, The University of Melbourne; Dr Rob Nicholls, Senior Lecturer, School of Taxation and Business Law, UNSW Sydney; and Professor Julian Thomas, Director of the Technology, Communication and Policy Lab at the Digital Ethnography Research Centre, and Director for the Social Change Enabling Capability Platform, RMIT University.

The report has been well received by a range of stakeholders and was cited in the Australian Energy Market Commission's annual *Retail Energy Competition Review* report. CPRC continues to provide briefings for regulators and policymakers on the report and the application to several consumer markets.

## Energy Comparator Code of Conduct (ECCC): handover to industry

Effective operation of comparator websites can play an important function within the energy market to enhance consumer decision-making, enable simpler comparisons of products and services, and facilitate customer switching. The ECCC was developed as a voluntary, self-enforceable code for commercial comparator and switching service organisations.

Since inception, the ECCC has been a collaborative project drawing on the expertise of comparators, consumer groups, retail energy providers and regulators to deliver better outcomes for consumers using comparator websites. The ECCC was initially developed by a working group of these parties in 2014-15 and facilitated by CUAC. The ECCC was officially launched in late-2015. The second stage of the ECCC was to develop appropriate governance and monitoring arrangements to give the ECCC effective enforcement powers and transition it to a voluntary industry code, run by industry.

In 2016, CUAC transitioned to CPRC, with a change in focus to a generalist policy research centre. Acknowledging the important work completed by all parties to date on this project, CPRC supported the working group to update the ECCC and ensure it was consistent with the current needs of consumers, and to collectively develop a governance and monitoring framework which adequately meets stakeholder expectations.

In 2017, a second working group comprising of comparators, Sales Assured Limited (SAL) and CPRC prepared a draft governance framework that established a code administrator and a monitoring framework to confirm signatory compliance.

CPRC subsequently organised a stakeholder forum in early 2018 to facilitate a discussion about options to progress the ECCC, in line with regulatory requirements and consumer expectations. Participants at this forum unanimously agreed that a governance framework would be required and that the ECCC needed to incorporate various elements to ensure the voluntary code was effective and enforceable. Steps identified included the need to:

- › Undertake consultation and revision of the ECCC to deliver regulatory requirements for voluntary codes, consistent with consumer expectations;
- › Deliver a governance framework and management committee that will oversee an industry code body;
- › Deliver an industry code body that could manage complaint handling processes, dispute resolution functions, and the monitoring of code compliance by signatories, and
- › Develop a sustainable funding arrangement for authorisation and ongoing management and monitoring of the Code.

Though significant goodwill exists to progress reform to comparator website practices, the ongoing and initial challenge presented by a lack of natural place of ownership and resourcing by industry for this industry code remains.

CPRC remains supportive of the delivery of a voluntary, authorised, industry Code. However, in the absence of industry leadership, ownership and appropriate resourcing, CPRC could not continue to lead this project. CPRC prepared a workplan outlining the activities required by industry to deliver the governance and monitoring framework required and handed the project back to industry to determine appropriate resourcing and investment as required.



# Our policy submissions

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CPRC's research has direct application to regulatory and policy reform processes. Our evidence-based submissions are often based on our research reports, the findings and implications for policymakers, translation of current academic research, international policy developments, and our analysis of the local policy environment.

## Energy Market Reform

Both the Victorian and Australian retail energy markets are going through significant reform, following the initiation of both the *Independent Review into the Electricity and Gas Markets in Victoria*, and the ACCC's *Retail Electricity Pricing Inquiry*. These reviews were initiated in part to examine and identify why retail electricity markets are not delivering lower prices and positive outcomes for consumers.

In responding to the Victorian Government's consultation paper, CPRC's submission recommended the benefit in the Victorian Government carefully considering the intended outcomes of some of the proposed recommendations, particularly those around price intervention ("a basic service offer").

CPRC recommended further analysis into the intended impacts of the proposed price intervention, including the design, the intended outcome, and the groups targeted for the intervention, pointing to international examples of price interventions in retail energy. CPRC strongly supported the majority of recommendations in full which seek to ensure consumers gain access to clear and comprehensible information, and can easily compare energy offers.

In response to the Essential Services Commission's consultation on a "reference price", CPRC highlighted the importance of clarifying the intent of the reference price and potential consumer outcomes. As is explored in CPRC's *Five Preconditions of Effective Consumer Engagement* report, being clear about the intended consumer outcome prior to developing interventions is key to ensure fit-for-purpose policy instruments are delivered.

In response to the Australian Energy Regulator's (AER) *Retail Price Information Guideline*, CPRC strongly supported the AER's efforts to develop clear and comprehensible product information to enable accurate and easier comparison. In particular, CPRC supported the use of behavioural testing by the AER to consider the impact of reforms to enhance consumer comprehension and comparison of energy offers.

## Consumer Data Right

Currently, Australian consumers experience many barriers to accessing or porting their consumer data from a data holder (e.g. a current service provider) to a third party in a machine-readable form. Increasing consumers' ability to access or port their data may enable businesses to offer more competitive products, and consumers to access products that are better suited to them.

The *Murray Financial System Inquiry*, *Harper Competition Policy Review*, *Coleman Review of the Four Major Banks*, and *Finkel Independent Review into the Future Security of the National Electricity Market* recommended that Australia develop a right, and standards, for consumers to access and transfer their information in a useable format. The Productivity Commission's report in May 2017 recommended the creation of a new economy-wide Consumer Data Right (CDR). In response, the Australian Government established a *Review into Open Banking* to explore reforms aimed at enabling access to and portability of consumer data in the financial sector.

Open Banking is the first implementation of the Consumer Data Right (CDR), with the intention being for the same processes to be applied within the energy and telecommunications sectors. CPRC's policy work has highlighted the current lack of control and choice provided to Australian consumers when it comes to data collection, sharing and use. Our submissions highlight the benefits to the CDR and Open Banking of adopting the European Union's General Data Protection Regulation (GDPR) standard for disclosure and informed consent. While the establishment of a CDR in Australia is a good step forward, broader policy reforms in the areas of privacy and consumer protection are required for Australian consumers to be afforded similar protections to those in Europe.

CPRC's research highlights the benefits of transparency being provided to consumers about what data companies collect, how they use consumer data, and what data they transfer to third parties. Reforms focused on providing consumers with greater transparency, choice and control when it comes to data collection and sharing practices can help to build greater confidence for consumers in the new digital economy.

## Digital Platforms Inquiry

Access to diverse and quality news content benefits society as a whole. Digitisation of news and the dominance of digital platforms in advertising is changing the flow of revenue in media and advertising markets, which may affect the supply of news to consumers. In December 2017, the Australian Government instructed the ACCC to hold an inquiry into the impact of digital search engines, social media platforms and other digital content aggregation platforms on competition in media and advertising services markets, and on the supply of news and journalistic content.

CPRC's submission to this Inquiry highlighted that effective competition in the online marketplace occurs where:

- › consumers are able to make genuinely informed choices about purchase decisions;
- › consumers have genuine control and transparency over what data is collected, how it is used, shared and transacted;
- › information (or data) asymmetry between buyers and sellers is minimised;
- › adequate protections exist, especially for vulnerable or disadvantaged consumers.

The quality and source of data that is used by digital platforms to determine a 'consumer profile' remains obscure. Lack of transparency for consumers to understand how their profiles have been established, and what they are based on, leaves little options available for revision or dispute. This remains an ongoing challenge for policymakers and business practice as the digital economy evolves and grows.

## Submissions made in FY17/18 include:

- › **Submission to the Australian Energy Retailer: DRAFT Retail Pricing Information Guidelines [16th March 2018]**  
<https://www.aer.gov.au/system/files/Consumer%20Policy%20Research%20Centre%20-submission%20to%20draft%20Retail%20Pricing%20Information%20Guidelines%202018.pdf>
- › **Submission to Treasury: Review into Open Banking in Australia - Final Report [23rd March 2018]**  
[https://static.treasury.gov.au/uploads/sites/1/2018/06/OpenBankingReviewSub\\_CPRC\\_23March2018updated2-1.pdf](https://static.treasury.gov.au/uploads/sites/1/2018/06/OpenBankingReviewSub_CPRC_23March2018updated2-1.pdf)
- › **Submission to the Victorian Government Interim Response to Review of Electricity & Gas Retail Markets in Victoria [26th March 2018]**  
[https://www.energy.vic.gov.au/\\_\\_data/assets/pdf\\_file/0024/123288/18.03.22-CPRC-Submission-Victorian-Government-Interim-Response.pdf](https://www.energy.vic.gov.au/__data/assets/pdf_file/0024/123288/18.03.22-CPRC-Submission-Victorian-Government-Interim-Response.pdf)
- › **Submission to ACCC: Digital Platform Inquiry-Issues Paper [5th April 2018]**  
<https://www.accc.gov.au/system/files/Consumer%20Policy%20Research%20Centre%20%28April%202018%29.pdf>
- › **Submission to the Essential Services Commission: Developing a reference price methodology for Victoria's energy market [17th April 2018]**  
<https://www.esc.vic.gov.au/sites/default/files/documents/Consumer-Policy-Research-Centre.pdf>
- › **Submission to Transport for Victoria: Proposed new regulations for commercial passenger vehicles [18th April 2018]**



# Research Pathways Program

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## Stream 1: Support for higher education consumer research

CPRC seeks to support and strengthen the cohort of researchers focusing on consumer policy issues as part of their postgraduate studies. CPRC will consult with Australian universities specialising in the fields of consumer behaviour, consumer policy and law, behavioural economics and consumer psychology, to co-design a program for an annual contribution of \$20,000 to be made available for innovative research contributions to the field.

## Stream 2: Research Project Grant

The \$100,000 project grant stream was established to facilitate evidence-based and interdisciplinary research within a significant and emerging topic area determined annually by CPRC. For FY17/18, this topic area was consumer data and living online.

The rapid expansion of e-commerce presents both significant benefits to consumers, but also potentially increases risks in the areas of consent, privacy, sophisticated targeted marketing strategies, price discrimination techniques, and exclusion from products and services. The rapid growth in big data collection – from online browsing and purchase behaviour, to our social networks, credit history and product preferences – has major implications for the operation of the online marketplace and the choice set presented to consumers. Research and policy development in Australia to date has largely been focussed on the types of data being collected and the release of that data to the consumers who generate it. Little analysis has been conducted into how this data can be, and is being, used to influence consumer choice.

In January 2018, CPRC opened the \$100,000 Research Project Grant to:

- › Bring together an interdisciplinary team of experts across the fields which may include: ecommerce, choice architecture / behavioural science, microeconomics, consumer policy & law or data ethics & privacy.
- › Produce new qualitative and quantitative datasets within the identified research field;
- › Avoid duplication of existing research;
- › Maximise impact with practical policy and practice implications.

CPRC received a strong field of applications, with twenty projects being submitted to EoI stage and four proceeding to final grant application phase. An independent Review Panel, including Ms Ellen Broad; Mr Chris Connolly; Mr Bruce Cohen and Professor James Arvanatakis, was appointed to review the final four applications. The successful grant is due to be announced at the upcoming *query:data* conference.

## Stream 3: Partnership Pathways

Partnership pathways have been developed for research areas where the CPRC is undertaking significant internal research in a focus area and is seeking community, academic, industry and government partners to strengthen the project and create a collaboration platform. These are often projects where there may be a shared-responsibility across the sectors to address the challenge, or where no single sector can introduce reforms to improve consumer outcomes in isolation. CPRC is seeking co-contributions from other parties – these may be financial or non-financial (such as data, the use of modelling platforms, expert advice) – to further investigate the following research areas in 2018:

1. Developing a collective and proactive response to growing housing stress – analysis of the growing risks of housing stress and potential proactive response from industry, government and the community sector.
2. Service and quality information in supporting consumer decision-making – research exploring the role of non-price information in consumer decision making.
3. Annual Consumer Index – development of a matrix of indicators to measure effective outcomes for consumers across a range of deregulated markets.
4. Disruption and consumer protection – new markets and the sharing economy present new opportunities and challenges for consumers; this project looks at the evolution of protections in new markets.



# Our people

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## The CPRC team as at 30 June 2018

### **Lauren Solomon** **Chief Executive Officer**

Lauren was appointed CEO of CPRC in May 2017. Lauren has worked in a range of policy roles across the corporate, government and not-for-profit sectors, most recently as Manager of Consumer Policy and Programs at AGL Energy. She previously worked in senior policy roles in the New South Wales Government and as a non-executive Director of the Energy Efficiency Council. Lauren holds a Bachelor of Resource Economics (Hons) from the University of Sydney. Taking a strong interest in the people side of markets, Lauren has completed further postgraduate studies in behavioural economics at the London School of Economics, and a Graduate Diploma in Psychology at Monash University. In 2018, she also received a scholarship to complete the Executive Program for Nonprofit Leaders at Stanford Graduate School. She is passionate about cross-sectoral collaboration, interdisciplinary research and diversity of thought and experience when tackling complex policy issues.

### **Ben Martin Hobbs** **Research and Policy Officer**

Ben joined CUAC from Chancellery Operations at the University of Melbourne, where he worked closely with the Vice Chancellor and senior chancellery staff on communications and research projects. Ben also has experience working for the research-based strategy consultancy Andrews Group, and was policy intern at Goodstart Early Learning. During his Masters studies, Ben developed a particular interest in behavioural economics – the field exploring why individuals make seemingly irrational decisions – and the implications of this for policymakers. Outside work Ben is a keen musician, enjoys smoking brisket, getting outdoors and travelling whenever possible. Ben holds a Master of Public Policy and Management and a Bachelor of Arts (Hons) from the University of Melbourne.

### **Phuong Nguyen** **Senior Research and Policy Officer**

Phuong is a Senior Research and Policy Officer. Prior to joining CPRC, Phuong worked for nine years in the area of Public Health, undertaking health promotion and research projects. She has worked at Burnet Institute, Centre for Culture, Ethnicity & Health, and Family Planning Victoria, researching population health risks and access to services. Phuong is passionate about addressing consumer needs particularly among vulnerable communities who may experience inequitable access to goods and services. Phuong holds a Master of Public Health and a Bachelor of Biomedical Sciences (Honours) from Monash University.



## **Dr Steven Curry** **Senior Research and Policy Officer**

Steve joined CPRC in May 2018. In a diverse career, he was a research fellow with the Centre for Applied Philosophy and Public Ethics specialising in organisational and professional ethics, and integrity system design. He then worked for Victoria Police delivering ethics education and people systems change, and at the Australian Red Cross Society. For the last few years he has been active in the digital start-up scene as co-founder of an HR software company. What unites all these roles is Steve's love of using multi-disciplinary research to make complex systems simpler, fairer, better connected to driving principles, and better for people. Steve holds a PhD from Monash University, and a BA (Hons) from the University of Melbourne.

## **Claire Rizzo** **Administration Manager**

Claire is our Administration Manager. Claire has eight years of administration experience across a variety of industries and roles including Local Government, Recruitment, Registered Training Organisation's, Marketing, Medical Indemnity, and the Energy Industry. Prior to joining CPRC in July 2017, Claire dealt with customer complaints at AGL. Claire is passionate about social justice and helping those less fortunate. She is currently studying a Diploma in Project Management.

## **Lingam Palam** **Communications Manager**

Lingam joined CPRC in December 2017 as Communications Manager. Having most recently worked in Change and Communications at the Victorian Department of Education and Training, he brings almost two decades of external and internal communications experience gained across the corporate, government and not-for-profit sectors. Previously, Lingam worked in communications roles at ANZ, the University of Melbourne, the Victorian Department of Justice. Lingam started his career as a journalist, working for five years at a national daily newspaper in Singapore. Lingam holds a Master of Finance and Bachelor of Arts (Media Studies), both from RMIT University, and has a keen interest in framing and behavioural-intervention designs that drive pro-social change.

# **Our Board at 30 June 2018**

## **Catherine Wolthuizen** **Chair**

Catherine Wolthuizen brings her considerable experience as a consumer advocate and Ombudsman to the role of Chair of the CPRC. She is the Independent Customer Advocate at NAB, where her role includes making decisions about complex and sensitive complaints and advising on how to improve complaints handling and the customer experience. She is a member of the Victoria Legal Services Board, a Consumer Representative to the Australian Financial Ombudsman Service and Chairs the Economic Abuse Reference Group. She was previously an Ombudsman at the Financial Ombudsman Service (FOS) in the UK, has held senior roles in two Australian consumer organisations, and is a former Chair of the Consumers' Federation of Australia. As well as running a human rights legal NGO and the UK's whistleblower NGO, she was a member of the Legal Services Consumer Panel in England. Catherine lives in Bayside Melbourne with her husband Philip and two children.

## **Dr. David Cousins AM** **Deputy Chair**

David is an economist with an extensive background in consumer policy and regulation through university studies and teaching, government and regulatory positions and consulting. As Director of Consumer Affairs Victoria (2002 to 2008), David strongly promoted the importance of soundly-based consumer policy research. He is an Adjunct Professor with the Faculty of Law at Monash University and is involved in ethical investment as Chair of the Board of Directors of UCA Funds Management. In 2009 David was made a Member of the Order of Australia in recognition of his services to consumer policy and its administration in Australia.

## **Dr Helen Dickinson**

Helen Dickinson is Associate Professor Public Service Research and Director of the Public Service Research Group at the School of Business, UNSW Canberra. Her expertise is in public services, particularly in relation to topics such as governance, leadership, commissioning and priority setting and decision-making. Helen has published sixteen books and over fifty peer-reviewed journal articles on these topics and is also a frequent commentator within the mainstream media. She is co-editor of the Journal of Health, Organization and Management and Australian Journal of Public Administration. In 2015 Helen was made a Victorian Fellow of the Institute of Public Administration Australia and she has worked with a range of different levels of government, community organisations and private organisations in Australia, UK, New Zealand and Europe on research and consultancy programmes.

## **Petrina Dorrington**

Petrina Dorrington brings extensive experience in not-for-profit leadership roles to CPRC's Board and the Acting Executive Director role. Petrina was Executive Director of Kids Under Cover for 10 years and served on their board for a further six. She also has been CEO of the Inland Queensland Tourism and Development Board and General manager of the Melbourne International Film Festival. Petrina is currently a Board member of the Royal Children's Hospital, and volunteers as a mentor for the Lord Mayors Charitable Foundation's Youth in Philanthropy program.

## **Maree Davidson AM**

Maree Davidson AM provides consultancy services and project management across strategic communications and planning, change management, business development and marketing. Maree is also a Member of National Coalition Against Bullying (NCAB), Chair of the Advisory Committee for the Fellowship for Indigenous Leadership and a Board Member of Fitted for Work.



# Directors' Report

The CPRC Board is made up of a mix of longstanding and new Directors with diverse skills and experience. The Board has been integral to the oversight and management of CPRC, and its smooth transition from CUAC.

Over the reporting period 1 July 2017 to 30 October 2017, the CPRC Board of Directors comprised:

<b>Director</b>	<b>Position</b>
Ronda Held	Chair
Janet Cohen	Deputy Chair
Petrina Dorrington	Director
Maree Davidson	Director
Andrew Bell	Director

On 31 October 2017, the Hon. Marlene Kairouz MP, Minister for Consumer Affairs, Gaming and Liquor Regulation appointed three new Directors. Over the reporting period 31 October 2017 to 30 June 2018, the CPRC Board of Directors comprised:

<b>Director</b>	<b>Position</b>
Catherine Wolthuizen	Chair
David Cousins	Deputy Chair
Petrina Dorrington	Director
Maree Davidson	Director
Helen Dickinson	Director

No director has any interest in business contracts or proposed financial dealings for personal benefit with CPRC during the financial year ended 30th June 2018.

CPRC is incorporated as a company limited by guarantee.

## Directors' meetings

During the reporting period, seven Board meetings were held, and two additional meetings conducted by written resolution.

<b>Director</b>	<b>Position</b>	<b>Meetings conducted while a Director</b>	<b>Meetings attended</b>
Catherine Wolthuizen	Chair	4	4
David Cousins	Deputy Chair	4	4
Petrina Dorrington	Director	4	3
Maree Davidson	Director	4	4
Helen Dickinson	Director	4	4

## Company Secretary

Janet Cohen was Company Secretary from 1 July 2017 – 30 October 2017 of the reporting period.

Petrina Dorrington was Company Secretary from 31 October 2017 – 30 June 2018 of the reporting period.

## Review of operations

CPRC's operations for the reporting period are described in Sections 1 – 5 of this report.

## Significant changes in company affairs

On the 31 October 2017, the Hon. Marlene Kairouz MP, Minister for Consumer Affairs, Gaming and Liquor Regulation appointed the following new Directors to the CPRC Board: Catherine Wolthuizen, David Cousins and Helen Dickinson. Long-standing Directors Ronda Held, Andrew Bell and Janet Cohen ceased their term at this time.

## Principal activities

CPRC's team of consumer experts undertook research projects, developed reports and made submissions to government and regulatory processes to improve outcomes for consumers across a range of markets.

The organisation released its core research priority focus areas in late 2017 and invested in establishing operations, recruiting staff and undertaking new research projects with the new remit of the centre as a generalist policy research centre.

## After balance date events

No matters or circumstances have arisen in the reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

## Future developments

In the opinion of the Directors there are no likely developments in the operations of CUAC (now CPRC) that would affect the results of future years, CPRC now being in its second year of a four-year funding agreement with the Victorian Government. Demand for CPRC to participate in policy processes has been high, the major challenge for the origination will be how to resource this demand and develop a sustainable funding stream to meet this demand.

## Environmental issues

CUAC/CPRC operations are compliant with relevant federal or state law or regulation.

## Indemnities and insurance for Directors and officers

During the reporting period, CPRC paid a premium in respect of a contract insuring CPRC Directors, the Company Secretary and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*, to the amount of \$10 million.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such by an officer or auditor.

## Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings on behalf of the company or intervene in any proceedings to which the company is a part for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

## Auditor's declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Board Directors.



**Catherine Wolthuizen**  
**Chair**

Signed: on 4 August 2018



# Financial report

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Consumer Policy Research Centre Ltd  
ABN 23 100 188 752

## **Financial Statements**

For the year ended 30 June 2018

## **GRAEME F DELANY PTY LTD**

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# Statement of Profit or Loss

For the Year Ending 30 June 2018

<b>Income</b>	<b>Note</b>	<b>2018 \$</b>	<b>2017 \$</b>
Revenue	2	1,140,361	895,150
<b>Expenditure</b>			
Auditors remuneration	3	(6,700)	(6,943)
Depreciation and amortisation expense	4	(16,461)	(7,086)
Employee benefits expenses		(606,861)	(391,043)
Other expenses		(486,807)	(438,320)
<b>Total expenditure</b>		<b>(1,116,829)</b>	<b>(843,392)</b>
<b>Profit/(loss) for the year</b>		<b>23,531</b>	<b>51,758</b>
<b>Total comprehensive income for the year</b>		<b>23,531</b>	<b>51,758</b>

# Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	980,167	772,904
Trade and other receivables	6	4,243	14,818
Other current assets	7	2,273	
<b>Total Current Assets</b>		<b>986,683</b>	<b>787,722</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	25,221	9,917
Other assets	8	17,172	12,360
<b>Total Non-Current Assets</b>		<b>42,393</b>	<b>22,277</b>
<b>Total Assets</b>		<b>1,029,076</b>	<b>809,999</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	57,620	138,569
Other current liabilities	10	275,552	0
<b>Total Current Liabilities</b>	9	<b>333,172</b>	<b>138,569</b>
<b>Non-Current Liabilities</b>			
Provisions	11	1,160	217
<b>Total Non-Current Liabilities</b>		<b>1,160</b>	<b>217</b>
<b>Total Liabilities</b>		<b>334,332</b>	<b>138,786</b>
<b>Net Assets</b>		<b>694,744</b>	<b>671,213</b>
<b>Equity</b>			
Retained earnings		694,744	671,213
<b>Total Equity</b>	12	<b>694,744</b>	<b>671,213</b>

# Statement of Change In Equity

For the Year Ending 30 June 2018

	Retained Earnings \$	Total \$
<b>Balance 1 July 2013</b>	521,004	521,004
Profit attributable to equity	11,433	11,433
<b>Balance 30 June 2014</b>	<b>532,437</b>	<b>532,437</b>
Profit attributable to equity	(43,078)	(43,078)
<b>Balance 30 June 2015</b>	<b>489,359</b>	<b>489,359</b>
Profit attributable to equity	130,096	130,096
<b>Balance 30 June 2016</b>	<b>619,455</b>	<b>619,455</b>
Profit attributable to equity	51,758	51,758
<b>Balance 30 June 2017</b>	<b>671,213</b>	<b>658,853</b>
Profit attributable to equity	23,531	23,531
<b>Balance 30 June 2018</b>	<b>694,744</b>	<b>694,744</b>

# Statement of Cash Flows

For the Year Ending 30 June 2018

	Note	2018 \$	2017 \$
<b>Cash Flow From Operating Activities</b>			
Payments to suppliers and employees		(907,203)	(781,968)
Interest received		12,361	8,242
Receipts from government funding		1,138,576	901,055
<b>Net Cash Used in Operating Activities</b>	15	243,734	127,329
<b>Cash Flow from Investing Activities</b>			
Payments for plant and equipment		(36,471)	(12,360)
<b>Net Cash Used in Investing Activities</b>		(36,471)	(12,360)
Net increase in cash held		207,263	114,969
Cash at beginning of financial year		772,904	657,935
Cash at end of year	5	980,167	772,904

# Notes to the Financial Statements

For the Year Ending 30 June 2018

## 1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers **Consumer Policy Research Centre Ltd** as an individual entity. **Consumer Policy Research Centre Ltd** is a company limited by guarantee, incorporated and domiciled in Australia.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Boards.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless stated otherwise.

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Assets are carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

#### a) Plant and equipment

Plant and equipment are measured using the cost model.

#### b) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to **Consumer Policy Research Centre Ltd** commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

### Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and most receivables fall into this category of financial instruments

Discounting is omitted where the effect is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstance, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

## **Impairment of Non-Financial Assets**

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

## **Employee Benefits**

Provision is made for the liability for employee benefits arising from services rendered by employees to the reporting period. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled.

Other employee benefits payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on national government bonds with terms maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement of the liability for at least one year after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

## Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting year. The discount rate used is a pre-tax rate that reflects current market assessments at the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to the finance costs in the statement of the other comprehensive income.

## Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts

## Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

## Revenue

Revenue is recognised when the amount of the revenue can be measure reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measure at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

## Interest revenue

Interest revenue is recognised using the effective interest rate method.

## Rendering of Services

Revenue in relation to rendering of services recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expense recognised that are recoverable.

## Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO)

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

## Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up the constitution states that each member is required to contribute \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2018 the number of members was 1.

## 2. Revenue and Other Income

Revenue	2018 \$	2017 \$
Sales revenue:		
Rendering of services	0	3,708
Other revenue:		
Interest received	12,361	8,242
Other revenue	1,128,000	883,200
Total other revenue	1,140,361	891,442
<b>Total Revenue</b>	<b>1,140,361</b>	<b>895,150</b>
<b>Interest Revenue From:</b>		
Interest received	12,361	8,242
<b>Total interest revenue on financial assets not at fair value through profit or loss</b>	<b>12,361</b>	<b>8,242</b>
<b>Other Revenue From :</b>		
Other revenue	6000	43,200
Government grants	1,122,000	840,000
<b>Total other revenue</b>	<b>1,128,000</b>	<b>883,200</b>

## 3. Auditor's Remuneration

Auditors Remuneration	2018 \$	2017 \$
Auditing services	6,700	6,943

## 4. Depreciation and Other Write-offs against profit

Profit before income tax from continuing operations includes the following specific expenses	2018 \$	2017 \$
Expenses		
Depreciation of property, plant and equipment	16,461	7,086
Doubtful debts	0	0
<b>Total</b>	<b>16,461</b>	<b>7,086</b>

## 5. Cash and Cash Equivalents

Cash	2018 \$	2017 \$
Cash at bank	980,167	772,904
Reconciliation of cash		
Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		
Cash and cash equivalents	980,167	772,904



## 6. Trade and Other Receivables

<b>Current</b>	<b>2018 \$</b>	<b>2017 \$</b>
Trade debtors	0	0
Interest receivable	4,243	4,293
Deposit on asset & prepaid rent	0	10,525
<b>Total</b>	<b>4,243</b>	<b>14,818</b>

## 7. Other Non Financial Assets

<b>Current</b>	<b>2018 \$</b>	<b>2017 \$</b>
Prepayment	2,273	0

## 8. Property Plant and Equipment & Other Assets

<b>Plant and Equipment</b>	<b>2018 \$</b>	<b>2017 \$</b>
At cost	65,270	151,140
Accumulated depreciation	(40,050)	(141,224)
Total plant and equipment	25,221	9,917

<b>Other Assets</b>	<b>2018 \$</b>	<b>2017 \$</b>
At cost	21,465	12,360
Accumulated depreciation	(4,293)	0
Total plant and equipment	17,172	12,360

## 9. Trade and Other Payables

<b>Current</b>	<b>2018 \$</b>	<b>2017 \$</b>
Trade creditors	2,931	15,662
Other creditors	22,802	60,184
GST payable	(6,027)	45,608
Amounts withheld	14,691	8,871
Provision for holiday pay	23,223	8,244
Total Payables	57,620	138,569

## 10. Other Liabilities

<b>Current</b>	<b>2018 \$</b>	<b>2017 \$</b>
Accrued Expenditure	21,398	39,613
Grants Payable	198,853	0
Income in advance	55,301	0
Total Other Liabilities	275,552	39,613

## 11. Provisions

<b>Provisions</b>	<b>2018 \$</b>	<b>2017 \$</b>
Provision for long service leave	1,160	217
Total Provisions	1,160	217

## 12. Retained Earnings

<b>Retained Earnings</b>	<b>2018 \$</b>	<b>2017 \$</b>
Retained earnings at the beginning of the financial year	671,213	619,455
Net profit attributable to members of the company	23,531	51,758
Retained earnings at the end of the financial year	694,744	671,213

## 13. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions. These terms and conditions are no more favourable than those available to other parties unless otherwise stated.

Zero transactions with related parties.

## 14. Economic Dependence

The continued operation of the entity is dependent on ongoing funding from the State Government and is subject to periodic review. At the date of this report, the Board of Directors has no reason to believe the Department will not continue this support.

## 15. Cash Flow information

<b>Reconciliation of Cash Flow From Operations with</b>	<b>2018 \$</b>	<b>2017 \$</b>
<b>Profit After Income Tax</b>		
Profit (Loss) after income tax	23,530	51,758
<b>Non-cash flows in profit</b>		
Depreciation	16,461	7,086
<b>Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries</b>		
(Increase) Decrease in current receivables	10,576	14,147
(Increase) Decrease in prepayments	(2,273)	1,952
(Increase) Decrease in trade creditors	(59,767)	(9,196)
(Increase) Decrease in other creditors	183,985	57,823
(Increase) Decrease in employee entitlements	15,921	3,759
(Increase) Decrease in current provisions	0	0
(Increase) Decrease in non-current provisions	0	0
(Increase) Decrease in income in advance	55,301	0
	243,734	127,329

## 16. Financial Risk Management

The company is exposed to a variety of financial risks through its use of financial instruments.

The company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The company does not speculate in financial assets

The company does not have any derivative instruments at 30 June 2018.

### **Objectives, Policies and Processes**

Risk management is carried out by the Board of Directors. The Directors have primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the company, these policies and procedures are then approved and tabled by the Board of Directors following approval at a board meeting

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure.

Specific information regarding the mitigation of each financial risk to which company is exposed is provided below.

The Company does not hold any financial assets with terms that have been renegotiated, but would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

## 17. Company Details

The registered office of the company is:

### **Consumer Policy Research Centre Ltd**

Level 14, 10-16 Queen St  
Melbourne Vic 3000

## 18. Segment Reporting

The company operates predominately in one business and geographical segment, being the conduct of consumer research.

# Director's Declaration

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The directors of the company declare that:

1. The financial statements and notes, as set out above, for the year ended 30 June 2018 are in accordance with the *Corporations Act 2001* and:

A: Comply with Australian Standards, which as stated in accounting policy Note 1 to the financial statements, constitute explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

B: give a true and fair value of the financial position and performance of the company.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors



**Catherine Wolthuizen**  
**Director**

Date: 4/08/2018

# Auditor's Report

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## Report on the Financial Report

We have audited the accompanying financial report of **Consumer Policy Research Centre Ltd** (the company), which comprises the Director's Declaration, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, Statement of Changes In Equity, a summary of significant accounting policies and other explanatory notes for the financial year ended 30 June 2018.

## Director's Responsibility for the Financial Report

The director of the company is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the director determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the director also states, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the director of **Consumer Policy Research Centre Ltd** on 30 June 2018 would be in the same terms if provided to the director as at the time of this auditor's report.

# Opinion

In our opinion:

a. the financial report of **Consumer Policy Research Centre Ltd** is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Signed on: 13/07/2018

A handwritten signature in black ink, appearing to read 'Graeme Delany', is written over a horizontal line.

GRAEME DELANY, CPA

GRAEME F DELANY PTY LTD

Level 1 Suite 27

545 McDonalds Rd

South Morang 3752

# Statement of Independence

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UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been :

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

Signed on: 13/07/2018



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GRAEME DELANY, CPA

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545 McDonalds Rd  
South Morang 3752

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**Consumer  
Policy Research  
Centre**