

ATTACHMENT B: GOVERNMENT RESPONSE TO THE RAMSAY REVIEW

Recommendation	Government action
<p>Recommendation 1 — A single EDR body for all financial disputes</p> <p>There should be a single EDR body for all financial disputes to replace the Financial Ombudsman Service, the Credit and Investments Ombudsman and the Superannuation Complaints Tribunal.</p>	<p>The Government agrees with this recommendation.</p> <p>We will ensure that a new one-stop shop is established by 1 July 2018 to replace the Financial Ombudsman Service, the Credit and Investments Ombudsman and the Superannuation Complaints Tribunal.</p> <p>We will consult on exposure draft legislation relating to the establishment of the one-stop shop.</p>
<p>Recommendation 2 — Features of the single EDR body</p> <p>The EDR body must be formally approved and must have, at a minimum, a number of features, including an independent board (with an independent chair and equal numbers of directors with industry and consumer backgrounds) and funded by industry. Membership for financial firms should be compulsory through a licensing condition (or equivalent requirement). The EDR body should be accessible, accountable, enforceable, improve industry practice, have relevant expertise and engage in outreach activities to raise community awareness.</p>	<p>The Government agrees with this recommendation.</p> <p>The Government will formally approve a one-stop shop that satisfies the requirements outlined in the Ramsay Review.</p> <p>We will develop legislation to require all financial firms (including superannuation funds) to be members of the approved one-stop shop and comply with its determinations.</p>
<p>Recommendation 3 — Powers of the single EDR body</p> <p>The EDR body should have appropriate powers within its Terms of Reference to support its dispute resolution functions, and, in the case of superannuation disputes, appropriate statutory provisions where required.</p>	<p>The Government agrees with this recommendation.</p> <p>We will develop legislation to ensure that the approved one-stop shop has the necessary powers to resolve superannuation disputes.</p>
<p>Recommendation 4 — Enhancing access to redress for consumers</p> <p>The EDR body should commence operations with a monetary limit of \$1 million and a compensation cap of no less than \$500,000 for financial disputes (other than superannuation disputes). There should be no monetary limits and compensation caps for disputes about whether a guarantee should be set aside where it has been supported by a mortgage or other security over the guarantor's primary place of residence. There should continue to be an unlimited monetary jurisdiction for superannuation disputes.</p> <p>Prior to commencement, there should consultation on whether disputes in relation to certain products, including mortgages and general insurance products, should move immediately to a higher compensation cap of \$1 million and whether there are compelling reasons to retain the current sub-limits applying to different insurance products.</p>	<p>The Government agrees with this recommendation.</p> <p>The Government will ensure the formally approved one-stop shop has the monetary limits and compensation caps recommended in the Ramsay Review.</p> <p>As recommended by the Ramsay Review, we will commence consultation in relation to the compensation caps for disputes relating to products such as mortgages and general insurance products and the sub-limits applying to insurance products.</p>

Recommendation	Government action
<p>Recommendation 5 — Enhancing access to redress for small business</p> <p>For small business disputes, other than credit facility disputes, the EDR body should commence operations with a monetary limit of \$1 million and a compensation cap of no less than \$500,000.</p> <p>For credit facility disputes, small businesses should be able to bring a claim where a small business credit facility is of an amount up to \$5 million and the new body should be able to award compensation in an amount of up to \$1 million.</p>	<p>The Government agrees with this recommendation.</p> <p>The Government will ensure the approved one-stop shop has the monetary limits and compensation caps recommended in the Ramsay Review.</p>
<p>Recommendation 6 — Ensuring the EDR body is accountable to users</p> <p>The EDR body will be required to ensure it has sufficient funding, have an appropriate level of financial transparency, be subject to regular independent reviews and have an independent assessor.</p>	<p>The Government agrees with this recommendation.</p> <p>The Government will ensure the approved one-stop shop satisfies the accountability requirements recommended in the Ramsay Review.</p>
<p>Recommendation 7 — Increased ASIC oversight of the single EDR body</p> <p>ASIC's power to ensure that the EDR body is providing appropriate outcomes for users should be enhanced by providing ASIC with a general directions power to allow ASIC to compel performance from the EDR body where it does not comply with the legislative or regulatory requirements.</p>	<p>The Government agrees with this recommendation.</p> <p>We will provide ASIC with a general directions power to ensure the one-stop shop complies with legislative and regulatory requirements.</p>
<p>Recommendation 8 — Transparency of internal dispute resolution (IDR)</p> <p>To improve the transparency of IDR, financial firms should be required to report to ASIC in a standardised form on their IDR activity, including the outcomes for consumers in relation to complaints raised at IDR.</p>	<p>The Government agrees with this recommendation.</p> <p>We will provide ASIC with additional powers to allow it to set standards in relation to IDR and to collect information on the IDR activities of financial firms.</p>
<p>Recommendation 9 — Referral of complaints back to the financial firm</p> <p>Upon receipt, the EDR body should refer all complaints back to the financial firm (or superannuation trustee) for a final opportunity to resolve the matter via IDR. It should register and track the progress of complaints referred back to IDR and should have the power to determine a dispute where the financial firm fails to resolve it within a set timeframe.</p>	<p>The Government agrees with this recommendation.</p> <p>We will ensure the approved one-stop shop has processes in place to refer and track complaints it receives back to financial firms as recommended in the Ramsay review.</p>
<p>Recommendation 10 — Debt management firms</p> <p>Debt management firms should be required to hold EDR membership. Further work should be undertaken to determine the most appropriate mechanism by which to impose the EDR membership requirement.</p>	<p>The Government agrees with this recommendation.</p> <p>We note that officials on the Policy Research Advisory Committee of the Consumer Affairs Australia and New Zealand (CAANZ) forum are currently examining the regulatory arrangements applying to debt management firms.</p>

Recommendation	Government action
	We will await the outcomes of this work.
<p>Recommendation 11 — Credit representatives</p> <p>In principle, there is no reason why credit representatives should be required to hold EDR membership. However, further work should be undertaken before membership requirements are removed to ensure there are no unintended consequences.</p>	<p>The Government agrees with this recommendation.</p> <p>We will undertake consultation on whether credit representatives should continue to be required to hold EDR membership.</p>

A full copy of the Ramsay Review Final Report is available at:

<http://www.treasury.gov.au/ConsultationsandReviews/Reviews/2016/Review-into-Dispute-Resolution-and-Complaints-Framework>