



AUSTRALIAN COLLECTORS &
DEBT BUYERS ASSOCIATION

26 July 2013

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Australian Securities and Investments Commission
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and

Mr Konrad Chmielewski
National Director
Education & Engagement
Compliance Strategies
Australian Competition & Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Dear Sirs,

Review of the ACCC/ASIC Debt Collection Guideline

We refer to the review project currently being undertaken by ACCC and ASIC and to our discussions in relation to the issue of Contact Times under the Guideline.

We are pleased as requested to provide additional information to assist in your considerations as to why Contact Times should remain unaltered in the Revised Guideline as:

<i>Contact by telephone</i>	<i>Monday to Friday 7.30am–9.00pm Weekends 9.00am–9.00pm National Public Holidays No contact recommended</i>
<i>Face-to-face contact</i>	<i>Monday to Friday 9.00am–9.00pm Weekends 9.00am–9.00pm National Public Holidays No contact recommended</i>
<i>All workplace contact</i>	<i>Debtor's normal working hours if known or 9.00am–5.00pm on weekday</i>

A decision as to what should be reasonable Contact Times under the Guideline we believe requires careful review of relevant matters and we trust this submission will assist in allowing a reasonable and fair determination for the benefit of all parties.

26 July 2013

Submission to

Australian Competition & Consumer Commission and Australian Securities & Investments Commission

In developing this submission, we asked our members to provide their contact data for the 12 months to 30 June 2013 broken down by time blocks and outcomes. A significant data set was possible from 8 members able to interrogate their databases for such detail – the responses gathered include corporations which are the larger operators in the Australian industry.

Please find attached our summary and analysis of the contacts made and outcomes for that dataset comprising in excess of 63 million attempted contacts, 5.1 million successful contacts and 1.5 million payment arrangements – we shall comment below on aspects of the dataset analysis.

Developments in communication

The expectations of individuals as to the way communications operate in today's society are very different and evolved compared to say 10 or even 5 years ago.

Communications are no longer limited to the traditional fixed line telephone calls or letters sent by Australia Post.

Instead, communications operate through a growing array of methodologies and mediums including: fixed line telephone calls; mobile telephone calls; "Skype" calls; letters; email messages; SMS messages; and messaging through social media, such as Facebook, LinkedIn and Twitter. These mediums are widely available and in use by almost the entire population and are practical evidence of the changing communication expectations of today's community.

Ongoing and future technological changes will continue to provide the pathway for new and enhanced communication opportunities.

The household of this century is not defined by the parameters and communication norms that were present when the ACCC/ASIC Debt Collection Guideline was established.

Working hours

The days and hours individuals work have changed significantly over the past 10 years. The traditional 9.00am to 5.00pm Monday to Friday working week no longer resonates with a growing number of Australians.

The shift arrangements traditionally associated with mining, heavy industry, manufacturing, transportation, community and health services have been widely adopted by many other industries including retail, leisure, food and entertainment, tourism, security and accommodation services.

Working hours not matching the traditional 9.00am to 5.00pm Monday to Friday working week is increasingly the norm.

The changes as to when Australians are required to be at work, alters the times now regarded as non-work or at home periods. The growing spread of work hours and days consequentially challenges traditionally held rules and expectations for communications.

The boundaries between what are work and non-work times are also very much blurred too by the adoption of available technologies including smart phones and iPads which have heightened the expectations of Australians as to when they are available to make and respond to communications.

In today's society, people are active and accepting of engagement in a much wider time span each day and with the Generation X's & Y's there is basically no limitation to the time of communication.

On the evidence of the changed spread of working hours and days alone it follows there should be no barrier imposed as to when individuals can be contacted - of course we accept such an open approach would be neither practical nor reasonable.

However, the diminishing nature of an actual norm for what constitutes work and non-work hours and the growing expectation of individuals as to how they wish to communicate means there is no logical or reasonable basis for further restricting the existing times available to creditors and collectors to attempt contact with debtors, whilst remaining respectful of the individual and his or her privacy.

Purpose of communications

Underpinning the resolution of disputed and unpaid debts is the need for the parties concerned to engage in meaningful and respectful communications.

It is in the interests of all parties for contact to be achieved at the earliest opportunity to resolve disputed and unpaid debts – the reduction of success in communications with debtors due to a reduction in available contact times will directly lead to an increase in the rate of litigation for resolution of unpaid debts. Put simply, if contact is not made, there is an escalation of the debt.

The recent Hardship Amendments pursuant to the National Credit Code regime centre around flexibility in negotiating outcomes which will necessarily require more, rather than less engagement between collectors and debt buyers and debtors. Any proposal to reduce the available spread of Contact Times under the Revised Guideline would be significantly at odds with and therefore counterproductive to the intention of the Hardship Amendments.

If contact is made and effective communication occurs there is an opportunity for a suitable payment arrangement to be made – this is a positive outcome for all parties and what is intended by the Hardship Amendments.

With reference to the attached dataset analysis, we note for the time block, 7.30am to 9.00am our members report the highest success in terms of achieving suitable repayment arrangements (37.96% of calls to the correct individual) when compared to the results achieved for all other time blocks.

Further, the rate of complaints made, where the complaint was stated to be about contact having been made before 9.00am or after 8.00pm compared to the number of successful calls made in those time blocks was only 0.00192% - representing a total of only 7 complaints arising from 365,532 contacts in the 12 month period!

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Reducing the spread of available contact hours to be only 9.00am to 8.00pm would decrease the rate of successful debtor contact as the situation for contacts made in all time blocks from 9.00am to 9.00pm sees the rate of suitable repayment arrangements spiralling down from a high of 36.98% for the first time block to 13.89% for the last time block.

Dataset observations

The attached dataset analysis demonstrates a high level of activity necessarily undertaken by debt buyers and collectors accompanied by a very low level of complaints about when contacts are being made.

For the dataset (limited to only 8 members) only 91 complaints in total in relation to when contacts are being made were received despite 5.16 million successful contacts having been made!

There is no evidence of a high level of complaints being raised by debtors in relation to the time when contacts have been made. The results of a high percentage of successful contacts leading to repayment agreements being made with debtors prior to 9.00am supports our view that the contact times as currently detailed in the Guideline remain suitable and should not be amended.

Concluding comments

Thank you for this opportunity to share empirical data in relation to contact volumes, successes and outcomes. Despite the volume of contacts involved, it is evident there is no high or unreasonable level of complaints associated with the existing time blocks for Contact Times with debtors.

The resolution of debts without unnecessarily resorting to litigated recovery necessarily relies upon effective and meaningful communication between the parties and for this reason making contact with debtors when they are available widens the opportunities for suitable payment arrangements to be made. Such opportunities allow a positive outcome for all parties. This is exactly what is intended by the Hardship Amendments.

Australian Collectors & Debt Buyers Association supports the retention of the existing Contact Times provided for in the Debt Collection Guideline as being entirely appropriate given the current communication preferences and expectations of the community.

Should you wish to discuss any aspect of this submission, please do not hesitate to contact the writer.

Yours sincerely,

AUSTRALIAN COLLECTORS & DEBT BUYERS ASSOCIATION



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CEO

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Contact times and results

The data used in this analysis was voluntarily submitted by 8 ACDBA members
(ARL, Baycorp, CCG, CCSS, Charter, CHL, D&B and Shield)
and is for the period 1 July 2012 to 30 June 2013

Total number of attempted calls in period: 63,045,571

Total number of successful contacts in period: 5,160,268

Total number of calls resulting in a payment arrangement: 1,540,333

Time block	No of total attempted calls made	No of successful contacts made	Percentage Right Party Contact Rate	Percentage Payment Arrangement Rate
7.30am to 9.00am	3,996,831	274,179	6.86%	37.69%
9.00am to 10.30am	8,346,300	635,680	7.62%	36.38%
10.30am to 12.00pm	10,556,078	814,935	7.72%	35.47%
12.00pm to 1.30pm	9,430,710	784,971	8.32%	32.48%
1.30pm to 3.00pm	10,450,235	848,343	8.12%	30.03%
3.00pm to 4.30pm	9,774,670	795,506	8.14%	26.13%
4.30pm to 6.00pm	5,757,071	544,921	9.47%	21.62%
6.00pm to 7.30pm	3,276,701	297,305	9.07%	19.66%
7.30pm to 9.00pm	1,456,975	164,428	11.29%	13.89%
TOTAL	63,045,571	5,160,268		

Complaints about contacts made prior to 9.00am or after 8.00pm compared to business hour contacts

Reason	No of complaints about contact	Total No of Complaints	Percentage of all complaints	Percentage of complaints received compared to successful calls in relevant time blocks
Contact at work or during business hours	84	4,059	2.07%	0.00175%
Contact prior to 9:00am or after 8:00pm	7	4,059	0.17%	0.00192%