



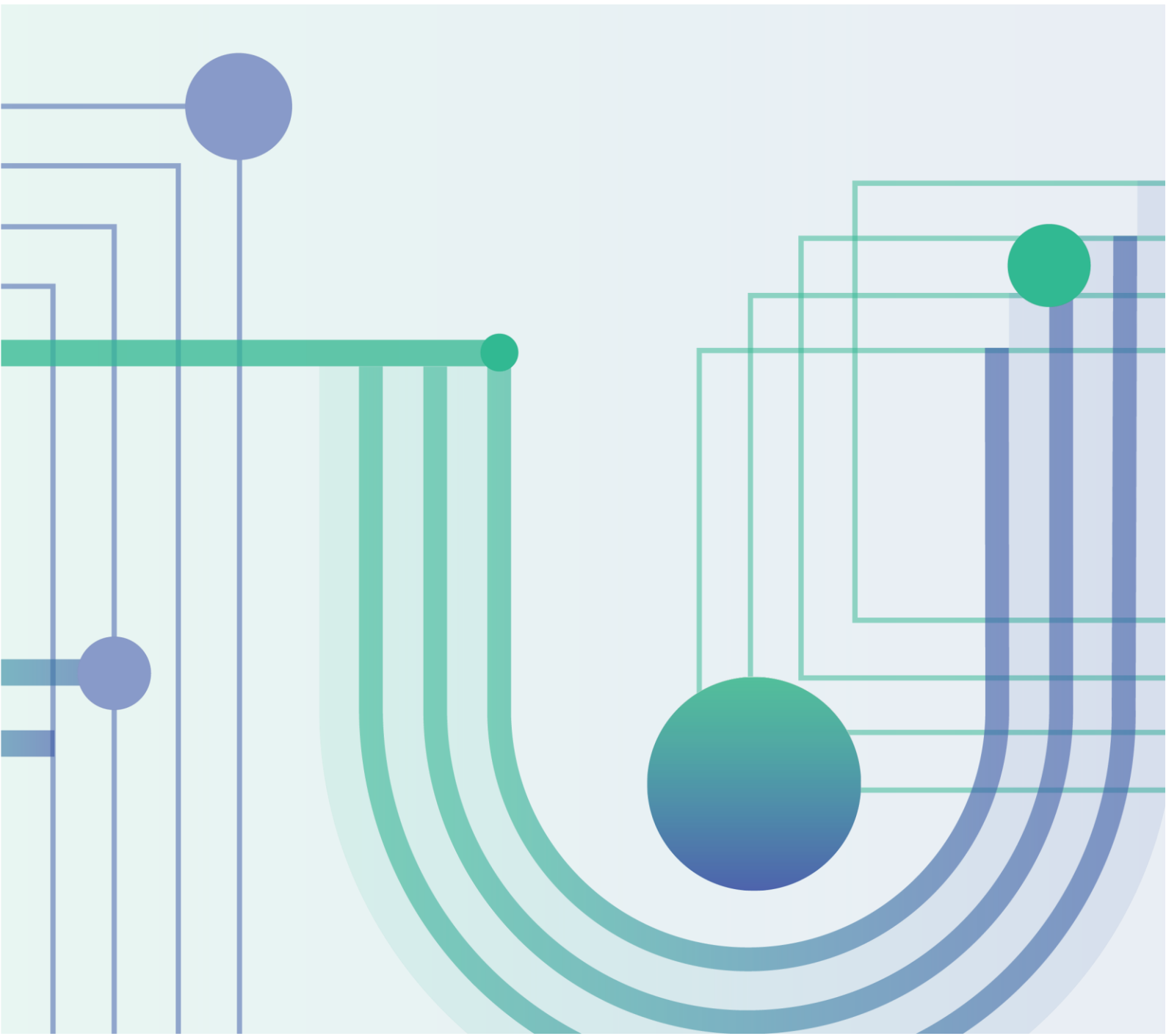
Australian Government



Consumer  
Data Right

# Government statement in response to the Statutory Review of the Consumer Data Right

June 2023



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## Introduction

The Australian Government welcomes the opportunity to respond to the findings and recommendations of the independent Statutory Review of the Consumer Data Right (CDR). The Government thanks Elizabeth Kelly PSM for her considered and comprehensive review to help inform the future direction of the CDR.

The CDR is an economic reform that gives consumers the ability to more safely share the data that Australian businesses hold about them for their own benefit. The CDR helps individuals, households and small businesses get the most out of their data to save money and have easier access to products and services that meet their needs. The CDR provides opportunities and jobs for Australian technology companies and other data-driven service providers, facilitating responsible innovation through the creation and delivery of safer digital goods and services. It also provides a more secure alternative to data sharing practices such as screen scraping (which involves sharing consumer passwords and login details with a third-party provider).

An independent Statutory Review of the CDR was initiated under part IVD of the *Competition and Consumer Act 2010* and released on 29 September 2022. The Review<sup>1</sup> explored questions related to the extent to which implementation of the CDR statutory framework supports its future evolution.

The Review noted that the CDR is at a critical point in its implementation, and that consumers' collective and individual benefit should remain the system's primary objective, factoring significantly in its future development.

The Review found that the CDR's statutory framework has so far been broadly effective in supporting the CDR's rollout, is sufficiently flexible and robust to accommodate further changes to achieve policy objectives and has scope to further explore its limits as the CDR develops. The report's 16 recommendations and 15 findings provided reflections on the implementation of the CDR to date and suggest developments that could improve the CDR into the future.

The Review involved wide-ranging consultation. Forty-six submissions were received in response to an issues paper published on 16 March 2022. To supplement information gathered through formal submissions, engagements were held with representatives from industry, consumer and privacy advocates, banks, fintechs, subject area experts, government agencies and regulators, and other interested parties.

## Australian Government response

The Government is committed to ensuring Australia's CDR framework continues to develop as safe and secure infrastructure for the data economy so that consumers have trusted ways to use their transaction data to better manage their money and save time.

The Government is already progressing many of the Review's recommendations and has continued its commitment to the CDR in the 2023-24 Budget. An investment of \$88.8 million over two years will support the CDR in banking and energy, progress expansion to non-bank lending, progress the design of action initiation, deliver cyber security enhancements, and develop a trust brand strategy that will support consumer confidence in the CDR.

### Supporting the CDR to mature in banking and energy

The Review supported a staged expansion to new sectors, noting the scheme would benefit from allowing the system to mature: 'the pace of CDR rollout into new sectors has not allowed enough time for the system to mature and capitalise on the lessons learnt. Focusing on improving CDR functionality and data quality within already designated sectors should be prioritised, balanced with overall forward momentum into new sectors over time' (Recommendation 2.5).

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<sup>1</sup> Terms of Reference for the Statutory Review of the CDR, <https://treasury.gov.au/review/statutory-review-consumer-data-right/tor>

The Government has committed funding through Budget 2023-2024 for CDR agencies to continue supporting CDR operations in banking and energy. CDR agencies will continue to work closely with data holders to improve data quality so that CDR data is accurate and reliable. This will further drive industry development of CDR-enabled products and services to benefit consumers and enable the CDR to become the alternative of choice over unsafe practices like screen scraping.

Following the introduction of the CDR in the banking sector, we now see development of CDR-enabled products that allow consumers to better manage their money and save time. The continued rollout of the CDR to the energy sector will provide new ways for Australians to manage their energy expenditure and find ways to save money and benefit the environment.

The CDR continues to be a deep partnership with industry designed to deliver a reliable, highly functional and trusted way for Australians to benefit from the transaction data collected about them. Over the next two years, there will be a renewed focus on deliberate and strategic consultation on policy and design to shape the most beneficial outcomes for consumers.

### **Continuing expansion of the CDR to non-bank lending**

The Review noted that expanding the CDR to non-bank lending could empower consumers to make the best financial judgements for their needs. With CDR data-sharing in banking covering nearly 100 per cent of market share, as part of Budget 2023-24 funding the Government is prioritising the addition of non-bank lenders to widen the availability of lending data, giving consumers a more complete view of their financial accounts.

### **Prioritising policy and design of action initiation**

The Review identified action initiation as a game-changer for the CDR by enhancing the potential to deliver efficiency and convenience to consumers. Action initiation in the CDR represents a new, secure channel for consumers to instruct a firm to initiate actions (such as making payments) on their behalf, with their consent.

The Review also noted that payment initiation, a type of action initiation, has driven the success of open banking in the UK. Finding 3.6 of the Review was that 'there is significant enthusiasm for the delivery of action initiation under the CDR, with many submissions noting the opportunities for the CDR to capitalise on concurrent work being undertaken within payments systems, such as PayTo. Where possible, the CDR should work in conjunction with other initiatives to minimise potential friction points and reduce regulatory compliance for participants, with the objective to create more streamlined consumer experiences.' Action initiation was also a main recommendation of the 2020 Inquiry into Future Directions for the CDR by Scott Farrell.<sup>2</sup>

The expansion of the CDR to allow action initiation is a significant development. The Government introduced action initiation legislation into the Parliament in November 2022. The Government's funding through Budget 2023-24 underlines its continued commitment to prioritise policy and design work on action and payment initiation in consultation with stakeholders. Related payments system initiatives will be a key consideration in the development of action initiation in the CDR.

### **Enhancements to cyber security**

The Review recommended a whole-of-ecosystem CDR cyber security assessment to ensure that the CDR cyber security architecture continues to be fit for purpose into the future (Recommendation 2.6). Major private sector data breaches announced after the release of the Review underlined the serious consequences of inadequate protection of consumer data.

It is important that consumers have trust and confidence in the CDR's data security settings. Following release of the Review report, a cyber security assessment of the CDR was undertaken as a matter of priority. The Government has committed funding in Budget 2023-24 to deliver cyber security improvements for the CDR across CDR agencies (Treasury, the Data Standards Body, the

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<sup>2</sup> Inquiry into Future Directions for the CDR, December 2020. <https://treasury.gov.au/publication/inquiry-future-directions-consumer-data-right-final-report>

Australian Competition and Consumer Commission (ACCC), and the Office of the Australian Information Commissioner (OAIC)) to help protect against threats in the changing data landscape.

**Helping consumers identify CDR-enabled providers, products and services**

The Review found that most stakeholders noted that there is very little consumer awareness of the CDR, and observed that,

*[w]hile understanding of the CDR may drive uptake for consumers who closely follow technological developments, for the majority of consumers, uptake will be determined by the new products and services on offer that can remove frictions from their lives or benefit them in other ways. This does not disregard the need for consumer education and awareness; consumers should understand the risks of data sharing practises, whether that be CDR or screen scraping.*

*Consumer education and technical understanding are unlikely to be the core drivers of consumer adoption, and the focus should be on building the CDR brand as a trusted form of data sharing, a trust mark of sorts, and to provide the warning signs of unsafe practices.*

The Government remains committed to ensuring consumers remain at the heart of the CDR. To underline this commitment, funding in Budget 2023-24 will support work to develop a CDR trust brand that enables consumers to clearly identify businesses providing CDR-enabled products and choose a safer, more convenient alternative for data-sharing. This will make it easier for consumers to understand the meaning and value of the CDR in a time of heightened concerns around cyber security.

The following tables outline the Government's response to each recommendation and finding in the Review.

## Government response to Review recommendations

Recommendation	Government statement
<p><b>1.1 – Consideration of whether the sectoral approach for expansion is sufficiently flexible to support continued rollout of the CDR</b></p> <p>In the short to medium term, the existing sector-by-sector approach can support the inclusion of targeted datasets that enable cross-sectoral use cases. Further consideration should be given to whether the sectoral approach for expansion is sufficiently flexible to support continued rollout of the CDR, with particular consideration given to introducing action initiation and government-held consumer data.</p>	<p><b>Noted.</b></p> <p>The Government has introduced legislation into the Parliament to enable action initiation. The legislation includes a process for the Minister to declare actions under the CDR.</p> <p>The Government will further consider the suitability of the current sector-based designation approach as the system expands and includes more targeted datasets that enable new cross-sectoral use cases.</p>
<p><b>1.2 - Streamlined mechanism to update a designation instrument for technical/minor considerations</b></p> <p>A streamlined mechanism to update a designation instrument for technical/minor considerations should be introduced if relevant details arise after designation. Any such mechanism should not replace the need for a full sectoral assessment for genuine system expansions.</p>	<p><b>Agree.</b></p> <p>A streamlined mechanism to update a designation instrument for technical/minor considerations can make it easier for designation instruments to be fit-for-purpose and appropriately support innovation and CDR use cases.</p> <p>The Government will consider options to allow for updates to the designation instrument on technical/minor considerations.</p>
<p><b>1.3 – Timing of the Information Commissioner’s assessment on privacy and confidentiality</b></p> <p>To ensure that privacy is properly factored into the designation design, it is recommended that the Information Commissioner’s assessment on privacy and confidentiality is considered as part of the sectoral assessment report.</p>	<p><b>Noted.</b></p> <p>Appropriate privacy settings are essential to the success of the CDR, with CDR legislation including a range of privacy protections and consultation with the Information Commissioner. Under the <i>Competition and Consumer Act 2010</i>, before the Minister makes a legislative instrument to designate a sector to be subject to the CDR, the Minister must, among other things, consult with the Information Commissioner about the likely effect of the designation on the privacy and confidentiality of consumers’ information (section 56AD(3)). The Information Commissioner must assess this and report to the Minister (section 56AF). The Statutory Review identified an apparent lack of clarity in the legislation on when the Information Commissioner’s assessment must be provided to the Minister.</p> <p>The Government will further consider ways to ensure that privacy impacts are effectively considered in this process to deliver the best outcomes for consumers.</p>

Recommendation	Government statement
<p><b>1.4 – Greater transparency on consultation processes and a timeline of expected future developments</b></p> <p>To provide greater clarity and certainty to all participants, the Government, with CDR agencies, should provide greater transparency on CDR consultation processes and a timeline that outlines expected future developments.</p>	<p><b>Agree.</b></p> <p>The Government is committed to engaging with industry, consumer groups and sectoral groups to provide greater transparency on CDR consultation processes. A public-facing forward work plan will be published online, outlining expected future consultations and developments.</p> <p>Engagement will consider the needs and experiences of different types of consumers, including the needs and experiences of women (as individual consumers and small business owners) and vulnerable consumers.</p>
<p><b>1.5 – Greater visibility of success measures</b></p> <p>Greater visibility of success measures and system objectives will provide increased confidence and assurance to participants. Success measures should incorporate measures of system health and meaningful outcomes for consumers.</p>	<p><b>Agree.</b></p> <p>Treasury in consultation with CDR agencies have been developing a Benefits Realisation Management Framework capturing lead indicators and success measures. A public-facing benefits realisation framework outlining desired outcomes of the CDR program – covering program operations, consumer outcomes, and economic outcomes – will be published online.</p>
<p><b>2.1 – Screen scraping should be banned in the near future in sectors where CDR is a viable alternative</b></p> <p>Screen scraping should be banned in the near future in sectors where the CDR is a viable alternative. Importantly, the Government should clearly signal when and how the implementation of the ban would take effect. This would provide certainty and adequate time for businesses to transition, along with stronger incentives to invest in moving to the CDR.</p>	<p><b>Noted, and the Government will consult on policy options for regulating screen scraping.</b></p> <p>Screen scraping involves consumers sharing login details with third parties to access their account(s) to extract data. It is used by parts of industry (including the financial services sector) to provide products and services, such as consumer loans. Screen scraping inherently involves cyber security risks due to asking consumers to share their login details and passwords.</p> <p>The Government recognises that various industry members are voluntarily moving away from using screen scraping and using the CDR as a safer alternative. Some industry members are also encouraging others in the market to phase out screen scraping.</p> <p>Given the cyber security risks of screen scraping, the Government will consult on policy options for regulating screen scraping commencing in the banking sector and starting with the release of a discussion paper in the second half of 2023. The screen scraping market is complex and it is important to have suitable policy settings.</p> <p>As the CDR framework matures and data quality is enhanced (refer to the response to recommendation 2.5), the CDR is expected to become the alternative of choice compared to screen scraping.</p>

Recommendation	Government statement
<p><b>2.2 – Flexibility for prospective Accredited Data Recipients to choose who they undertake preliminary systems testing with, including through accredited private sector solutions or the ACCC</b></p> <p>Creating a trusted ecosystem that supports the development of a range of products will encourage new market-driven innovation in the CDR. It is recommended that prospective Accredited Data Recipients have the flexibility to choose who they undertake preliminary systems testing with, including through an accredited private sector solution or the ACCC.</p>	<p><b>Noted.</b></p> <p>In 2022, the ACCC released a CDR sandbox to support prospective Accredited Data Recipients (ADRs) to design, build and undertake preliminary testing of their systems.</p> <p>There is also now an active ecosystem of private sector vendors who support prospective ADRs to build and undertake preliminary systems testing, with potential for more in the future. This has been a positive development that reflects the market-driven innovation arising from the CDR framework.</p> <p>Prospective ADRs currently have the flexibility to choose how they do preliminary testing of their systems – they can use the ACCC’s sandbox and choose from a number of private sector solutions to suit their individual needs.</p> <p>The ACCC does not currently endorse individual private sector providers in the market.</p>
<p><b>2.3 – Improving coordination and making it easier for participants to resolve issues and seek advice</b></p> <p>Changes to CDR governance should not be made now, however, improvements to coordination within the existing CDR structures should be undertaken as a priority in the short to medium term. CDR agencies should make it easier for participants and users to resolve issues and seek advice, including by clarifying responsibility and ownership of issues, coordinating consultation and system releases, and publishing comprehensive statistics on the progress of the CDR.</p>	<p><b>Agree.</b></p> <p>The Government, through its CDR agencies, is committed to improving coordination and governance. Since the release of the Statutory Review, CDR agencies:</p> <ul style="list-style-type: none"> <li>• have revised the CDR Program Governance Plan and formally embedded the role of change co-ordination oversight into the CDR Steering Committee,</li> <li>• developed a model to clearly depict how responsibility for functions is allocated across the program,</li> <li>• are undertaking ongoing work on CDR communications and the CDR website,</li> <li>• are undertaking ongoing work on incident management and publishing consultations with stakeholders and outcomes of consultations.</li> </ul> <p>The CDR website includes statistics on active banking data holders’ performance and information about Accredited Data Recipients and representative arrangements.<sup>3</sup> The responses to recommendations 1.4 and 1.5 outline that a public-facing forward work plan and benefits realisation framework will be published on the CDR website, cdr.gov.au.</p> <p>CDR agencies will continue to identify improvements to cross-agency coordination and to make it easier for participants to resolve issues, ensure data quality in the system and seek advice.</p>

<sup>3</sup> [www.cdr.gov.au/performance](http://www.cdr.gov.au/performance), [www.cdr.gov.au/find-a-provider](http://www.cdr.gov.au/find-a-provider) and [www.cdr.gov.au/for-providers/representative-arrangements](http://www.cdr.gov.au/for-providers/representative-arrangements)



Recommendation	Government statement
<p><b>2.4 – Support initiatives to encourage the development of innovative use cases</b></p> <p>To encourage and incentivise the development of innovative use cases, the Government should look to support initiatives like the UK’s Open Up 2020 Challenge, which could target a use case that drives social benefit that is not being developed by the market. Collaboration with consumer advocacy groups should be considered to help identify relevant consumer challenges that could be addressed by the CDR.</p>	<p><b>Noted.</b></p> <p>In consultation with industry, the Government will further consider options to encourage the development of innovative use cases in the CDR, including through challenge-based initiatives and other mechanisms.</p>
<p><b>2.5 – Focusing on system maturity, functionality and data quality</b></p> <p>The current pace of CDR rollout into new sectors has not allowed enough time for the system to mature and capitalise on the lessons learnt. Focusing on improving CDR functionality and data quality within already designated sectors should be prioritised, balanced with overall forward momentum into new sectors over time.</p>	<p><b>Agree.</b></p> <p>Looking forward, the Government’s approach to the rollout of the CDR aims for a balanced pace of expansion and improvements to existing arrangements. The Government’s funding for CDR agencies in Budget 2023-2024 will continue supporting operations in banking and energy, including for the ACCC to continue to focus on data holders’ compliance with their data quality obligations. The Government is pausing implementation of the CDR across the superannuation, insurance and telecommunications sectors to allow time for the CDR to mature across the banking and energy sectors and to implement lessons learned to date.</p> <p>The Government recognises the importance of improving CDR functionality and data quality so that CDR data is accurate and reliable. Following the release of the Statutory Review report, the ACCC ran a public consultation process on improving data quality in the CDR to gather further views on the prevalence of data quality issues, harm resulting from these issues, and approaches to these issues from a compliance or enforcement perspective. On 5 April 2023, the ACCC published findings from this stakeholder consultation and actions it will take.<sup>4</sup> The ACCC will continue to engage with industry representatives to improve data quality.</p>

<sup>4</sup> ACCC, 5 April 2023, <https://www.accc.gov.au/about-us/publications/serial-publications/the-consumer-data-right-compliance-audits-and-targeted-compliance-reviews/data-quality-in-the-consumer-data-right-findings-from-stakeholder-consultation>

Recommendation	Government statement
<p><b>2.6 – Cyber security assessment</b></p> <p>At this point in the CDR’s development, Government should consider undertaking a whole of ecosystem <b>cyber security assessment</b> to ensure that the CDR cyber security architecture continues to be fit for purpose into the future.</p>	<p><b>Agree.</b></p> <p>Major private sector data breaches demonstrate the serious consequences of inadequate protection of consumer data.</p> <p>Cyber security is a priority for the CDR. It is important that consumers have trust and confidence in the CDR’s data security settings when they choose to share their data.</p> <p>Following the release of the Statutory Review report, the Government progressed a whole of ecosystem cyber security assessment as a matter of priority. In the 2023-24 Budget, the Government committed funding to deliver cyber security improvements across CDR agencies (Treasury, the Data Standards Body, the ACCC and the OAIC) to help protect against threats in the changing data landscape.</p>
<p><b>2.7 – Accreditation under the CDR should be aligned with other obligations on participants, where appropriate</b></p> <p>Where appropriate, accreditation under the CDR should be aligned with other obligations on participants, in particular, accreditation requirements for Digital Service Providers registered with the ATO.</p>	<p><b>Noted.</b></p> <p>The Government recognises that the CDR framework is interlinked to other schemes in the broader data economy and will seek to align the CDR with other frameworks where possible.</p>
<p><b>3.1 – Small business participation in the CDR</b></p> <p>Government should consider ways to increase small business participation in the CDR. This could include giving small businesses flexibility to consent to share their CDR data with parties outside the limited ‘trusted adviser’ categories currently defined under the CDR Rules. Consideration should also be given to enabling small businesses to consent to share data outside the CDR to a third party for explicitly business-related purposes.</p> <p>Any amendments to support wider sharing of CDR data should ensure the maintenance of existing protections offered to individual consumers and carefully consider the impacts of any potential overlap between business and personal data.</p>	<p><b>Noted.</b></p> <p>Small businesses play a significant role in Australia’s economy and community, contributing \$483 billion to the Australian economy and employing over 5 million people.<sup>5</sup></p> <p>The CDR framework can benefit small businesses by streamlining existing administrative processes and enabling them to access better value services. This gives businesses valuable time to focus on building and growing their businesses.</p> <p>The CDR is at an early stage, with product offerings expected to further grow as the system matures, more datasets are introduced, and action initiation is implemented. For example, when implemented, action initiation will allow small businesses to carry out everyday business tasks more easily, such as making payments and switching to new service providers better suited to their needs. It will help increase their participation in the digital economy, providing new business opportunities and reducing the costs of doing business.</p>

<sup>5</sup> Australian Small Business and Family Enterprise Ombudsman, <https://www.asbfeo.gov.au/msme-small-business-facts>

Recommendation	Government statement
<p><b>3.2 – Government participation in the CDR should be a priority</b></p> <p>Facilitating government participation in the CDR should be a priority to ensure consumers benefit from more seamless government interactions and an ability to share their data across a greater range of services. Consideration should be given to how designation, accreditation and standard setting processes can optimally facilitate government involvement alongside other initiatives, such as the Data Availability and Transparency scheme.</p>	<p><b>Noted.</b></p> <p>The Government recognises the potential value of expanding the CDR to certain government-held data to enhance consumer benefits and align the CDR with other initiatives where possible.</p> <p>The CDR is a large-scale economic reform, designed to roll out over years and benefit Australians for decades to come. The Government is prioritising work to support the CDR to mature with data from the banking, energy, and non-bank lending sectors, with the goal of further driving industry development of CDR-enabled products and services that benefit consumers. Expansion of the CDR to include government-held data will be considered in a strategic assessment commencing in the second half of 2024.</p>
<p><b>3.3 – Additional funding to support consumer advocacy groups</b></p> <p>The consumer voice is amplified through consumer advocacy groups. These advocacy groups are generally under resourced, inevitably diminishing the consumer input into the development of the CDR and other government consultation processes more broadly. Additional funding may be needed to support consumer advocacy groups to meaningfully participate in not just the development of the CDR but across government initiatives.</p>	<p><b>Noted.</b></p> <p>The Government recognises the valuable role that consumer advocacy groups play in consultations on CDR policy and design. The Government acknowledges that previous CDR consultations were relatively frequent, and that resource-constrained consumer advocacy groups felt they were not able to participate as fully as they would have liked. A deliberately staged roll-out with fewer CDR-specific consultations will support consumer and other stakeholder groups target their resources when engaging in CDR consultation.</p>
<p><b>4.1 – Further consider other issues raised in the Statutory Review in ongoing future work</b></p> <p>Further consideration be given to other issues raised during the Statutory Review in the context of ongoing future legislative, rule-making and standard-setting updates to ensure that the CDR remains fit-for-purpose.</p>	<p><b>Agree.</b></p> <p>The Government notes the other issues raised in the Statutory Review. Treasury, in consultation with CDR agencies, will consider the issues raised in the Statutory Review in the context of future legislative, rule-making and standard-setting updates.</p>

## Government response to Review findings

Finding	Government response
<p><b>1.1 – Objects of Part IVD of the Act are broadly fit for purpose</b></p> <p>The Review has found that the objects of Part IVD of the Act are broadly fit for purpose and will continue to support the economy-wide expansion of the CDR into the medium term.</p>	<p><b>Noted.</b></p>
<p><b>1.2 – Consultation barriers</b></p> <p>In developing the CDR, multiple agencies are seeking regular feedback from a wide range of stakeholders. CDR participants, particularly smaller ones, have found it difficult to engage with these successive consultation processes. Consultation is important to successfully implement the CDR, however, the extent and scope of consultation are barriers particularly for smaller participants and consumer groups. Without better coordination or consideration of ways to lessen the consultation load, there may be adverse competition outcomes that are contrary to the policy objectives of the CDR.</p>	<p><b>Noted.</b></p> <p>Refer to the Government response to Recommendations 1.4, 2.3 and 3.3. The Government will continue to engage closely with participants, including consumer groups.</p>
<p><b>1.3 – Direct-to-consumer data sharing</b></p> <p>Submissions recognised the risks associated with enabling direct-to-consumer data sharing under the CDR, particularly at this point in time. While many submissions supported this form of sharing in principle, few were able to offer examples of tangible consumer benefits that could justify enabling sharing in the presence of these risks. The Review finds that the statutory framework may require further consideration in the future if direct-to-consumer data sharing is to be enabled, particularly in relation to liability for loss. As the CDR matures, the risks associated with direct-to-consumer data sharing may decrease, at which point enabling data transfers should be reconsidered.</p>	<p><b>Noted.</b></p> <p>This will be considered as part of any future changes to the statutory framework.</p>
<p><b>2.1 – Data quality should be addressed as a priority</b></p> <p>Data quality is limiting the wider adoption of the CDR. Addressing it as a priority, including through enforcement actions when necessary, will increase participant confidence in the CDR, leading to the development of new CDR products that benefit consumers and decrease reliance on risky practices like screen scraping.</p>	<p><b>Noted.</b></p> <p>Refer to the Government response to Recommendation 2.5.</p>
<p><b>2.2 – The consent process should be monitored and adjusted as the CDR evolves</b></p> <p>The consent process is central to CDR’s realisation of informed consumer decision making and delivery of consumer benefits. Complex consent processes may limit participation in the CDR and contribute to ‘consent fatigue’, which may undermine genuine consumer consent. As the CDR evolves, the consent process should be monitored and adjusted to ensure benefits are realised, and as the CDR expands to include actions and payments, further consideration should be given to other consent models, such as bundling of consents.</p>	<p><b>Noted.</b></p> <p>Treasury and the Data Standards Body (DSB) are exploring opportunities to simplify the CDR consent rules and standards to support a better consumer experience while maintaining key protections. Treasury and the DSB have commenced public consultation on CDR consents and will soon release a Design Paper to further consult on consent change proposals.</p>

Finding	Government response
<p><b>2.3 – Complexity associated with rules and standards for participants</b></p> <p>The Review heard from participants that their experience in the CDR has been compliance focussed to date. Concerns were raised by participants about complex and overly prescriptive rules and standards that have prevented them from focusing on developing new products and services. As the system develops and matures, including through the introduction of action initiation, consideration should be given to ways that implementation can reduce the complexity associated with rules and standards for participants.</p>	<p><b>Noted.</b></p> <p>Refer to the Government response to Recommendation 1.4.</p>
<p><b>2.4 – Monitor participation and uptake of new CDR access pathways, such as the representative and sponsor-affiliate model</b></p> <p>The introduction of new access pathways, such as the representative and sponsor-affiliate model, has increased available avenues for participation in the CDR. Government should monitor participation and uptake to ensure settings remain appropriate. If a particular model or pathway has low uptake, further exploration should be done to understand why it is not being used and to affirm that liability settings are meeting desired policy outcomes.</p>	<p><b>Noted.</b></p> <p>CDR agencies will monitor participation and uptake to ensure settings remain appropriate, including to consider the cyber security risks that these access pathways may create.</p>
<p><b>2.5 – Monitor reciprocal data holder obligations</b></p> <p>As the CDR gains momentum and the incentives to participate increase, reciprocal data holder obligations should be monitored to ensure they are appropriately supporting the growth of a vibrant CDR ecosystem.</p>	<p><b>Noted.</b></p> <p>Treasury will monitor reciprocal data holder obligations as the system grows.</p>
<p><b>3.1 – Small business participation in CDR</b></p> <p>The CDR has the potential to provide benefits to millions of small businesses across Australia but, at present, participation is low. The Government should consider settings to facilitate small business participation, such as consent durations, data handling and deletion setting requirements. Derived data settings should also be revisited to ensure that they remain appropriately calibrated and reflective of data disclosure needs and uses.</p>	<p><b>Noted.</b></p> <p>Refer to the Government response to Recommendation 3.1.</p>
<p><b>3.2 – Consumer identification</b></p> <p>Expanding the CDR to deliver cross-sectoral use cases will require a method of consumer identification that spans different sectors and interactions. This will require utilisation of identity solutions beyond the existing unique identifiers adopted in energy, financial and telecommunications sectors to enable seamless user experiences.</p>	<p><b>Noted.</b></p> <p>Treasury will continue to engage with the relevant Government agencies and the private sector to understand opportunities for the CDR and the Trusted Digital Identity Framework. Work will include examining opportunities to leverage new identity verification solutions, such as Digital ID.</p>

Finding	Government response
<p><b>3.3 – The CDR as an internationally interoperable data portability initiative</b></p> <p>Prioritising the development of the CDR as an internationally interoperable data portability initiative will deliver significant consumer benefits by way of a greater willingness for participation from international product and service offerings.</p>	<p><b>Noted.</b></p> <p>This will be considered in any future work on international interoperability.</p>
<p><b>3.4 – Alignment with the <i>Privacy Act 1988</i></b></p> <p>Protections provided by the CDR are designed to ensure the integrity of the scheme is maintained as it moves across each sector working alongside the <i>Privacy Act 1988</i>. Where opportunities for alignment with the <i>Privacy Act 1988</i> are identified, the CDR protections should be reviewed to reduce duplication and increase alignment.</p>	<p><b>Noted.</b></p> <p>Treasury will continue to engage with the Attorney-General’s Department and the OAIC on alignment between the CDR and the <i>Privacy Act 1988</i>. This will be considered in any future design work on CDR protections, informed by any changes following the Privacy Act Review.</p>
<p><b>3.5 – Alignment with other regulatory schemes</b></p> <p>The regulatory environment that the CDR operates within is complex. Where possible, the CDR should seek opportunities for alignment with other regulatory schemes, limiting duplication and overlapping regulatory obligations to make the CDR easier to navigate, reducing additional compliance burdens and confusion for participants.</p>	<p><b>Noted.</b></p> <p>Treasury will continue to engage with industry, government and other stakeholders to ensure this is considered in any future design work, particularly on expansion to other sectors and as new functionality is brought in.</p>
<p><b>3.6 – CDR action initiation should work in conjunction with other initiatives where possible</b></p> <p>There is significant enthusiasm for the delivery of action initiation under the CDR, with many submissions noting the opportunities for the CDR to capitalise on concurrent work being undertaken within payments systems, such as PayTo. Where possible, the CDR should work in conjunction with other initiatives to minimise potential friction points and reduce regulatory compliance for participants, with the objective to create more streamlined consumer experiences.</p>	<p><b>Noted.</b></p> <p>The Government’s funding through Budget 2023-24 underlines its commitment to policy and design work on action and payment initiation in consultation with stakeholders. Other payments system initiatives will be considered as part of the work being undertaken on action initiation within the CDR.</p>
<p><b>3.7 – Consider a future statutory review within the next five years</b></p> <p>Consider a future statutory review within the next five years. This review may consider direct-to-consumer data sharing, the implementation and governance arrangements of the CDR and other digital economy initiatives, reciprocal data holder obligations, as well as any other issues that arise.</p>	<p><b>Noted.</b></p>