

Dear Ms Criddle,

Further to our discussion today, I make the following further submissions on empirically testing documents drafted in compliance with the proposed Amendments:

1. Cost

A simple set of experiments similar to my previous published research on three contract types (home loan; continuing credit; and linked credit) with an "n" of 300 participants or so for each would cost in the vicinity of \$30,000 - \$40,000. This would produce a simple set of statistics which compared the comprehensibility of the new formats with the existing code and, using the "embedded document" technique pioneered in my earlier work, with the "no disclosure" situation. It would answer the question: "Is it better?" This would be a good way to assess the new *financial summary table*.

New technologies are now available to map the dynamics of document comprehension by the participants (consumers) in order to better understand how they use the document and, therefore, how they could be improved. The improvements could be incorporated into new document formats which could be tested to discern any further improvements in comprehension.

Likewise, focus groups and general surveys could be directed at the questions originally asked by Justin Malbon in his "Taking Credit" project, namely, "What do consumers want?" The *summary of other information* documents are going to be less amenable to experimental testing (and certainly more expensive due to time) and may well be more usefully the subject of well-prepared focus group discussions.

A more complete project incorporating all these techniques would cost in the vicinity of \$100,000.

2. Why?

I repeat the reasons given in my earlier submission and again say that costs in the order of \$100,000 should be in the context of the many millions of dollars which government and industry will spend on compliance with the new amendments and which will be simply passed on, in the case of industry, to consumers. It is more cost efficient to do the testing now.

3. Time

At this costing, it is unlikely the project could be completed in less than six months. Substantially increased funding would obviously reduce this timeframe but some tasks simply take time, for instance, the recruitment of participants. It is best we take this time now as it is unlikely that further review could take place in less than 3-5 years.

If there is anything else on this matter with which I can assist you or the committee, please do not hesitate to ask.

Yours faithfully,

Paul O'Shea