



Speech by

Hon. Margaret Keech

MEMBER FOR ALBERT

Hansard Tuesday, 13 March 2007

CONSUMER CREDIT (QUEENSLAND) AND ANOTHER ACT AMENDMENT BILL

Second Reading

Hon. MM KEECH (Albert—ALP) (Minister for Tourism, Fair Trading, Wine Industry Development and Women) (12.42 pm): I move—

That the bill be now read a second time.

This bill amends two pieces of legislation administered by my portfolio. The first amendment is to the Consumer Credit Code, which is an appendix to the Consumer Credit (Queensland) Act 1994. Queensland administers the code as a participant in the national Uniform Credit Laws Agreement 1993. The bill also makes minor amendments to the Tourism Queensland Act 1979 to increase the number of members of the Corporation of Tourism Queensland.

The Consumer Credit Code applies to most consumer credit products marketed for personal, domestic or household purposes. It establishes rules for credit providers transacting with consumers and provides remedies and penalties when those rules are not followed. The bill proposes to extend by two years the sunset clause in relation to the mandatory comparison rate system in the Consumer Credit Code. This will enable the Ministerial Council on Consumer Affairs to finalise a review it is conducting into the merit of the system. This amendment to the code will ensure the mandatory comparison remains until that review is completed.

The Uniform Credit Laws Agreement operates under the auspices of the Ministerial Council on Consumer Affairs and the amendment in this bill has been endorsed by the ministerial council. Subject to the bill being passed by this parliament, the amendment will be mirrored by the other Australian jurisdictions, except Western Australia and Tasmania which have additional executive and parliamentary processes they must undertake before the amendments are introduced in those jurisdictions.

On 1 July 2003 the provision of comparison rates became compulsory for all fixed term consumer credit. A comparison rate is an interest rate which combines both the interest rate and fees and charges relating to a loan reduced to a single percentage figure. The scheme requires—

- all credit advertisements that contain an annual percentage rate to quote a comparison rate; and
- that credit providers, 'linked providers' and finance brokers must supply consumers with schedules of comparison rates.

As part of the mandatory comparison rates reform, the Ministerial Council on Consumer Affairs committed to review the scheme within three years of operation. Consequently, comparison rates were scheduled to sunset on 30 June 2006.

A consultant commenced a national review involving the public release of a consultation paper followed by the preparation of a decision-making regulatory impact statement. However, a delay in the consultation phase of this national review meant it could not be completed in time for the consideration of the Queensland government, national forums of fair trading officials or the ministerial council before 30

June 2006. Consequently, an amendment was made to the code to extend the sunset date for one year to 30 June 2007. Unfortunately, the one year extension period has proven to be too short, as the final regulatory impact statement only recently received approval from the Commonwealth Office of Best Practice Regulation which assesses the adequacy of national regulatory impact statements and approves their release.

The fate of comparison rates is a serious issue because they provide a method of disclosure which can assist consumer choice in an aggressive market with complex products. This is particularly important for the many consumers who possess low levels of financial literacy.

I believe that the mandatory comparison rate regime is proof of the adage that an informed consumer is a safer consumer. The Queensland government has always strongly supported initiatives like mandatory comparison rates which help consumers to help themselves make appropriate choices. It is intended that an extension of two years will provide the Ministerial Council on Consumer Affairs and the Queensland government with sufficient time to give proper consideration to the final regulatory impact statement and determine the fate of the comparison rates system. Without the extension, the mandatory comparison rates regime will expire before conclusion of the review and consideration of any recommendations.

Additionally, the bill proposes to strengthen the current leadership of the Corporation of Tourism Queensland to assist with implementation of the Queensland Tourism Strategy. The strategy lays the foundation for the coordinated and sustainable development of tourism in Queensland and gives industry and government the vision, goals, targets and actions to meet challenges and opportunities facing the industry over the next 10 years. My department has the principal responsibility for overseeing strategy implementation which will require an unprecedented level of collaboration and joint activity between the department and Tourism Queensland.

The amendments will increase the membership to include the chief executive of my department and also enable the Governor in Council to appoint the deputy chairperson in a similar way to the appointment of the chairperson. In order to ensure continuity of membership for experienced members who make a significant contribution to the activities, the current limitation on membership of six consecutive years service will be lifted. The limitation stifles the promotion of members and means membership must end for the most experienced appointees. As appointments must be reconsidered every three years, the removal of the six-year limitation will not affect the existing probity checks and balances provided for under the act. An energetic and visionary corporation is vital to the success of the government's Queensland Tourism Strategy. To ensure this is achieved the government needs to be confident that the corporation has the most able and appropriate leadership.

In conclusion, the amendment to the code is required to provide the ministerial council with sufficient time to decide the future of the mandatory comparison rates system. The proposed amendment will maintain the status quo until a decision is made. The amendments to the Tourism Queensland Act will contribute to the successful implementation of the Beattie government's Queensland Tourism Strategy. I commend the bill to the House.