



Speech by

Hon. Margaret Keech

MEMBER FOR ALBERT

Hansard Tuesday, 17 April 2007

CONSUMER CREDIT (QUEENSLAND) AND ANOTHER ACT AMENDMENT BILL

Hon. MM KEECH (Albert—ALP) (Minister for Tourism, Fair Trading, Wine Industry Development and Women) (4.45 pm), in reply: I thank all members for their contributions to the debate on Consumer Credit (Queensland) and Another Act Amendment Bill. In particular, I recognise that the opposition supports the provisions of the bill. I say at the outset that the amendments to the Consumer Credit Code are amendments to perhaps the most important consumer protection legislation we have. The code regulates all forms of the consumer lending by protecting consumers from unscrupulous loan sharks and unconscionable loan contracts. The code is nationally uniform legislation which means that once enacted by Queensland it will also be enacted by the other states and territories with input from the Commonwealth.

Mandatory comparison rates are one tool in our kit to protect Queenslanders and consumers from unfair loans. As has been recognised by government members it is vulnerable consumers in their electorates who are most in need of the protection that the code provides. The mandatory comparison rates require lenders to disclose up-front the total cost of a loan and to express that cost as a percentage interest rate per annum.

It means that lenders cannot advertise a low rate but then charge very high fees and charges. The one percentage rate gives consumers an opportunity to shop around, compare prices and get the best price for their needs. The government believes that the MCRs provide consumers with a simpler way of comparing different loans so they can make the best choice for themselves. In fact too often borrowers are hit by hidden fees and charges found in the fineprint of their loan contracts.

On 1 July 2003 the MCR became compulsory for all fixed-term consumer credit—that is, loans taken out for personal use but not including unfixed loans such as credit cards. The MCR system was subject to a sunset clause that expired on 30 June 2006. At that time the states, territories and the Commonwealth agreed to extend the regime for one year—that is, until 30 June 2007—on the basis that a review would be conducted to determine if the regime had been successful.

The member for Caloundra asked why it has taken so long. It is a good question. I am happy to respond to him. The main reason is delays by the Commonwealth, in particular the Commonwealth's Office of Best Practice Regulation. This is the body that assesses the adequacy of national regulatory impact statement processes. As state members of the Ministerial Council on Consumer Affairs we are constantly frustrated by the long delays and the stalling by the Commonwealth government through the Office of Best Practice Regulations. It is completely frustrating and very annoying that time after time the Commonwealth stalls good intentions, particularly when it comes to protecting the consumers of Australia, by constantly referring back to the ministerial council detailed questions that really do not go to the essence of the regulation that we are arguing for.

If the member for Caloundra is concerned about delays I would encourage him to get on to his federal colleagues to ensure that in the future the Commonwealth government's Office of Best Practice Regulation can work in a better sense with the states and territories through the ministerial council

procedure. In fact, the Howard government is arguing strongly for the removal of the MCR regime from the code. This is something that I as minister for fair trading have very strong concerns about and I encourage the member for Caloundra to stand up for Queenslanders as indicated by other government members today. Consumers are entitled to know what they are signing up for and they are entitled to receive clear and accurate information about these complex contracts. That is why the MCR regime is proof that an informed consumer is a safer consumer.

In addition, many members spoke about their experiences in their electorates regarding payday lenders, and I welcome and note those comments. In particular, the member for Woodridge, the member for Aspley and the member for Bundamba spoke about the high interest rates that payday lenders are charging and the significant impact on consumers who are having to pay rates of up to 1,000 per cent and sometimes even more. I acknowledge the contribution by the member for Mount Ommaney with respect to a visit to her office by a member of the industry. I do recognise that members of the payday lending and microfinance industry do provide a service and that there are many in Queensland who are reputable and do work very hard to ensure that they stay within the regulations and guidelines. However, there are others who are there simply for one reason, and that is to rip off consumers and make as much profit as possible.

I look forward to bringing to this parliament later this year amendments to the Consumer Credit Code to ensure that we look at the whole issue of regulating payday lenders. As the member for Bundamba indicated, particularly in low socioeconomic electorates like hers and mine, payday lenders have really become a growth industry. This is understandable given that in states such as New South Wales, Victoria and the ACT the payday lending industry is regulated whilst in Queensland when it comes to a cap on interest rates there is no such regulation. For that reason, the payday lending industry in Queensland has provided incredible growth for companies that have one focus, and that focus is to maximise their profits.

With respect to the comments made by both the member for Caloundra and the member for Maroochydore regarding Tourism Queensland, I am happy to respond. First of all, I thank the member for Caloundra for his positive comments regarding his regional tourism organisation. As tourism minister, I am very proud of the incredible role that the regional tourism organisations—whether they be in Caloundra or on the Sunshine Coast ably led by CEO John Fitzgerald—play. The strength of the Queensland tourism industry is in its regions. In fact, all other jurisdictions around Australia recognise that when it comes to the tourism industry Queensland through Tourism Queensland and the Beattie government has the best structure and provides the best support for our industry. That can only be achieved through the tremendous support of our regions—whether it is the Sunshine Coast, whether it is the Whitsundays, the tropical north, the Gold Coast or any of the 14 regional tourism organisations. They do an absolutely tremendous job. I want to recognise the members of the boards, the CEOs and the members who work very hard with the Beattie government through Tourism Queensland to ensure that Queensland's third largest export industry continues to grow and prosper.

The member for Caloundra raised questions regarding membership of the Tourism Queensland board. In particular, he asked about board members and the role that they play. I am very confident that the new board is the strongest that we have had for many years. We certainly need strong leadership, and having the best chairman and deputy chair is paramount. For that reason, the amendments provide for the Executive Council to nominate the deputy chair. Having both positions appointed by Executive Council means that the government can ensure we have a leadership team to drive implementation of the Queensland Tourism Strategy, which, as the member for Caloundra is aware, is the state's first long-term tourism blueprint and a strategy which the Premier in the election campaign endorsed with \$48 million worth of funding. As well, the deputy chair can swing into action at times when the chair is unavailable. I was determined to have a very strong backup at times when the chair may not be available.

The member for Maroochydore asked about reviewing the performance of the board members at the end of three years. The chair and deputy chair would help guide me in determining the best mix for the board. As I have said, I really do believe that the current board is the strongest we have had for quite some time and one of its strengths is in the breadth of talent and experience that is now on that board. In particular, members of the tourism industry have commented to me that the new board has a very strong mix of members from both small business and big business. There are now also aviation experts on the board. In particular, it was welcomed that there is strong representation from the regions on the Tourism Queensland board.

I have moved these amendments to give me flexibility in terms of board membership so that if I believe it is advantageous for people to serve more than two terms that call can be made. If it is determined that it is time for new blood, then that option will also be available. In fact, the amendments give me as minister some flexibility in making recommendations to Executive Council—that is, whether a member who has already done six years should be extended or whether it is time for new blood. With those comments, I thank the opposition for its support. I also recognise the very good work that Tourism Queensland itself does. I am very proud of the excellent work it does. We are looking forward to welcoming tourism industries from around the world to Brisbane next month with the Australian Tourism Exchange when we will be able to showcase all that Queensland has to offer when it comes to a great tourism destination.