

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Inquiry into the National Consumer Credit Protection reform package

21 August 2009

**Topic: GE Capital Finance Australasia Pty Ltd**

**Senator Cameron asked:**

**Senator CAMERON**—The other argument from GE is that there is a lack of competitive neutrality. Has that been looked at?

**Mr Miller**—I would have to see where they believe that—

**Senator CAMERON**—They are arguing that the regime creates a competitive bias in favour of particular products. Then they go on to talk about a direct versus intermediary model.

**Mr Miller**—I have just been advised that it might be that they have some concern about leases.

**Senator CAMERON**—This is their second part. There are two parts, a direct versus intermediary business model, and credit contracts and consumer leases. Could you take that on notice and have a look at that and provide some advice to the committee on those aspects?

**Mr Miller**—Sure. We could answer the one on leases now.

**Mr Mikula**—The issue in relation to leases derives again from the commitment to bring the credit code across from a state to a Commonwealth law more or less as is. Consumer leases were treated significantly differently in the code for historical reasons—for example, there are much less onerous disclosure requirements; in particular, there is no requirement to disclose commissions. I think, from recollection, that was one of GE's concerns. Given the approach taken to bring the code across it was considered that bringing leases, which do operate slightly differently and the obligations are not readily translatable in all cases, was something to be looked at in phase 2.

**Mr Miller**—The leases side of it is scheduled for phase 2, but we can come back to you on that first issue that they raised.

**Answer:**

GE Capital Finance Australasia Pty Ltd (GE), in its written submission, raised concerns at pages 4 and 5 about a lack of competitive neutrality. In summary, the submission by GE raises concerns that the proposed laws, in their application to retail or vendor introduced finance, will favour arrangements in which the retailer (in their capacity as an intermediary) will only act for one lender, rather than two or more lenders.

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Treasury provides the following response to these concerns:

GE's covering letter dated 17 July 2009 to its submission supported the Government's announcement of the exemption for point-of-sale retailers. The Government has committed to review of this market segment within 12 months. The views of stakeholders, including GE, will be sought and considered during the review.