

RECOMMENDATIONS

Recommendation 1

The Committee recommends that Treasury undertakes more analysis related to the longer-term outlook for the current account, and publishes its findings to enhance public understanding and discussion.

Recommendation 2

The Committee recommends the Government develop new strategies to promote the export of Elaborately Transformed Manufactures and services to underpin a long term improvement in the balance of trade.

Recommendation 3

The Committee recommends that the Government introduces policies designed to bring about an improvement in the medium-to-long term average of the current account deficit, including improving domestic savings and increasing the diversity and international competitiveness of the export sector.

Recommendation 4

The Committee recommends that the Government reassess its decision to reject the recommendation of the Productivity Commission for a review of those aspects of the personal tax regime that have recently contributed to excessive investment in rental housing.

Recommendation 5

The Committee recommends that through the Ministerial Council on Consumer Affairs, the State and Territory Governments develop and pass uniform legislation for the development of educational material focussed on the risks associated with investing in real estate, borrowing against home equity, and of borrowing at debt-to-equity ratios in excess of 80 per cent; and that real estate agents be required to provide copies of this material to prospective buyers at the point of first enquiry.

Recommendation 6

The Committee recommends that the feasibility of deeming a broker to be the agent of the lender be further investigated as a possible method of addressing the slippage in lending practices that has entered the financial services industry.

Recommendation 7

The Committee recommends that the States and Northern Territory develop and pass uniform consumer credit legislation requiring credit providers to undertake appropriate checks of borrowers' capacity to pay before issuing new credit cards or raising credit limits. The ACT Fair Trading Act provides an appropriate model for this legislation.

Recommendation 8

The Committee recommends that the Consumer Credit Code be amended to mandate the provision, in a clear and easily understood manner, of a summary of the interest rates, key fees and core terms and conditions of card interest rates in all credit card promotional literature. This requirement is also to apply to charge cards and interest free periods offered by retailers.

