

Coalition Senators' Additional Comments

Coalition senators support the national consumer credit package of legislation, but there are issues surrounding its implementation about which we make further comment.

In relation to the large number of recommendations by this committee, coalition senators feel the level of reservations about the bills as they stand to be implemented once again exposes the Rudd government's rushed legislation agenda.

Timetable indecision

The Rudd government has announced two significant changes to the timing of the start of the responsible lending provisions. On 25 June 2009, the government deferred the start date of the responsible lending provisions as planned during the consultation period by one year to 1 January 2011 and then on 14 August 2009, the Minister announced the date will come forward again to 1 January 2010 for mortgage brokers and lenders.

In this context, coalition senators are dismayed at the committee having to conclude from the evidence that there are grounds for all but the responsible lending provisions of the bill due to commence on 1 January to be delayed to 1 July 2010. Coalition senators suggest that government senators are loathe to put off the responsible lending provisions as they apply to credit providers other than ADIs and finance companies, in the knowledge that the government has already brought them forward from 1 January 2011.¹

Although coalition senators lend our support to the recommendation for delay if necessary, we are wholly critical of the Rudd government for driving this agenda at a pace beyond the deadlines which businesses could feasibly meet and, moreover, seesawing between start dates. As has been commented in other reports this unseemly rush without giving time for stakeholders to prepare and adjust is becoming a typical modus operandi of the Rudd government

We appreciate that there is the added complication of a constitutional referral to add to the mix of factors weighing in on the legislation timetable, but it is not surprising that some smaller lenders may leave the business of lending altogether.

The government cannot fairly expect credit businesses to meet the requirements when it is changing the rules and the timetable on the run.

¹ Minister Bowen, media release 14/08/2008.

Point of sale finance

The second significant point coalition senators make relates to the government's ambivalence over the treatment of point of sale credit assistance, whether this credit-related activity by retailers is in or out, or merely has a reprieve until phase two of the reforms.

Although we recognise that new schemes of regulation almost by definition bring compliance burdens and transition insecurities, we consider that the uncertainty for retailers whether this applies to their business models, on top of the timetable uncertainty, is nothing short of reprehensible on the part of the Rudd government.

Coalition senators are aware, based on the evidence of Treasury and ANRA to the committee, that there is a schism between the government's intended scope of the draft regulations as they apply to point of sale retailers, and the view the retailers are taking, on advice, of their obligations under the main bill.

The government is driving an almost impossible agenda and is coming undone in the process.

Coalition senators call on the government to immediately clarify this issue for retailers.

Credit licensing

The financial services industry presented cogent arguments to the inquiry that the AFS licensing regime under members are regulated is more than adequate protection for the interests of the consumer and accordingly licensees should not be subjected to an additional licensing obligation.

Consultation

A number of submitters raised issues about the practical implications of some of the changes in the bills, which Treasury's evidence satisfied. Coalition senators consider it would have been preferable for the government to have advised stakeholders prior to the committee hearings that the matters raised were not real issues.

Senator Alan Eggleston
Deputy Chair

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Senator David Bushby