

SPEECH NOTES

Credit (Commonwealth Powers)(Transitional and Consequential Provisions Bill 2009

Mr Speaker, I move that the *Credit (Commonwealth Powers) (Transitional and Consequential Provisions) Bill 2009* be read a second time.

The *Credit (Commonwealth Powers) Bill 2009*, which refers to the Commonwealth powers to regulate consumer credit, passed through the Legislative Council on 29 November 2009.

The *Credit (Commonwealth Powers) (Transitional and Consequential Provisions) Bill* makes the necessary consequential and transitional amendments to give effect to the *Credit (Commonwealth Powers) Bill* (the Referral Bill).

The Referral Bill incorporated a 'text based' referral which includes the text of the current Uniform Consumer Credit Code and provides a limited amendment power to enable implementation of the scheme.

However, while the Referral Bill refers the power to regulate credit to the Commonwealth, the Bill did not incorporate the required consequential and transitional provisions necessary to give effect to the 'referral'.

These provisions were not included at this time because of the need for Tasmania (as the 'lead jurisdiction') to pass the referral legislation, so as to allow the Commonwealth to enact the National Credit legislation.

The Credit (Commonwealth Powers) (Transitional and Consequential Provisions) Bill 'gives effect' to the referral by repealing the *Consumer Credit (Tasmania) Act 1996* and making the necessary consequential amendments.

Passage of the Bill through the Tasmanian Parliament will allow passage of the Commonwealth's National Credit legislation through the Australian Parliament later this month.

The passage of the Credit (Commonwealth Powers) (Transitional and Consequential Provisions) Bill will allow the Referral Bill to 'have effect'.

This new legislative reform will allow the establishment of a comprehensive national licensing regime and will allow credit providers to register with the Australian Securities and Investments Commission (ASIC) from 1 April 2010 and 'paves the way' for full registration of credit providers to occur, from 1 July 2010.

The reforms, when fully implemented, will provide consumers with better protection from any predatory and irresponsible lending.

The legislative reforms will include:

- new 'responsible lending' conduct requirements imposed on licensees which will require that credit products and services be suitable for the consumer's needs and that the consumer has the capacity to repay;
- improved sanctions and enhanced enforcement powers;
- protection for those consumers taking out loans to purchase, renovate, improve or refinance a residential investment property;
- greater access for consumers to information, including fees, charges and commissions; and
- greater access to low-cost external dispute resolution schemes, rather than having to go to Court.

The passage of this Bill will allow Tasmania to meet its obligations under the Council of Australian Governments and also its commitment to participate in the development of a national seamless economy.

Mr Speaker, I commend the *Credit (Commonwealth Powers) (Transitional and Consequential Provisions) Bill 2009* to the House.