

FACT SHEET

CREDIT (COMMONWEALTH POWERS) BILL 2009

The *Credit (Commonwealth Powers) Bill 2009* refers to the Commonwealth Government the power to regulate consumer credit.

On 2 October 2008, the Council of Australian Governments (COAG) agreed that the Commonwealth would assume responsibility for the regulation of consumer credit.

COAG also agreed that implementation would take place in two phases.

Phase 1 of the implementation schedule, the subject of the Credit (Commonwealth Powers) Bill, includes:

- a text-based referral (referencing the 'National Credit Legislation'); and
- a limited subject-matter referral for the purpose of allowing amendments required in order to make this legislation effective.

The 'National Credit legislation' (NCL), which incorporates the *National Consumer Credit Protection Bill 2009* and the *National Consumer Credit Protection (Transitional and Consequential Provisions) Bill 2009*, was introduced into the Commonwealth Parliament on 25 June 2009. It is likely that the Commonwealth legislation will be passed and proclaimed in November.

The NCL implements phase 1 of the agreed action plan for single, standard, national regulation of consumer credit.

The Phase 1 legislation allows credit providers to register with the Australian Securities and Investments Commission from 1 April 2009 and paves the way for full registration of credit providers to occur, from 1 July 2010.

Phase 2 of the implementation schedule incorporates the remaining areas of credit (credit card limit extensions, fringe lending and reverse mortgages). Phase 2 will be the subject of a separate referral.

The operation of the NCL is 'underpinned' by an Intergovernmental Agreement which includes consultation mechanisms for legislative changes to the scheme.

The Commonwealth has consulted extensively with industry in developing the NCL.

The *Credit (Commonwealth Powers) Bill 2009* refers power to the Commonwealth necessary for it to validly enact the NCL. Tasmania is free to terminate the referral at any time.

This legislative reform delivers on the Tasmanian Government's obligations under COAG and also its commitment to participate in the development of a national seamless national economy.