

**JOINT COMMUNIQUE**

**MINISTERIAL COUNCIL ON CONSUMER AFFAIRS**

**MEETING**

**FRIDAY 13 JULY 2001**

The Ministerial Council on Consumer Affairs (MCCA) held its tenth meeting in Canberra today. MCCA comprises Commonwealth, State, Territory and New Zealand Ministers responsible for fair trading, consumer protection laws, trade measurement and credit laws.

**Members of the Council are:**

Mr Bill Stefaniak, MLA (Chair - Australian Capital Territory)  
Hon Peter Patmore, MHA (Tasmania)  
Hon John Kobelke MLA (Western Australia)  
Hon Joe Hockey MP (Commonwealth)  
Hon John Watkins MP (New South Wales)  
Hon Merri Rose MP (Queensland)  
Hon Trevor Griffin, MLC (South Australia)  
Hon Marsha Thomson, MLC (Victoria)  
Hon Jim Anderton MP (New Zealand)  
Hon Tim Baldwin MLA (Northern Territory)

The Hon John Kobelke MLA (Western Australia), Hon Tim Baldwin MLA (Northern Territory) and the Hon Jim Anderton MP (New Zealand) were unable to attend the meeting and were represented by Mr Norm Marlborough MLA, Hon Eric Poole MLA and Mr Keith Manch (General Manager New Zealand Ministry of Consumer Affairs), respectively.

***Outcomes of the meeting included:***

***Fringe Credit providers***

Following Ministers agreement late last year to extend coverage of the Uniform Consumer Credit Code to pay day lending a Bill is currently before the Queensland Parliament to amend the Uniform Consumer Credit Code legislation.

Ministers today considered further proposals for addressing other areas of concern with fringe credit providers, including:

- The refusal by fringe credit providers to disclose effective annual interest rates to assist consumers in understanding the true cost of pay day loans and to make comparisons with other lenders and products;
- The problem of Pay day lenders and other high cost credit providers imposing very high fees, usurious effective interest rates and requiring over-securitisation
- The use of direct debit authorities by pay day lenders; and
- The roll over of pay day loans leading borrowers into the “debt trap”.

Ministers agreed to further consultation on these proposals which may lead to the introduction of a nationally consistent regulatory framework for high cost loans (including caps on interest rates, fees and charges and controls on securitisation).

### ***Credit Card Practices***

MCCA considered concerns about credit overcommitment and the aggressive marketing of credit cards and unsolicited increases in credit card limits.

MCCA agreed to the NSW Department of Fair Trading consulting with industry and consumer groups on options to address these concerns and reporting back to MCCA for agreement on future strategies.

The ACT Fair Trading Amendment Bill dealing with credit card over-commitment was referred for consideration to the Uniform Consumer Credit Code Management Committee.

### ***Building Indemnity Insurance***

Ministers discussed the implications of the collapse of HIH, the approaches taken by different jurisdictions in responding to the collapse and some of the longer term implications for the industry, including building indemnity insurance.

The Commonwealth will assist in exploring systemic issues in the building indemnity / home warranty insurance industry with a view to ensuring continuing consumer protection.

### ***Cross Jurisdictional Issues***

Ministers recognised the importance of finding ways to improve the regime for handling cross jurisdictional consumer issues, given increasing levels of consumer activities are not confined to a consumer's own State or Territory. Ministers agreed that work be undertaken on a number of issues including to assist consumers in obtaining redress in disputes arising over transactions made anywhere in Australia and the development of improved processes for consumer protection agencies in dealing with cross jurisdictional issues.

### ***Petrol***

Ministers agreed that the Commonwealth would consult with the ACCC on NSW proposals to enhance the ACCC's powers to investigate inappropriate pricing and marketing practices.

### ***Temperature Compensation for Petroleum Fuels***

Ministers today agreed that, subject to the conducting of a regulatory impact statement and approval by individual governments, changes be made to the Uniform Trade Measurement Legislation to introduce temperature compensation for petrol and diesel fuel loaded at refineries and terminals across Australia.

Oil majors already temperature compensate to the Australian Standard of 15 degrees Celsius when they exchange product. Also, excise is paid at the volume compensated to 15 degrees Celsius.

This decision aims to improve transparency and certainty within the petroleum industry and enhance the competitiveness of independent wholesalers and retailers compared with major oil companies.

### ***Mobile Phone Contracts***

Ministers agreed to further consider out of session possible reforms to enhance consumer protection in relation to mobile phone contracts.

### ***Overseas Mail Scams***

Ministers agreed to NSW establishing a working party to consider areas for reform and greater cooperation in relation to controlling unacceptable practices relating to overseas mail scams.

### ***Event Ticketing***

Ministers agreed to work toward a national code of practice for event ticketing, and noted that the Australian Entertainment Industry Association has developed a draft Code of Practice for Event Ticketing. Ministers also noted that New South Wales will shortly release a discussion paper on event ticketing; and asked that New South Wales report back to MCCA within 3 months regarding the results of the consultation on its review.

### ***SA Minister to be Next Chair of MCCA***

As of 1 September 2001 the new Chair of the Ministerial Council will be the South Australian Minister responsible for Fair Trading matters.