

JOINT COMMUNIQUÉ

MINISTERIAL COUNCIL ON CONSUMER AFFAIRS MEETING

Friday 18 May 2007

The Ministerial Council on Consumer Affairs (MCCA) held its eighteenth meeting in Melbourne 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:

Hon Daniel Andrews MP (Chair - Victoria)
Hon Chris Pearce MP (Commonwealth)
Hon Linda Burney MP (New South Wales)
Hon Margaret Keech MP (Queensland)
Hon Sheila McHale MLA (Western Australia)
Hon Jennifer Rankine MP (South Australia)
Hon Steven Kons MHA (Tasmania)
Mr Simon Corbell MLA (Australian Capital Territory)
Hon Syd Stirling MLA (Northern Territory)
Hon Judith Tizard MP (New Zealand)

Apologies were received from the Hon Syd Stirling, MLA, and the Hon Jennifer Rankine MP.

MCCA's objective

MCCA's objective is to provide the best and most consistent protection for Australian consumers through its consideration of consumer affairs and fair trading issues of national significance and, where possible, development of consistent approaches to those issues.

MCCA's principal strategies

To achieve this objective, MCCA's principal strategies are to facilitate and encourage:

1. nationally coordinated and consistent policy development and implementation by all jurisdictions, including legislative consistency of major elements of consumer protection law and emerging policy issues (*Policy and Legislative Harmonisation*);
2. consistency of policy and enforcement decisions for the suppliers of goods and services within a national marketplace (*Consistent Enforcement*);
3. access to education and information for consumers and suppliers (*Education*);

4. co-operation and consultation on consumer policy between Australia and New Zealand (*Australia/NZ Co-operation*); and
5. research into consumer concerns and trade practices (*Research*).

MCCA is supported by a Standing Committee of Officials of Consumer Affairs (SCOCA).

MCCA considered a range of consumer issues in the context of these strategies. Outcomes of the meeting included:

Strategy 1 - Policy and Legislative Harmonisation

Review of Australia's Product Safety Policy

Ministers noted the COAG decision of 13 April 2007 and the 12 months timeframe comprised in that decision and agreed that:

- the draft RIS be completed incorporating the effects of the COAG decision comparing the harmonised model with the status quo and released by 30 June 2007;
- the States and Territories in consultation with the Commonwealth agree the principles of the new regime and report to MCCA later in 2007;
- concurrently an intergovernmental agreement underpinning the legislation be negotiated and agreed;
- drafting instructions be agreed in time to report to COAG in April 2008; and
- to commence immediately a review of all existing product safety bans and standards with the aim of achieving greater harmonisation across the Commonwealth, States and Territories. A project team jointly led by Victoria and Queensland will be established to carry this work forward.

Ministers also agreed that Queensland will continue to lead this project and the contracted project officer role will be extended until 30 April 2008.

Trade Measurement Review

MCCA welcomed the outcome of COAG's 13 April meeting and its endorsement of MCCA's recommendation for the establishment of a national system of trade measurement funded and administered by the Commonwealth.

MCCA noted that COAG had agreed that the transition period for the transfer will be 3 years with Commonwealth administration commencing on 1 July 2010.

MCCA also noted the Commonwealth has decided the function will be placed under the National Measurement Institute (NMI) and that the NMI will work closely with States and Territories to ensure a successful transition.

MCCA agreed that New Zealand be consulted in developing national legislation and administration to explore opportunities for greater harmonisation in trade measurement.

Responsible Lending Practices by Credit Card Issuers

Ministers continue to be concerned about the lending practices of credit card issuers in granting excessive amounts of credit to the most vulnerable consumers and look forward to consulting with stakeholders on options for dealing with this issue.

National Regulation of Finance Brokers

Ministers today noted progress in the national regulation of finance and mortgage brokers. A consultation Bill will be publicly released later this year.

Victorian Consumer Credit Review Recommendations

MCCA is concerned about charges for credit in some areas of the market. It was resolved to make every effort to ensure that a nationally consistent approach is taken to the development of measures that could have an impact on the cost of credit.

MCCA welcomed market developments designed to apply responsible lending principles to credit cards. MCCA considers that responsible lending principles have a role to play in other consumer credit transactions. MCCA has agreed that in addition to work in progress on responsible lending and credit cards, it will investigate the costs and benefits of applying principles of responsible lending to other credit products.

MCCA notes the rapid growth of the reverse mortgage market and the special characteristics of reverse mortgages. MCCA has agreed to explore the extent to which additional consumer protections (eg, addressing negative equity) for consumers considering or entering into reverse mortgages are necessary.

Personal Property Securities Reform

MCCA welcomed progress on personal property securities reform. MCCA considers that, as a general principle, the personal property securities scheme should provide no reduction in consumer protection, no less coverage and no less operational functionality than current vehicle securities registers in the jurisdictions.

It is desirable that there be a regulatory impact statement or a similar quantitative and qualitative analysis of both the social and economic costs and benefits of the project to business and consumers in accordance with usual COAG best practice regulatory requirements.

MCCA will write to the Hon Philip Ruddock Attorney-General in those terms.

Other issues

Travel Compensation Fund and Study of Consumer Issues in the Travel Market

Ministers looked forward to receiving from the Travel Compensation Fund Trustees their detailed proposals for introducing a risk based contribution premium for travel agents.

Ministers also further considered the proposed Study of Consumer Issues in the Travel Related Services Market which has been delayed pending consultation with the Tourism Ministers Council. A decision on proceeding with the study will be made out of session.

Review of Consumer Policy

MCCA considered the Productivity Commission's review of consumer policy and met with Commissioners to discuss progress on the review.

Ministers also agreed to provide the Productivity Commission with a comprehensive Information Paper which discusses important issues for the Commission to consider. These include the role of consumer policy in achieving sustainable economic and social goals, the balance between consumer empowerment and the need to ensure consumers and business are not burdened by unnecessary regulation, national consistency and uniformity issues, the role of consumer organisations and current institutional arrangements for consumer policy. The paper provides information but does not express preferences for particular policy outcomes.

The Ministerial Council's working party on consumer policy has met with representatives from peak consumer and business organisations to discuss current issues in consumer policy and will monitor closely the progress of the Commission's review.

Education and Information Taskforce

Ministers today agreed to a Victorian proposal to establish an Education and Information Taskforce to help identify, develop and implement new strategies to empower consumers to make informed and timely market place decisions.

Ministers noted that working together will not only enable efficient resource use but more importantly will encourage the development of effective, national approaches to tackling major areas of consumer detriment.

Safety of Prams and Strollers

Ministers asked the Consumer Products Advisory Committee to report as a matter of urgency on progress in considering the development of a mandatory standard for prams and strollers.

International Consumer Congress

Ministers noted that the 18th World Consumer Congress will be held in Sydney from 29-31 October 2007, co-hosted by Choice and Consumers International. Ministers expressed strong support for this event and look forward to welcoming international delegates to Australia to discuss important issues for consumers. Ministers agreed to consider out of session financial support for this event.

New Zealand Minister for Consumer Affairs to be next Chair of MCCA

As of 1 September the next Chair of MCCA will be the Hon Judith Tizard MP, New Zealand Minister for Consumer Affairs.

Next Meeting

Ministers agreed to meet again in the first half of 2008 in Wellington.