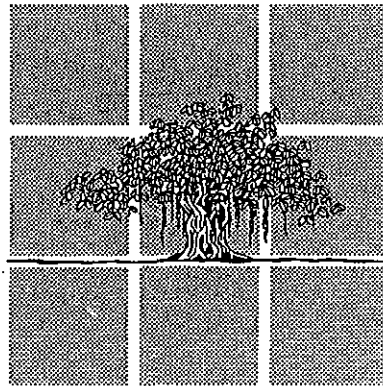


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CONSUMER CREDIT IN THE NORTHERN TERRITORY

Research Paper No. 3
June 1995

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CONSUMER CREDIT IN
THE NORTHERN TERRITORY

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June 1995

Cataloguing-in-publication data supplied by the Northern Territory
Library

Consumer credit in the Northern Territory / Annie Bonney. Darwin:
Northern Territory Library, 1995.
Research paper; no.3

ISSN 1324-2245
ISBN 0 7245 0486 9

1. Consumer credit - Northern Territory
 2. Consumer credit - law and legislation - Northern Territory
-
- i. Northern Territory Library
 - ii. Title
 - iii. Research paper (Northern Territory Library); no.3

332.35099429

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INTRODUCTION:

The Consumer Credit (Northern Territory) Bill is part of a national scheme to provide uniform legislation for Australian consumers. The Northern Territory will adopt the Consumer Credit Code passed in Queensland in September 1994.

Following is an overview and some key articles concerned with the issues raised by the Consumer Credit Code. These research papers are your own personal copies.

Parliamentary debates by the Victorian and South Australian Parliaments on Consumer Credit are available in the lobby room for you to read. Please contact the Research Officer, Annie Bonney if you would like to obtain any personal copies - or copies can be made through the fax machine.

A follow up survey has been inserted for you to fill in to let us know what materials you have found useful and any future subjects you would like covered. Please be specific in regard to subject choice.

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CONSUMER CREDIT IN THE NORTHERN TERRITORY

In 1990 Steve Hatton (Minister for Health and Community Services) announced that the Territory would be part of a uniform consumer credit agreement between the Commonwealth, the States and Territories. ¹ A uniform agreement would be negotiated through a Committee of Consumer Affairs Ministers, who in 1990 listed some of the following principles as basic to the new legislation:

* With the exception of housing loans, a single establishment fee could be charged and no other administrative or service charges would be permitted.

* An establishment fee would not be allowed on bank and store credit cards.

* All costs associated with credit contracts would be disclosed in the contract.

* No termination fees would be allowed and settlement procedures for early loan repayment would be examined. ²

The Committee met again in July 1992 to look at the issues involved in negotiating uniform credit laws. In May 1993, the Committee met and agreed on draft legislation, with the Western Australian Minister reserving the right for the State not to implement certain provisions. The Northern Territory representative was the Leader of Government Business in the Legislative Assembly, Rick Setter. ³

¹ Hatton, Steve. (Minister for Health and Community Services). "Uniform Credit Laws", *Media Release*. 24.7.90. Ref: D-0649-90.

² "Ministers Agree on Credit Rights", *NT News*. 24.7.90. p.2.

³ "Credit Law in Place by Late '94: Setter", *NT News*. 7.8.94.

The basic premise of the new law is to apply "the principle of truth-in-lending to all credit provided for consumer purposes, including housing, and all credit providers, including banks, credit unions, building societies and finance companies".⁴

The main features of the proposed law are:

* Full, pre-contractual disclosure to borrowers and guarantors of all financial protection of the credit contract so they can make an informal decision.

* Provision of regular statements and notices so borrowers are advised of the progress of their accounts and any changes in the terms and conditions, including changes in the interest rate.

* Power to negotiate a variation of contracts to the value of \$125,000 if the borrower is in temporary hardship.

* Power for a court or tribunal to re-open unjust contracts and scrutinise unconscionable interest rate variations or establishment fees.

* Protection against unfair contract enforcement and repossession practices.

* An 'automatic' civil penalty regime which will penalise credit providers who fail to make proper disclosure of the important financial details of the contract.

⁴ Manzie, Daryl (Attorney-General). "Standing Committee of Consumer Affairs Ministers Extraordinary Meeting, Sydney Joint Communique", *Media Release*. 14.5.93. p.1. Ref: M-0402-93.

* The Bill will permit the use of a comparison rate, the formula for which will be set out in regulation. The rate must be accompanied by the warning about limitations of the comparison rate.⁵

Actions by the Commonwealth Treasurer made it impossible to restrict charging fees for credit cards, but the Treasurer assured the Ministers that interest rates would be closely monitored.

The legislation agreed to by all Ministers is known as the Consumer Credit (Queensland) Code 1994 which is the blueprint for all states and territories to adopt. Fred Finch (Attorney General) in the May 1995 sittings referred to adopting other states or territories laws "as the template legislative process."⁶ The Northern Territory, unlike other states, does not have consumer credit laws and will be drawing upon the 8 years of research and debate incorporated in this law to create legislation to protect the rights of the Territorian consumer. Finch noted that any changes that needed to be made to the code would have to be agreed upon by the Ministerial Committee and enacted by the Queensland Parliament.

The Northern Territory Legislative Assembly is set to debate the Bill in the later half of 1995.

⁵ *ibid.*, p.2.

⁶ Northern Territory Legislative Assembly *Consumer Credit (Northern Territory) Bill 1995*. Presented by Fred Finch. May 25, 1995. p.29. (Daily Hansard)

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no author

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