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**From:**  
**Sent:** Tuesday, 15 December 2009 5:51 PM  
**To:**  
**Cc:**  
**Subject:** Interest Rate Caps - scoping exercise [SEC=UNCLASSIFIED]  
**Attachments:** LTR Interest Rate Caps scoping ACT.pdf

Good afternoon

Attached is a letter from \_\_\_\_\_ seeking information about the experience of States and Territories with interest rate caps, as part of the ongoing work associated with Phase Two of the National Consumer Credit Protection Reforms.

Regards

**Corporations and Financial Services Division**  
**02 6263**



**Australian Government**  
**The Treasury**

15 December 2009

Senior Manager Regulatory Policy, Legislation & Policy Branch  
ACT Department of Justice and Community Safety  
12 Moore Street  
CIVIC ACT 2601

Dear

As you are aware, following the 2008 COAG agreement that the Commonwealth would assume responsibility for the regulation of consumer credit, the Government undertook to consider the need for any specific Commonwealth regulation of high-cost short-term credit in light of the safeguards introduced through the introduction of responsible lending and unfair contract terms.

At this preliminary stage of its deliberations the Government has not formed any view on the need for, or merits of, any particular form of regulation. For the Commonwealth to examine State approaches to interest rate caps and other fringe lending issues it will be necessary to gain an understanding of the interest rate cap regimes that are in place in some of the States and Territories and, in particular, the objectives that the caps are intended to achieve or the problems that they are intended to address.

To assist with our review we are seeking advice from each jurisdiction with an existing (or in the case of South Australia, proposed) interest rate cap as to:

- the problems the cap was intended to address;
- the specific, publicly stated policy objectives of the interest rate cap;
- the alternative options (regulatory or otherwise) that were considered;
- the analysis (such as a regulatory impact statement) assessing the potential effects of the options;
- evidence of the effectiveness of the cap at achieving its objectives; and
- information about any methods that have been employed by lenders to avoid the cap.

Your input is requested by 18 January 2010 for inclusion in a paper we are preparing for the next industry meeting. We are also hoping to convene a working group to progress this important issue in early 2010.

If you have any questions, please contact \_\_\_\_\_ on 02 6263 \_\_\_\_\_.

Yours sincerely

General Manager  
Corporations and Financial Services Division