CCLC strongly supports:

1) The Warning Poster

2) The Warning link on websites

3) The Centrelink income 20% requirements

CCLC supports the wording in Schedule 7 and 8 for the warning poster and internet warning.

CCLC strongly objects to the use of authorities to deduct income from a person's pay that is originated by the credit provider. We reiterate our concern that this serves to circumnavigate the appropriate debt collection processes and that borrowers who wish to arrange automatic deductions by their employer can do so by direct arrangement with their employer.

We note that the regulations purport to place some parameters around employer authorities in clause 28XXC and the prescribed form. However, clause 28XXC (1) defines those contracts or leases which attract the requirement to give a statement to the employer in the form set out in Schedule 9. That definition is that if the credit provider or lessor gives such an authority to the borrower or lessee's employer AND the first deduction must be made within one month of the signing of the authority. It would appear that the requirement to give the prescribed notice can be avoided simply by making the first payment more than one month from the date of signing.

We are not entirely clear on what the intention of this provision is: if it is intended for such authorities to be used only if they are signed within the previous month, then it does not achieve this. Further, as currently drafted it appears that the requirement to use the form set out in the Schedule can easily be avoided, rendering the regulations rather pointless in this regard.

In relation to Schedule 9 itself, the regulations should specify that the Important Box needs to appear on the same page as the signature spaces. If it ends up on the 1st page as a result of layout (with the signature spaces appearing on the subsequent page) it may be missed. There is also some confusion created by the use of the pronouns "I" and "you" in the same document when both refer to the borrower granting the authority. Further we submit that should be another box on the first page with the following contained in it (provided the pronoun issue is clarified):

IMPORTANT

> THIS AUTHORITY IS PROVIDED WITH THE CONSENT OF YOUR EMPLOYEE. YOUR EMPLOYEE MAY CANCEL THIS AUTHORITY DIRECTLY WITH YOU AT ANY TIME.

CCLC supports the general principle behind section 133C and clause 28S of the proposed regulations. The current drafting appears to impose unworkable complexity. Clause 28S(2)(b) requires that the person receive 50% or more of their income from Centrelink but does not specify the period over which this percentage must be established. We submit that the appropriate period is the 3 months immediately prior to applying for the loan. The borrower's average daily income during the year immediately before the calculation day would be hard to work out (lots of documentation required), but more importantly, may bear no relationship to his or her current income from which he or she will be required to meet repayments. If for, for example the person has been unemployed for 2 months, the fact that the majority of their income for the preceding 10 months was not social

security is irrelevant. We submit that the 50% should be calculated on the previous 3 months income only (3 months bank statements are required in any event as part of the responsible lending assessment and would therefore be readily available).

Clause 28S(3) sets out in considerable detail how the calculation to determine whether the repayments exceed 20% of income is to be done but it is very complex and confusing. We submit that the 20% should be calculated on the client's current income (or the same 3 months noted above). The daily unpaid balance calculation is also extremely difficult to understand. As services which will be required to advise clients on whether a particular loan has been made in accordance with the law, we are not equipped with the tools we would need to make the calculation required. The end result sought is that the total of repayments under SACCs contract do not exceed 20% of income - we are also not clear that this will be achieved by the average calculation suggested as a result of different repayment frequencies.

CCLC strongly supports 28XXD. We contend that it needs to be drafted more carefully. At least one major credit provider grants loans from its head office and then also loans through its franchisees. It is clear there is knowledge of the loans being granted by each credit provider. The problem with the current drafting is that this section can be avoided by simply arranging the loans at slightly different times. We contend that the regulations should seek to deal with this loophole by deleting "in conjunction with" (which means joined) to a wider concept to catch other avoidance.

CCLC supports the intent of 79AB and 79AC, although we are unclear on whether these provisions achieve the stated aim.