

25 March 2013

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Dear Sir / Madam,

Re: Discussion Paper – The exemption of retailers from the National Consumer Credit Protection Act 2009

Count Financial Limited (Count), and its subsidiary Finconnect Australia, appreciate the decision by Treasury to consult with stakeholders on the regulation of Point of Sale Vendor Introducers (VI).

Count is an Australian Financial Services Licensee (AFSL) that has been in operation since 1980. It became a wholly owned subsidiary of the Commonwealth Bank of Australia (CBA) in December 2011. Count has approximately 600 accountant-based financial advisers, across around 300 practices nationally. It also has approximately 120 credit representatives (CR), assisting clients with credit related services under Finconnect (Australia) Pty Ltd, an Australian Credit Licensee that is a wholly owned subsidiary of Count. Over 200 of the 300 practices assist their clients with Asset Finance. Count's advisers provide clients with holistic financial advice across a range of areas including superannuation, wealth protection (insurance), investments and credit.

Count's position

Count acknowledges its in-principle support for Option 2 – that is application of the Credit Act without modification to VIs. The current National Consumer Credit Protection Act 2009 (NCCP) exemption for those at Point Of Sale hinders competition in the provision of Asset Finance. If those at Point of Sale fundamentally operate as brokers then the requirements imposed should reflect those required of other brokers, creating a level playing field for all participants.

We also believe that the middle ground proposed between full licensing and no licensing, as described in Option 3, cannot be found without appropriate acknowledgement of any conflicts of interests and the requirement for full disclosure. Distinguishing compliance between VIs who only offer their floor plan finance and those that do offer choice will only discourage and further limit the options available for the consumer.

Looking after your financial life

Further comments on disclosure under Option 3

VIs often offer financing at rates which, at face value, are well below the RBA cash rate. To do this, manufacturers subsidise the interest rate by increasing the underlying cost of the asset. Given this industry practice, the cost of finance is incomparable without simultaneously considering the additional cost of the asset. As VIs often control both the interest rate as well as the price of the assets their disclosure of fees and charges and finance rates needs to include manufacturer subsidies to ascertain the true cost to the consumer.

Consumers looking for finance expect that finance to be offered to them by someone who can demonstrate they understand their situation and, where applicable, their business. Where finance is being offered without such consideration, the VI (who generally do not act on behalf of the consumer) should be required to suggest that they consult with their adviser (who may be an accountant, financial planner or credit representative that isn't related to the product being sold).

The ability of VIs to comply with NCCP without modification

The costs of compliance will significantly influence whether finance continues to be offered or referred. Those businesses with appropriate scale will continue under regulation and those without the scale will look to refer; either way the consumer is protected and VIs will have to look at being more efficient in delivering the service and product – in the same way that other industry participants have had to. It may well be that the systems and processes developed by financiers can easily be duplicated or adapted by VIs as well – many of whom have already taken advantage of such innovation with VIs and brokers sharing the same tools.

Final comments

Whilst we support Option 2; in the interest of creating a level playing field for all participants, we advocate any relief considered for VIs from the full requirements of NCCP to be made available for all parties offering Asset Finance, whether it be provided at point of sale or otherwise, so long as product specific disclosure is made. This would enable finance to be provided to consumers in a timely manner, and stimulate choice by allowing those not at point of sale to compete on the same terms.

We appreciate the opportunity to provide feedback on the Treasury Discussion Paper. Please contact me at david.lane@count.com.au or on 0416 177 661, or Karen Davis, Senior Executive, Business Delivery at karen.davis@count.com.au or on 0407 234 724, if we can provide further information or assistance.

Yours sincerely,



David Lane
Chief Executive Officer