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Mr Christian Mikula
Corporations and Financial Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir

Re: Submissions on the *National Consumer Credit Protection Amendment (Credit Cards and Home Loans) Bill 2011*

National Legal Aid (NLA) represents the Directors of the eight State and Territory Legal Aid Commissions (Commissions) in Australia. The Commissions are independent statutory authorities established under respective State or Territory enabling legislation. They are funded by State or Territory and Commonwealth governments to provide legal assistance to disadvantaged people. NLA aims to ensure that the protection or assertion of the legal rights and interests of people are not prejudiced by reason of their inability to:

- Obtain access to independent legal advice;
- Afford the appropriate cost of legal representation;
- Obtain access to the Federal and State and Territory legal systems; or
- Obtain adequate information about access to the law and the legal system.

NLA welcomes the opportunity to make a submission to the Treasury in relation to the *National Consumer Credit Protection Amendment (Credit Cards and Home Loans) Bill 2011*, and supports the introduction of legislation that enhances protections to consumers in the areas of credit card and home loans.

NLA is generally in support of the content of the Exposure Draft. Due to the short time frame to provide comments, we seek to raise the following points:

1. Section 133AE – Credit Provider not to offer etc. to increase credit limit of credit card contract

The definition of "invitation" is currently limited to "written communication". In our view it should be broader to include all forms of communication that would satisfy the scenarios described in sub sections (i), (ii), and (iii). This would also be consistent with responsible lending principles.

2. Section 133AI – What is the default buffer and when does it apply?

We do not oppose a buffer set at the proposed level of the lesser of \$500 and 10% of the credit limit but would not support any increase beyond this.

3. Schedule 4, Part 1 Section 2 (1)

We strongly support the retrospective operation of Division 4 of Part 3-2A of the amended Bill. We are pleased that this will provide protection for consumers who are not currently protected by responsible lending provisions under the NCCP.

We look forward to the opportunity to comment on the relevant draft regulation which will provide the details of the implementation of the provisions under this Bill.

Should you require further information, please do not hesitate to contact us.

Yours sincerely

Alan Kirkland
Chair, National Legal Aid