

29 July 2014

Mr Bryan Doyle
Chairperson
Legal Affairs Committee
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Mr Doyle,

Debt Recovery Inquiry – response to further supplementary question

Thank you for the opportunity to participate in the public hearing and give further consideration to a number of supplementary questions raised by the Legal Affairs Committee in the course of the public hearing. We provided you with our response to a number of supplementary questions on 21 July 2014. One further question has been brought to our attention and we outline our response to this question below.

Reverse Licensing System for agents acting as debt collectors

Legal Aid NSW prefers the existing licensing system to a reverse licencing system for agents acting as debt collectors. As outlined in our previous correspondence, we have observed some improvements in the conduct of debt collectors but we have ongoing concerns about the tactics employed and behaviour directed towards vulnerable consumers by debt collectors. In our view, the existing licencing regime is essential to ensure the appropriate regulation of face-to-face debt collection processes and maintain appropriate standards within the industry.

However, we acknowledge that there have been some challenges for the industry in maintaining the current licensing system, including concerns about delays in relation to NSW Police checks for phone-contact debt collection agents. If the Legal Affairs Committee is considering recommending a 'tiered' system of licensing for phone-contact debt collection agents we consider that the system should contain the following important safeguards, as outlined by the Financial Rights Centre in their letter to you dated 14 July 2014:

1. Mandatory standards of conduct, including mandatory compliance with ASIC/ACCC Debt Collection Guidelines – to ensure minimum standards of conduct are maintained in the industry;
2. Mandatory membership of an ASIC approved EDR scheme - to ensure consumers have access to redress if the standards of conduct are breached.
3. A public register of all debt collectors and the details of the EDR scheme to which they are members - so that consumers can readily find the right complaint service

4. Oversight by a government regulatory body such as ASIC with appropriate investigative and sanctioning powers - to discipline and revoke licenses on an individual level, and deal with systemic issues

If Legal Aid NSW can provide any further assistance to the Legal Affairs Committee in relation to the Debt Recovery Inquiry, please do not hesitate to contact me.



Monique Hitter
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Legal Aid NSW