



Hon Kerry Shine MP
Member for Toowoomba North

In reply please quote: TR08/00306, J/08/01570

7 APR 2008

Mr Neil Laurie
The Clerk of the Parliament
Queensland Parliamentary Service
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Laurie

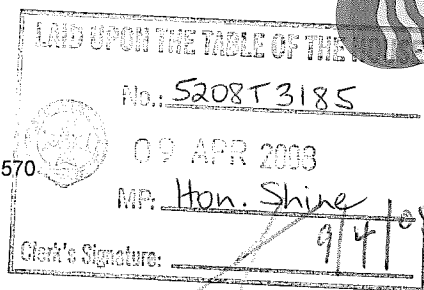
Thank you for your letter dated 27 February 2008 forwarding a petition received by the House on 26 February 2008, numbered 1008-08, about proposals to manage the cost of consumer credit in Queensland.

Recent figures released by the Reserve Bank of Australia show Australian households are holding historically high levels of debt. At the same time, the costs of many basic living expenses, such as rent and petrol, are also increasing. Against this background, many Queensland households are at risk of financial stress. Often those most at risk resort to high cost loans because they are unable to obtain credit from mainstream lenders such as banks and credit unions.

The Queensland Government has adopted a three-staged process to help low-income and vulnerable consumers with short-term, high cost loans. Stage 1 involved closing a loophole which allowed payday lenders to operate in an unregulated environment by bringing them under the uniform *Consumer Credit Code* (the Code).

As part of Stage 2, the Government, along with all other States and Territories, is considering further changes to the Code to prevent abuse of exemptions, such as Business Purpose Declarations and provide better protection for consumers. On 30 November 2007, the Government closed the exemption for bill facilities which was identified as a 'loophole' exploited by fringe credit providers.

Stage 3 involves introducing an interest rate cap in Queensland.



**Queensland
Government**

**Attorney-General and Minister for Justice
and Minister Assisting the Premier
in Western Queensland**

Level 18 State Law Building
50 Ann Street Brisbane
GPO Box 149 Brisbane
Queensland 4001 Australia

Telephone +61 7 3239 3478

Facsimile +61 7 3220 2475

Email attorney@ministerial.qld.gov.au

Website www.justice.qld.gov.au

ABN 65 959 415 158

The Government is determined to reduce the stress on consumers by removing excessive rates for interest, fees and charges through a rate cap. The concerns expressed by consumers who have signed the petition have not been dismissed. Careful consideration has been given to the concerns about the availability of short-term credit.

I remain committed to delivering reforms so that Queensland consumers can still access the credit they need but at a fair and reasonable price. An interest rate cap including interest, fees and charges will help prevent potentially exploitive lending practices.

Thank you for bringing this matter to my attention.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kerry Shine', written in a cursive style.

Hon Kerry Shine MP

**Attorney-General and Minister for Justice
and Minister Assisting the Premier in Western Queensland**