



MEDIA RELEASE

Government's Consumer Credit Reforms Require Some Adjustments So Vulnerable Consumers Are Not Further Disadvantaged & Excluded from Accessing Credit

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The government's proposed consumer credit reforms to the highly regulated SACC sector will further disadvantage the already 3 million and increasing financially excluded Australians if they remain unchanged.

By further tightening the Protected Earnings Amount (PEA) the governments proposed reforms will have the unintended consequence of driving up the cost of a small loan and making it harder at the worst possible time for all Australians who need access to more regulated credit options not less.

NCPA Chairman Michael Rudd said he is very concerned that for all working Australians the government have decided to impose a cap on the amount they can apply of their own money to repaying a small loan.

This makes no sense at a time when the Treasurer is saying to banks for a loan of \$500,000 responsible lending laws are being relaxed and its buyer beware, but for the same consumer who wants to borrow \$500, they are making it harder and more expensive.

This is 'nanny state stuff' in the extreme and not what you would expect from the Liberal Party, the party of free enterprise.

It was only a few months ago that the Prime Minister said that *'he is not prepared to tell Australians how to spend their money'* and the Treasurer said something similar - *"It's not for me to tell the Australian people how they should spend their money, that's for them to determine their priorities."*

This is the worst possible time to be implementing laws that will make it harder for Australians to access credit. The proposed consumer credit reforms are supposed to 'increase the flow of credit to consumers'.

Instead, these reforms for the SACC sector will have the opposite effect and push more people to unregulated lenders who provide harmful products and are often misrepresented through the media and consumer advocates as SACC providers.

The NCPA supports responsible lending laws and will work with the government to get these reforms right so as not to cause any further unintentional and harmful outcomes for consumers who simply want the right to choose which credit options suit them best and looks forward to seeing the reforms in detail.

For more information contact NCPA Chairman Michael Rudd on 0401 695 030

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