



Commercial Asset Finance Brokers Association of Australia Limited

ACN 129 490 133

National Professional Body of the Equipment Finance Industry

23 March 2011

Ms Christine McDonald
Committee Secretary
Senate Finance and Public Administration Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

By e-mail: fpa.sen@aph.gov.au

Dear Ms McDonald,

Inquiry into Exposure Drafts of the Australian Privacy Amendment Legislation Credit Reporting

The Commercial Asset Finance Brokers Association of Australia Ltd (CAFBA) welcomes the opportunity to provide this submission in relation to the credit reporting exposure draft.

CAFBA represents finance broking firms primarily engaged in the distribution of equipment finance facilities to commercial clients. Our growing membership consists of more than 150 member firms with in excess of 500 individual business writers. The volume of commercial finance transactions completed by CAFBA members is in the vicinity of \$6bn per annum. We are the only professional body in Australia solely representing the interests of commercial equipment finance brokers.

CAFBA has considered both the Credit Reporting Companion Guide and Exposure Draft. While some of our members may engage from time to time in arranging finance of a consumer nature, our activities are focused on the equipment finance sector and the provision of credit to SMEs. CAFBA members are commercial finance intermediaries, rather than credit providers, and it is therefore within this context that we provide our comments.

Largely, our members are small businesses (within the current definition of less than \$3m per annum turnover) arranging finance for clients of which a significant proportion are also small businesses.

Generally, our members prepare and submit applications for equipment finance on behalf of their clients to credit providers. The credit providers then access credit reporting for the purpose of evaluating those applications. It is therefore of fundamental importance to CAFBA members that any reforms to credit reporting achieve and maintain a workable balance between high standards of privacy protection and the interests of lenders and borrowers.

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Further, some of our broker members have the facility to obtain a credit report prior to submitting a credit application to a financier. We would therefore seek to ensure that access to credit reporting for these members will continue in a manner similar to how this facility is currently accessed. We reiterate that CAFBA members are not credit providers, and therefore only access credit data, but do not credit report.

We note the five new positive data sets included in the draft provisions. CAFBA supports this development towards positive credit reporting to enable more informed lending decisions which will deliver better outcomes for credit providers and borrowers. Again, as our members are intermediaries mainly dealing in commercial credit, and are not credit providers, we don't wish to offer additional comment at this stage on more specific provisions within the exposure draft. We believe this is a matter for the credit providers.

We understand that the credit reporting exposure draft forms the second part of the first stage of reforms to the Privacy Act, following the proposed new Australian Privacy Principles (APPs). We note that under the APPs, the exemption for small business will remain at this stage, but that the government has committed to considering whether the exemption should be retained as part of the second stage. As small business is the major sphere in which many of our members operate, this area of the proposed reform is of particular interest to CAFBA. Accordingly, we ask that we be included in the consultative process around the second stage response to the ALRC.

Meanwhile, we will continue to follow the development of the privacy amendment legislation. Again, the CAFBA committee greatly appreciates the opportunity to respond to your inquiry into credit reporting and we look forward to contributing further on behalf of commercial asset finance brokers.

Yours faithfully,

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