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Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Committee members,

**National Consumer Credit Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2019 (No. 2)**

The *Stop the Debt Trap Alliance* is a coalition of consumer advocacy organisations from around Australia, including financial experts, community advocates and service providers.

Every day our organisations hear from people who have been trapped in crippling debt due to high-cost fast loans and harmful consumer leases.

We strongly support the proposed legislation and urge Parliament to pass these crucial reforms as a matter of urgency.

High cost fast loans (also known as payday loans) are a multi-million-dollar industry that has a history of non-compliance with responsible lending requirements. They profit by charging excessive fees and entrenching Australians in a cycle of debt. The impact of unaffordable debt is significant – it can limit people's ability to pay rent, put food on the table or keep the lights on.

These products are targeted at people who are financially desperate and feel they have no other option. Therefore, competition does not work to reduce cost – that is, people are unlikely to 'shop around'.

Despite responsible lending obligations, there is evidence that lenders continue to offer loans to people who can't afford to pay them. The SACC Review found that the current laws are ineffective in ensuring lenders don't overburden borrowers. The only way to make these products safer and make these businesses treat people fairly is by introducing sensible safeguards as recommended by the Review.

The reforms included in the proposed legislation would be a critical first step to improving protections for people who use payday loans and consumer leases. They would ensure people have enough money for essential living expenses by capping the amount of a person's income lenders can take. It is for this reason that we particularly support the inclusion of the 10 per cent cap on repayments for both payday loans and consumer leases.

We call on the Senate Committee to support this legislation and recommend that Parliament pass this bill, which would protect hard working Australians from being gouged by reckless lenders.

Thank you for providing the opportunity to make a submission on this important matter.

Signed,

Anglicare Tasmania  
Australian Council of Social Service (ACOSS)  
Care Financial Counselling Service and the Consumer Law Centre of the ACT  
CHOICE  
Consumer Action Law Centre  
Consumer Credit Legal Service WA  
Financial Counselling Australia  
Financial Counselling Victoria  
Financial Counsellors' Association of NSW  
Financial Counsellors Association Tasmania  
Financial Counsellors Association Queensland  
Financial Counsellors' Association of Western Australia  
Financial Rights Legal Centre  
Indigenous Consumer Assistance Network  
Neighbourhood Houses Tasmania  
NILS Network of Tasmania  
NSW Council of Social Service (NCOSS)  
Salvation Army Australia  
South Australian Financial Counsellors Association  
Tasmanian Council of Social Service (TasCOSS)  
UnitingCare Australia  
Victorian Aboriginal Legal Service