



Submission 7  
Australian  
**Small Business and  
Family Enterprise**  
Ombudsman

7 October 2022

Senator Jess Walsh  
Chair  
Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

*via email: economics.sen@aph.gov.au*

Dear Chair

**Senate Economics Legislation Committee (the Committee) - inquiry into the Financial Accountability Regime bill and other related bills**

We welcome the proposed reforms to *Financial Sector Reform Bill 2022* (the Bill) regarding Small Amount Credit Contracts (SACCs). In particular, we support the proposed requirement for SACCs to have equal repayment amounts at equal repayment intervals, and the prohibition of licensees from making unsolicited communications to consumers to apply for or enter a SACC. Further, we recommend the Committee consider the following.

- 1. Increasing clarity as to how provisions within the Bill do or do not apply when a customer seeks a SACC to fund small business expenses will remove confusion and reduce the likelihood of unnecessary disputes.** Consumers of SACCs are defined as a natural person or a strata corporation.<sup>1</sup> However in certain circumstances, small business owners, especially those in a vulnerable position, may apply for a SACC to meet essential business expenses. The provisions are unclear as to how such circumstances; and the consumers need for a SACC is considered in the assessment process, including the capacity of a consumer; or business owner to meet monthly repayments.
- 2. The maximum SACC fees may be excessive in relation to the value of the loan.** We consider the maximum establishment and monthly fees; potentially equalling 68% of a loan amount, to be excessive in relation to the value of a loan.<sup>2</sup> Although these fees must be captured in SACC documentation, fees do not appear to be meaningfully expressed as they would in documentation for more traditional business, personal and mortgage loan types.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact [REDACTED].

Yours sincerely

[REDACTED]  
**The Hon. Bruce Billson**  
Australian Small Business and Family Enterprise Ombudsman

<sup>1</sup> National Consumer Credit Protection Act 2009. Division 2—The Dictionary. Part 5.(1)

<sup>2</sup> Maximum fees payable on a SACC; maximum loan value of \$2,000, repaid over maximum 12-month loan term.