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

National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020

Dear Secretary

Thank you for the opportunity to make a submission to the **Inquiry into the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020.**

Catholic Social Services Australia (CSSA) is the peak national body for social services of the Catholic Church. We are dedicated to improving social and economic policy for the benefit of all Australians and in particular for the poor and marginalised by working alongside our members – some 50 Catholic social service organisations, who help more than 750,000 Australians a year across 650 sites nationally.

CSSA makes its submission through the lens of Catholic Social Teaching principles and in particular the inherent dignity of all people and preference for the poor. These principles are the foundation to a fair and just society.

The NCCP Amendment bill seeks to amend the law relating to consumer credit and consumer leases, to extend the best interests duty to more credit assistance providers and to remove responsible lending laws. The proposed changes could provide borrowers with access to credit they are not able to afford, with banks facing no penalty if they act in contravention of the existing responsible lending laws. It would also remove the right for borrowers to take legal action against lenders.

The explanatory memorandum outlined that the best interests duty that applies to mortgage brokers will be extended to certain other credit assistance providers, “following a six-month transition period from the later of 1 March 2021 and the day after Royal Assent”.

CSSA has deep concerns about the proposed legislative changes, believing that winding back responsible lending laws in a bid to increase the flow of credit to households and businesses will create a greater risk for borrowers and the economy, while offering little reward to consumers, except the opportunity to burden themselves with unsustainable debt.

When COVID-19 support payments are wound back CSSA members are aware of many households that will struggle financially, and that these changes will encourage people to access credit that they cannot sustain longer term.

The Banking Royal Commission clearly recommended that the NCCP Act **should not** be amended to alter the obligation to assess unsuitability, yet this legislation removes the protections afforded to both lenders and borrowers of the responsible lending laws.

Catholic Social Services Australia supports the position of Financial Counselling Australia. And other consumer groups who oppose the Amendments contained in this Bill.

We urge the Committee to reject the Bill.

Yours sincerely,

[redacted]

Dr Ursula Stephens
Chief Executive Officer