

22 January 2016

SACC Review Secretariat
Financial System and Services Division
Markets Group
The Treasury

via email: consumercredit@treasury.gov.au

Dear Panel Members

Comments on the Interim Report.

FamilyCare made a joint submission with Good Shepherd Australia New Zealand to the initial review paper. We add the following brief comments:

- a. We have been provided with a draft of the Consumer Action Law Centre's submission. Like CALC, FamilyCare would prefer the consistent application of a 48% cap to all Small Amount Credit Contracts. We concur with CALC's view that some options in the paper represent a step forward from current regulation and support the substance of their detailed commentary on the various options.
- b. In relation to Consumer Leases, FamilyCare similarly supports CALC's views, in particular the links between the growth in this industry and access to payments from benefit recipients via the Centrepay system. We reiterate the view expressed in our initial submission that access to Centrepay should not be allowed for exploitative credit arrangements of this type. Recommendations for improvement to what is a valuable transfer system for benefit recipients have been too slow. Perhaps the Panel might consider simpler, faster and cost neutral ways to deliver better outcomes. For example, ASIC may be a better body to consider whether financial services providers should be registered for access to the Centrepay system.
- c. As a general comment, we welcome the Panel's view that significant consumer detriment exists and that better regulation is required. Whilst we recognise the paper was both limited and focused, FamilyCare recommends clearer recognition of the critical role that the No Interest Loan Scheme network plays in providing a safe, viable alternative for low income consumers. Perhaps NILS should be framed more directly as a response to market failure, than presumably a welfare option and therefore outside consideration in constructing an appropriate regulatory regime.

Thank you for the opportunity to comment.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Tennant".

David Tennant
Chief Executive Officer