



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

20 April 2018

Committee Secretary
Senate Economics Legislation Committee
Department of the Senate
PO Box 6100 Parliament House
CANBERRA ACT 2600
AUSTRALIA

By email: economics.sen@aph.gov.au

Dear Committee Secretary

**NATIONAL CONSUMER CREDIT PROTECTION AMENDMENT (MANDATORY
COMPREHENSIVE CREDIT REPORTING) BILL 2018**

Thank you for the opportunity to comment on the above. The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) supports the bill, as it will lead to better priced lending for small business owners with a good credit rating.

However, in our contribution to The Treasury's consultation process ([Attachment A](#)), we suggested amendments concerning vulnerable small business in an imbalanced playing field. We are concerned that these amendments are not reflected in the current draft of the bill:

- a. Lenders be required to provide the context of an event when small business is suffering a period of hardship, and the nature of the hardship is outside of their control.
- b. Broaden the bill – mitigating inequity of power in a lender's favour – by setting minimum requirements that allow consumers to have free and complete access to their credit history.
- c. Undertake an education campaign addressing the Privacy Act provisions regarding access to personal data, which are generally unknown by small business.

I hope these comments assist you. If you would like to discuss these matters further, please contact either myself or Jill Lawrence on 02 62631558 or at jill.lawrence@asbfeo.gov.au.

Yours sincerely

Anne Scott
Principal Adviser

Australian Small Business and Family Enterprise Ombudsman

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26 February 2018

Ms Jacqueline Roessgen
Manager, Financial Services Unit
Financial Systems Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: ccr.reforms@treasury.gov.au

Dear Ms Roessgen,

NATIONAL CONSUMER CREDIT PROTECTION AMENDMENT (MANDATORY COMPREHENSIVE CREDIT REPORTING) BILL 2018

Thank you for the opportunity to comment on the above. As the Australian Small Business and Family Enterprise Ombudsman I support this bill as it will lead to better priced lending for small business owners with a good credit rating. I also propose an amendment that lenders be required to provide the context of an event when a consumer is suffering a period of hardship. Specifically, where the event was outside of their control.

When cash flow of a small business is disrupted an owner will pay salaries and suppliers out of their personal finances. Yet many events, such as roadworks behind schedule reducing foot traffic or natural disasters are outside of a their control. This can lead to a build-up of debt personally as it is the cheapest source of finance. Lenders may also provide hardship assistance where they consider a consumer to be reliable. Providing context with CCR data in these circumstances will allow lenders to better assess the potential of the consumer to return to good credit health.

The amendment could be further broadened to mitigate increasing the imbalance of power in a lenders favour. The bill currently leaves how the data is handled solely to the lender and its contracted credit reporting bodies. The amendment could also set minimum requirements that allow consumers to have access to free and complete information on their credit history. This will allow a consumer to provide further context for negative changes to potential lenders and identify, and seek correction of, incorrect data.

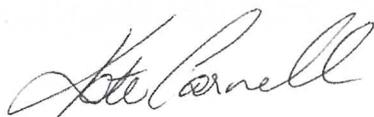
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I would also highlight that there is a lack of understanding by consumers on how their CCR may impact their business lending. I further recommend undertaking an education campaign to raise awareness that your personal credit score will be taken into account where you are also a small business owner, director or guarantor.

I hope these comments assist you and would be happy to discuss these matters further. Please feel free to contact either myself or Ms Jill Lawrence, by telephone 02 6263 1558 or email jill.lawrence@asbfeo.gov.au

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kate Carnell', written in a cursive style.

Kate Carnell AO

Australian Small Business and Family Enterprise Ombudsman