

3 February 2021

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

Dear Committee Secretary,

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

Domestic Violence NSW (DVNSW) welcomes the opportunity to provide a submission to the Senate Economics Legislation Committee's inquiry on the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020.

DVNSW opposes the proposed Bill and recommends that Parliament vote against the Bill in its entirety as we believe that it will weaken responsible lending obligations and will not provide adequate protections to small amount credit contracts (SACC's) and consumer lease laws. DVNSW are concerned about the potential weakening of consumer protections, and the possible adverse impacts on people who have experienced violence and abuse.

We endorse the full submission of the NSW Economic Abuse Reference Group (EARG).

About DVNSW

DVNSW is the **peak body for specialist domestic and family violence services in NSW**. We have over 80 member organisations across NSW. We work to improve policy, legislative and program responses to domestic and family violence and to eliminate domestic and family violence through advocacy, partnerships and promotion of good practice.

Our members represent the diversity of specialist services working in NSW to support women, families and communities impacted by domestic and family violence. They are non-government organisations, some entirely government funded, others supported through philanthropic donations or partnerships with industry or the corporate sector. Our member organisations include: crisis and refuge services, transitional accommodation and community housing providers, family support services, Aboriginal controlled organisations and specialist CALD organisations, specialist homelessness service providers, men's behaviour change programs and networks, community organisations working with high risk communities, specialist women's legal support services, women and children's support services, and Safe at Home programs.

Our concerns regarding the National Consumer Credit Protection Amendment

1. The Bill will reduce chances of identifying financial abuse

DVNSW is extremely concerned that the Bill would remove the necessity for lenders and brokers to comprehensively understand the requirements and objectives of borrowers, and to verify information provided on loan applications. Financial abuse is extremely common form of abuse and can have crippling impacts upon victim-survivors (Postmus, Hoge, Breckenridge, Sharp-Jeffs, & Chung, 2020). Compliance with the above can serve as a risk assessment for financial abuse. DVNSW are concerned that removing the obligations of lenders to obtain and verify this information would reduce the opportunities to identify where credit is being used as a tool for financial abuse. We are also concerned that there would be less opportunity for victim-survivors of domestic and family violence to seek redress from lenders in cases of violence.

2. Potential harm to individuals and families

DVNSWS are extremely concerned that this Bill is likely to result in greater levels of debt and harm. Poverty and debt are well known to be contributing stressors in domestic and family violence (Goodmark, 2018; Kearns, Major & Norman, 2020). High levels of debt can result in significant negative impacts on individuals and families, including homelessness, poor health, higher rates of abuse and lower levels of access to education and retirement.

Additionally, the Bill would remove the consumer protection in that Act in relation to credit cards issued by banks, which required an affordability assessment based on repaying the entire credit card limit within three years. Based on their experiences of domestic and family violence, clients of DVNSW services frequently have high levels of debt, as well as frequent experiences of financial abuse. Based on the experiences of our membership we understand that what is required are additional protections to increase family safety, not a weakening of existing laws.

3. The Bill is contrary to the recommendations of the Banking Royal Commission

The Banking Royal Commission saw a momentous shift of accountability to the banking sector. DVNSW are concerned that Federal Government are proposing to reverse the first recommendation of Commissioner Kenneth Hayne, that the current 'not unsuitable' test in the responsible lending laws should be retained. This recommendation was accepted by the Government, however this Bill directly opposes the recommendation. We call on the Federal Government not to disregard the lessons from the Banking Royal Commission and to ensure that consumers have the highest levels of protection possible afforded to them.

Please contact Renata Field, Policy and Research Manager at DVNSW at Domestic Violence NSW at (02) 9698 9777 or at pm@dvnsw.org.au if you have any questions about this submission.

Yours sincerely,



Renata Field, DVNSW Policy and Research Manager

References

Goodmark, L. (2018). *Decriminalizing Domestic Violence: A Balanced Policy Approach to Intimate Partner Violence*. Oakland, California: University of California Press.

Kearns, J., Major, M. and Norman, David, (2020). How Risky is Australian Household Debt?, Reserve Bank of Australia Research Discussion Paper RDP 2020-05, August 2020, p 4

Postmus, J. L., Hoge, G. L., Breckenridge, J., Sharp-Jeffs, N., and Chung, D. (2020). Economic Abuse as an Invisible Form of Domestic Violence: A Multicountry Review. *Trauma, Violence, & Abuse*, 21(2), 261–283. <https://doi.org/10.1177/1524838018764160>