



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

2 February 2021

Mr Mark Fitt
Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

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

Dear Mr Fitt

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

Access to capital is an ongoing problem for small businesses. Easier access to capital will help some small businesses bounce back in the wake of an exceptionally difficult trading period. We therefore recommend a clear differentiation between small businesses and consumers in the Responsible Lending Obligations (RLOs).

While the current RLOs only apply to consumer lending, banks tend to operate under a 'one-size-fits-all' approach. This results in an unnecessary burden on small business. As an example, we have been contacted by a small business in regional Australia who has had to provide over 50 documents for a commercial building loan application. Therefore small businesses should be removed from the RLOs to help improve small business access to capital.

To clearly differentiate between small business loans and consumer loans, we suggest including a provision for business credit contracts in the Bill. This should specifically exclude loans from RLOs for credit contracts where the credit is provided for business conducted by the consumer under an Australian Business Number.

Lending to small businesses should be clear, simple and safe. Unfortunately, this is not always the case and we hope these reforms will help address the issue.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Mr Luke Collins on 02 6213 7540 or at luke.collins@asbfeo.gov.au.

Yours sincerely

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

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