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## **JOINT MEDIA RELEASE**

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### **SIMPLIFYING ACCESS TO CREDIT FOR CONSUMERS AND SMALL BUSINESS**

As part of the Morrison Government's economic recovery plan, we are reducing the cost and time it takes consumers and businesses to access credit.

Credit is the lifeblood of the Australian economy, with billions of dollars in new credit extended to households and businesses in Australia each month.

Now more than ever, it is critical that unnecessary barriers to accessing credit are removed so that consumers can continue to spend and businesses can invest and create jobs.

What started a decade ago as a principles based framework to regulate the provision of consumer credit has now evolved into a regime that is overly prescriptive, complex and unnecessarily onerous on consumers.

The Government will simplify the system by moving away from a "one-size-fits-all" approach while at the same time strengthening consumer protections for those that need it.

Key elements of the reforms include:

- Removing responsible lending obligations from the *National Consumer Credit Protection Act 2009*, with the exception of small amount credit contracts (SACCs) and consumer leases where heightened obligations will be introduced.
- Ensuring that authorised deposit-taking institutions (ADIs) will continue to comply with APRA's lending standards requiring sound credit assessment and approval criteria.
- Adopting key elements of APRA's ADI lending standards and applying them to non-ADIs.
- Protecting consumers from the predatory practices of debt management firms by requiring them to hold an Australian Credit Licence when they are paid to represent consumers in disputes with financial institutions.
- Allowing lenders to rely on the information provided by borrowers, replacing the current practice of 'lender beware' with a 'borrower responsibility' principle.
- Removing the ambiguity regarding the application of consumer lending laws to small business lending.

These changes will make it easier for the majority of Australians and small businesses to access credit, reduce red tape, improve competition, and ensure that the strongest consumer protections are targeted at the most vulnerable Australians.

The Government will consult publicly with stakeholders before finalising any legislation required to implement the reforms.

Further information on the measures can be found on the Treasury website.

**Ends.**