

Article Information

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Labor proposes Small Amount Credit Contract (SACC) Bill

The Labor Party has announced its intention to introduce a bill to crackdown on payday lending.

The Labor Party has reintroduced a bill regarding SACC lending. A private members bill by Labor MP Madeleine King was introduced to the House of Representatives on 18 February 2019 (**SACC Bill**). The SACC Bill replicates the *National Consumer Credit Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2019* [No. 2], which was introduced to the House of Representatives by Independent MP Cathy McGowan on 22 October 2018, but has since been abandoned.

The SACC Bill amends the NCCP to:

- require SACCs to have equal repayments and payment intervals
- remove the ability for SACC providers to charge monthly fees in respect of the residual term of a loan where a consumer fully repays the loan early
- impose a ceiling on the total payments that can be paid under rent-to-buy schemes
- prevent lessors and credit assistance providers from undertaking door-to-door selling of leases at residential homes
- introduce anti-avoidance protections, and
- increase penalties.

In November 2016, the then financial services minister the Hon Kelly O'Dwyer committed to lowering the cap on SACCs and total payments on consumer leases.^[1] However, following an interior backlash, the government failed to introduce legislation to enact the policy.^[2]

If successful, the Bill aims to further regulate the SACC industry.

^[1] The Guardian, 'Payday lending and small business bills to test Morrison's control of parliament' (18 February 2019) <https://www.theguardian.com/australia-news/2019/feb/18/payday-lending-and-small-business-bills-to-test-morrison-s-control-of-parliament>.

^[2] Ibid.