

## *Tens of thousands of Australian families need help!*

*The 90-Year-Old Consumer Leasing Industry (Lessors) is under threat*

### Some minor Survival Changes Sought by Lessors

- Protected Earnings Cap - to be 20% of net income (not 10%)
- Establishment Fee - to be 20% of total lease value (the same as SACC)
- GST - to be added to the permitted cap
- Delivery Fee - to be charged at cost
- Base Price - to equal the RRP of the product

*We largely support the Bill but need these minor changes to survive. This position was agreed to by all parties, including Labor and Treasury, prior to the Election*

### REASONING

- The industry has adopted proactive self-regulation measures that have:
  - AFCA annual report shows complaints significantly reduced and represent less than 0.2% of all complaints
  - achieved very high customer satisfaction servicing customers no one else wants - Australians who have NO access to other forms of credit
- Lessors support local communities - spend over \$120 million each year on products from local retailers
- Lessors don't ask for nor receive ANY government financing
- There is NO commercially viable alternative to the consumer leasing industry
- In the absence of the consumer leases, direct and indirect Government support of over \$1 billion p.a. would be required to service 500,000+ customers
- Organisations like Good Shepherd simply can't replace consumer leases, at scale, without massively increased government funding. It currently spends 65% of its government grants on administration costs – lessors provide these services at NO cost
- Consumer leasing is a free-market enterprise that best understands the specific needs of its customers.

### CONSUMER LEASE COMPANIES (Lessors) REQUESTS

- Acknowledge and adopt the position agreed to by all parties, including Labor when in Opposition, following extensive consultations over the former government's almost identical Bill
- Minor amendments (as noted above) to the legislation so that it better reflects the intent of the SACC Review ***"to find the correct balance between consumer protection and industry viability"***
- These minor amendments will ensure that the unique and necessary services currently provided by lessors can continue without risking the viability of the industry
- Acknowledge that consumer leases are NOT small amount credit contracts and shouldn't be treated as such!

## CONSEQUENCES OF CLOSING DOWN AN INDUSTRY VIA OVER REGULATION

- A 90-year Australian industry will be destroyed with massive small business closures and job losses
- Current customers would have no legally alternative other than to seek Government handouts
- Crime and the black market would flourish as the 500,000+ Australians deprived of the existing services will find other ways of getting the basic household goods they need
- Government would be forced to provide the services at great cost that currently gets provided at NO cost to Government, who would then have to explain this decision to the Australian tax paying public who are already angry at the level of welfare benefits many people receive
- There would also be a significant hit to tax revenue as lessors:
  - collect enormous GST,
  - employ thousands of people,
  - pay significant taxes and many statutory fees, and
  - buy goods from local retailers who employ local staff.
- Many regional homeware and electrical stores will close – they need Lessor purchases to survive

## SUMMARY

Lessors provide goods and services, not cash. The consumer lease industry is different to SACC lending and requires a bespoke regulatory approach.

It makes no sense to close an industry that receives next to no complaints, services over 500,000+ Australian customers no one else wants, enjoys very high customer satisfaction, receives no government financing, and would cost more than \$1Billion a year for Government to replace.

While effective regulation is important, the unintended consequences of the Bill in its current form will detrimentally impact the very people it seeks to protect.

Our suggested changes achieve a sustainable compromise!

**Please look at the facts and ignore the misinformation spread by those without an in-depth knowledge of the consumer lease industry and its customers. The Facts speak for themselves!**

### IMPORTANT REMINDER

Lessors ask the Government to honour the core objective detailed when the SACC Review was announced in 2015...*“to find the correct balance between consumer protection and industry viability.”*

*Lessors cannot provide the current goods and services to its customers, let alone survive, under the proposed legislation.*

But Lessors can with a few minor changes!

Please find some time to understand our Lessor requests made on behalf of our loyal customers and all Lessors before it is too late!