My name is Paul Olsen, and I am one of the 2 directors of “Money It Is PTY LTD”

I am also a loan writing finance broker

I am writing in relation to The draft bill also builds on remuneration reforms proposed by the Combined Industry Forum,

* requiring the value of upfront commissions to be linked to the amount drawn down by borrowers instead of the loan amount;

When a client is asking for excess funds (which fits within lender policies) so that **the client** can use these funds for **THEIR** proposed purpose (business, future investment, cash out for personal needs) then the banks should be paying on the upfront portion of this lending (be it 1 day that it is withdrawn by the client or 30 years). The lender has not obtained the client and would not have had this business if not for the broker.

Lending is constantly changing, policies or lending LVR’s etc… either imposed by the banks themselves or by regulators in the industry! Clients know this and plan for the future!

This is like saying that a plumber installs take off points to sewage and storm water at the back of their property for future subdivision. But just because the client is not subdividing in the next 3 years, the plumber should not be paid for the portion of sewage and drains installed!

Or an electrician or builder, installs power points into the 4th and 5th bedroom, but because the clients are not going to use these until they have more children, then the electrician should not be paid for work done!

In short, if someone does the work, they should be paid for it. Business owners are consumers as well!

* banning campaign and volume-based commissions and payments; and
* capping soft dollar benefits.

If this is the case, stop the soft dollar **$2,000 cash back to clients** from banks! This is just enforcing churning BY THE CLEINTS in the industry. Refinance every 6 months and client’s could possibly earn $4000 a year by swapping banks all the time! The $2,000 is not free, its added into the loan costs! So, stop fooling clients into this. They are not trained or have uni degrees in this matter, and it’s a blatant abuse of people that are not so smart or up to speed! Lending is NOT buyer be aware! They have a lending responsibility to consumers! Stop being fraudulent thieves!

* The proposed regulations also limit the period in which commissions can be clawed back from aggregators and mortgage brokers to two years and prohibit the cost of clawbacks being passed on to consumers.

Again, this comes back to principle. If an Australian does the work, they should be paid for what they have done! Matter closed!

An electrician or builder, installs power points into the 4th and 5th bedroom, but because the clients sell the house (in a brokers case - refinance a loan), then the electrician should not be paid for work done and the client have the legal right to get their money back!

A conveyancer does $3,000 worth of legal advice on a client’s property to settle BUT the client sells the house within 2 years. Do you expect the conveyancer to give their earnings back to the clients?

NO, you don’t. The solicitor/conveyancer has done a professional job and has every right to keep their earnings. Which I will add, they have already paid gst or tax on.

So, you let the banks CLAWBACK income from the broker, because a client (consumer changes their mind!) And then stop brokers from legally claiming this payment back from the clients.

We explain to all our clients that the bank pays us instead of their own staff to write a loan. It does not affect them directly on the interest rates etc… We do a full fact find, and explain all this when a client signs our clawback sheet, that they will be asked to pay the money for our hard work that we have done! If they don’t feel that this is fair, we walk away and stop helping the client! Clients almost 100% of the time, say that that is fair and just! They don’t work for nothing and don’t think we should either. (unless they are doing the dodgy move, and know full well they are lying blanketly to our face, and plan on closing down the lending facility in the near future!)

This has implications of all Australian citizens legal rights for the future!

“the vibe” of this is ridiculous! If a “Consumer “ decides to change their mind will it end up that every profession in Australia has to pay back the consumer for work that has already been done?

In real life, there have been many tests of Section 51(xxxi). The High Court’s interpretation of this section – both about what constitutes property and the meaning of “on just terms” – has proved quite broad. The court has defined “property” not only as land but also as rental rights, shares, intellectual copyright and hereditary entitlements. Any Commonwealth law that claims or infringes on those or other forms of property could potentially be challenged on the “just terms” provision of Section 51(xxxi). In Newcrest Mining Ltd v Commonwealth (1997), the High Court overturned the Federal government’s decision to extend the boundaries of Kakadu National Park, which effectively nullified a number of mining leases held by Newcrest.

Constitution is not my arguing point! –just because “The Honourable Justice Kenneth Madison Hayne AC QC” makes a remark in a review,( a lot of what was just and right!), It shouldn’t be followed to the letter of the law just because he thought about something! Common sense is needed and should be used!

How would a politician feel that they have 100% or 75% of their income Clawbacked by the consumers, that the Politian has already been paid, , because they made election promises to consumers that they never kept or fulfilled??????