



The Salvation Army Australia Territory

Territorial headquarters

2 Brisbane Avenue, Barton ACT 2600
PO Box 4224, Kingston ACT 2604

P 02 6270 3118

Consumer Credit Unit
Financial System Division
The Treasury
Langton Cres
Parkes ACT 2600

Via email: creditreforms@treasury.gov.au

Anti-avoidance provisions for credit product intervention orders

Dear Consumer Credit Unit,

The Salvation Army thanks the Treasury for the opportunity to provide feedback on the exposure draft of the Treasury Laws Amendment (Measures for Consultation) Bill 2023: Anti-avoidance rule for product intervention orders (**the exposure draft Bill**).

The Salvation Army and others within the community sector have been calling for improvements to the regulation of consumer credit for many years. As a national provider of financial counselling, we have seen too many individuals drawn into unmanageable debt and financial hardship due to unsuitable consumer loans and consumer leases.

Product intervention orders are a helpful way for the Australian Securities and Investment Commission (**ASIC**) to improve consumer outcomes. The Salvation Army is of the view that these orders will be a vital tool for enforcing the new consumer protections within the *National Consumer Credit Protection Amendment Act 2009*.

The provisions within the exposure draft mirror those of the recently passed *Financial Sector Reform Act 2022* in ensuring intervention orders cannot be evaded. It would be disappointing for intervention orders issued by ASIC to go unenforced due to insufficient anti-avoidance provisions. This could lead to more vulnerable borrowers becoming burdened by unmanageable debt.

The penalty provisions within the exposure draft appear to provide a meaningful disincentive to lenders from attempting to avoid the intervention orders. The ability for ASIC to exempt a scheme or class of schemes from these prohibitions also provides suitable flexibility to the Commission to minimise financial and other harm to consumers. The Salvation Army is optimistic that the provisions detailed in the exposure draft Bill will promote financial inclusion and be an effective protection for consumers. The Salvation Army also endorses the submission of the Consumer Action Law Centre (**CALC**) on the detail of these provisions.

Founders **William & Catherine Booth**
General **Brian Peddle**

*Wherever there is hardship or injustice, Salvos will live, love and fight
alongside others to transform Australia one life at a time with the love of Jesus*

salvationarmy.org.au

The Salvation Army welcomes the changes proposed in the exposure draft of the Treasury Laws Amendment (Measures for Consultation) Bill 2023 and again thanks the Treasury for the opportunity to provide comment.

Yours sincerely,

Peter McGuigan, Major
Head of Government Relations
The Salvation Army Australia

10 July 2023

The Salvation Army acknowledges the Traditional Owners of the lands and waters throughout Australia.

We pay our respect to Elders and acknowledge their continuing relationship to this land and the ongoing living cultures of Aboriginal and Torres Strait Islander peoples across Australia.

We also acknowledge future aspirations of all First Nations peoples. Through respectful relationships we will work for the mutual flourishing of Aboriginal and Torres Strait Islander Australians and non-Indigenous Australians.

We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.

