

## **Will this be the boom we saw coming?**

Harry Pontikis – Director of Chocolate Money

The Federal Treasurer recently announced his intentions to relax Australia's credit framework regarding Responsible Lending. The proposed changes are a move to help consumers and small business clients access credit and loans easily and much quicker so as to help the economy recover from the COVID19 Pandemic.

In very simple terms the proposed changes will place the onus back on the consumer for the loan they obtain instead of the bank bearing that burden to ensure the borrower can afford it.

According to the Government, the proposed reform will be implemented through a change to the Credit Regulations following consultation and will commence from 1 March 2021. This is on the assumption the Labour party does not block them as these changes are winding back the legislation put in place by Labour 10 years earlier which was meant to protect consumers but worked to widen the gap between the rich and poor.

Chocolate Money will still retain and maintain the obligation to act in the Best Interests of their clients but it's possible to see how this relaxing of rules may put some borrowers at risk if they go directly to a bank or to a not so scrupulous or competent credit advisor.

These changes are in conjunction with the massive government stimulus packages announced, with more soon to be announced, coupled with the business support and expansion policies and the 'pump priming' the economy will receive via industries like construction. I believe these policies will have a massive impact on:

- Consumer demand for properties – both owner occupied and investment
- Property values in metro and regional areas
- Retrofitting of existing properties to accommodate changed living and working requirements
- Retrofitting of workplaces, offices, retail, entertainment and eating establishments
- A boom for small, medium and large companies able to pivot to take advantage of these changes compared to businesses unable to manoeuvre who will ultimately go broke.

If you wish to discuss how these changes may impact you or your business feel free to contact me on [harry@chocolatemoney.com.au](mailto:harry@chocolatemoney.com.au) or 0411 258 058 for a chat.

### **Reference:**

Australian Government Consumer Credit Reforms [here](#)

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