



PARLIAMENT OF NEW SOUTH WALES
LEGISLATIVE ASSEMBLY

FIRST SESSION OF THE FIFTY-SEVENTH PARLIAMENT

Private Members Bills Debate

30 May 2019

FAIR TRADING AMENDMENT (CASH LOAN MACHINES) BILLI

Ms SONIA HORNER (Wallsend) :

Times are tough for a lot of people in Wallsend.

The cost of living is going up. Housing is getting more expensive, petrol is getting more expensive, even groceries are getting more expensive—yet wages are flat. Unemployment remains above the state average.

People in this sort of situation—with no or precarious employment, and often with not much in the way of savings—are vulnerable to surprises. If the car breaks down or the washing machine stops working, what little they might have squirrelled away gets spent in one go.

Instant cash loan machines are designed specifically to target people in this situation. They offer one-off cash injections to help address an emergency, along with enormous interest rates. They are predatory and lead to people getting trapped in cycles of debt it can be hard—or impossible—to escape from.

First time employed customers can access up to \$600, existing customers can access up to \$950, while people on Centrelink can apply for up to \$300. The fees for these loans are exorbitant: a 20% establishment fee, a 4% monthly fee and daily fees of \$6 for late payments up to a limit of forty-three days.

We know that Newstart recipients subsist on less than \$40 a day. If a desperate Newstart recipient takes out a \$300 loan, that's an establishment fee up to \$60, a \$12 fee every month and up to \$258 in added daily fees. This is on top of comparative interest rates between 112% and 407%.

For people barely making ends meet, these fees—and the horrifically high interest rates—can mean a lifelong debt sentence.

This is made worse by the fact that these machines have no way of checking the ability of users to pay back the debts they incur. They are a dodgy way to sell a dodgy product, and that they are spreading under this Government is no surprise.

This is extreme corporate greed at the expense of the most vulnerable people in society. Some may argue that instant cash machines serve a social good, and that people desperate for money should be able to access it, but they're telling falsehoods in an attempt to protect their profit margins.

This sort of unregulated lending and spending is what led to the Global Financial Crisis.

It is telling that these machines do not appear in more well-off suburbs like New Lambton Heights or Merewether,

Feedback from the Wallsend community has been overwhelmingly opposed to instant loan machines and in favour of the bill.

Sue from Maryland said, "Excellent. Easy money is never a good thing. Especially when the loans are called in and can't be paid. These entities aren't in it for anything but profit. And lots of it."

Marie from Rankin Park said, "People wake up and don't use them, as they are only trying to get people into trouble plus a lot of strife."

Michelline agreed, commenting, "Don't want them. There are more than enough ways to get a loan that can get you into strife as it is!"

Responding to a Newcastle Herald cartoon which depicted instant loan machines as a shark waiting to swallow unsuspecting people, Margaret said, "The shark says it all! Great news!"

Margaret is right—the operators of these machines call themselves "credit providers", but what they are is loan sharks.

This bill is an effort at harm minimisation. Just as government regulations keep ATMs away from gaming areas in clubs, this bill will keep these dangerous machines away from where they do the most damage. Despite what operators might say, these instant cash machines don't offer a service to the community—they are a drain on the most vulnerable in our society.

I support this bill, and I urge the House to make it law.