



Mr Craig Thomson MP
Chair, Standing Committee on Economics
House of Representatives
Parliament House
CANBERRA

Dear Mr Thomson

I have worked in the mortgage broking business since 2003 helping people to obtain home loans suited to their needs amongst competing products. I am a full member of the Mortgage and Finance Association of Australia (MFAA).

Mortgage brokers are writing over 40% of home loans in Australia, as they provide an unbiased service to consumers that cannot be obtained directly from a financial institution.

As you are aware, there are some problems in the draft State legislation that is being put forward for the Federal Bill and I won't go into them here, as I know you've been flooded with them.

MFAA members are bound by the rules to not only act within the law but to also act ethically in the best interests of the clients. Banks are not held to these same rules. The banks are not obliged to provide comparisons with competing products not are they bound to provide information of any commission structure they may be paid in relation to direct or cross-selling of products.

In my business's specific instance, the borrower would be financially disadvantaged by any Act that places more power to the banks over brokers or that causes more costs to be incurred, as my company refunds up to 50% of the commissions paid to us by banks back to the client. By the Act stymieing the service provided by brokers under a similar franchisee agreement clients could be missing out on thousands of dollars cash refund on their home loans that they do not get from any bank.

Please take heed of the recommendations of an industry body that represents the consumers - the MFAA, not the banks.

Yours faithfully

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