



The Salvation Army

A U S T R A L I A E A S T E R N T E R R I T O R Y

April 17, 2008

Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam

Inquiry into the Australian Securities and Investment Commission (Fair Bank & Credit Card Fees) Amendment Bill 2008

The Salvation Army operates a financial counselling service, Moneycare, which has centres in Queensland, NSW, ACT and Victoria. Moneycare assists low income marginalised people who are struggling with debt and other financial issues. Moneycare conducts over 5,000 financial counselling sessions and handles over 9,000 calls annually.

The Salvation Army supports the Bill recently introduced in the Senate by the Family First Party to stop unfair and onerous bank penalty fees being charged.

These bank fees can detrimentally affect people who are struggling the most. We often see people who find themselves in a poor financial position because of circumstances beyond their control e.g. unemployment, illness, injury, relationship breakdown and addictions. The poor financial position is often worsened by the imposition of bank fees at a time that they can least afford it.

Of particular concern is the potential amount of fees relative to a person's income e.g. fees of \$80 in regard to a dishonoured cheque are equivalent to about 15% of a fortnightly aged or disability pension, an incredibly high impost on a low income person. We also regularly see many genuine people struggling to repay debts to financial institutions only to be hit with additional fees e.g. credit card over the limit or late fees. These fees can cause additional stress and anxiety for people who are earnestly trying to repay their debts.

We also acknowledge the work done by Choice (Consumers Association) and the Consumer Action Law Centre of Victoria in this area and trust that the Family First legislation will pass to give relief to financially struggling people.

Yours sincerely

Major Cecil Woodward
Territorial Social Program Secretary

Territorial Headquarters: 140 Elizabeth Street Sydney 2000 Postal Address: PO Box A435 Sydney South 1235
Telephone: (02) 9264 1711 Fax: (02) 9266 9638