C3Q1 Do you consider that the proposed clarification of guidance about use of benchmarks would be useful? Why or why not?
C3Q3 What are the benefits, risks and costs for consumers in this approach (including any effect on access to and cost of credit for consumers)?

To date ASIC has not explicitly acknowledged in its guidance that it is normal for borrowers to reduce expenditure when they take out a loan. Personally, every loan I've ever taken out has involved a revision of my budget and a reduction in expenditure. I've worked in lending for many years and most people understand they can't afford to buy a new car/house and still continue to eat out every week, buy new clothes every month or go on a holiday every year. I suggest you ask around your office to see if any of your colleagues on public servant salaries *haven't* reduced expenditure when they took out a loan. Kenneth Hayne is a well paid judge and has probably never had to cut down his spending when taking out a loan. But this is what the average Aussie does.

There is a risk that if ASIC fails to acknowledge and explicitly permit consumers to provide "before and after" expenditure budgets, many consumers will miss out on qualifying for a loan. Hardest hit will be young people buying their first car/home and couples with young children on one income. Brokers are already telling their clients to reduce spending for 3 months prior to loan application to provide an immaculate set of bank statements for the lender. What does this really achieve? Better to be transparent and acknowledge how the average Aussie behaves.

D3Q1 Would guidance about use of negative repayment history information and hardship indicators reduce the risk that credit providers consider it necessary to refuse applications for further credit products that may in fact be affordable for the consumer? Why or why not?
D3Q2 What are the benefits, risks and costs for consumers in this approach (including any effect on access to and cost of credit for consumers)?

Please acknowledge and explicitly permit refinancing of loans where the overall level of monthly payment will be reduced, even if the application doesn't fully meet normal lending guidelines. This will save the "mortgage prisoners" who on paper don't qualify for a mainstream loan and are stuck with expensive lenders who won't reduce their rate because they know they can't refinance elsewhere.

It will also rescue those "prisoners" who need debt consolidations, often because they're recovering from a period of hardship like sickness, unemployment or marriage breakdown. They are meeting their payments, but struggling. However if a new lender can reduce the borrower's overall payments and justify any increase in loan term depending on the circumstances, requirements and objectives of the borrower - an exception may be warranted.

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