



**Commercial Asset Finance  
Brokers Association of  
Australia Limited**

ABN 32 129 490 133

**National Professional Body of the Equipment Finance Industry**

The Productivity Commission  
Regulator Engagement with Small Business  
GPO Box 1428  
Canberra City ACT 2601

13<sup>th</sup> August 2013

RE: Productivity Commission Draft Report

We refer to the draft report by the Commission into Regulator Engagement with Small Business, issued on 3 July 2013, and welcome the opportunity to comment.

It is encouraging that the Productivity Commission recognises the issues that face small business, and are looking at ways to improve this. Small business represents such a large part of the Australian economy, and employs nearly 5 million people, and therefore needs to be able to operate without unnecessary or burdensome regulations and compliance costs.

The recognition that small business is not “big business” is important, as many small businesses do not have the time, infrastructure or skills to comply with a “one size fits all” model to regulation.

The commission acknowledges that small businesses spend up to 5 hours per week on compliance with government regulatory requirements, which is unproductive in terms of opportunity cost.

The Commercial Asset Finance Brokers Association (CAFBA) generally supports the findings and recommendations contained in the report, with particular mention on the following:

- Risk based enforcement is a positive step, as long as it is accompanied with well trained staff who “understand” small business. The staff must be empowered to make commercial decisions that will give quick and fair outcomes. This empowerment must be supported by government.
- Removal of unnecessary complexity is important, but also important is the removal of as many regulations as possible that tie up low risk small businesses in red tape.
- A common definition of small business across government is essential, so a business can easily identify where it sits and what applies to them. This is an ongoing problem that needs to be finally addressed.
- Voluntary compliance will occur when government departments are co-ordinated to receive information for compliance ie licences or permits
- Regulators need to respond to business in a timely fashion with pre-agreed timeframes – small business needs certainty

- User friendly material from regulators that is brief and in plain English will assist businesses complying
- Impact statements on new regulation should be issued with adequate time to respond, and should not be a forgone conclusion without evaluating the feedback.
- Communicating regulatory changes or conditions through associations such as ours will improve knowledge and disseminate the information in a way that is understood by the recipients.

Less regulation for small business is always a better approach, however for the regulation that exists it must be clear, transparent and easy to comply. The acknowledgement of lesser compliance for low risk businesses is important. The majority of small businesses not only do the right thing, but they also want to do it.

This report provides a good framework to start the process of better regulator engagement with small business.

Yours Faithfully

David Gill  
CEO