

1. *The definition of 'family business' and data regarding the family business sector*
 - a. You have advised that the majority of your members are small businesses operated by families. Are you able to provide the committee any statistics about the number of members that are family businesses?

CAFBA is not a statistical data gathering organisation, and up until recently has been managed by elected members who manage their own small and/or family business.

CAFBA generally accepts however the statistics of the Australian Family Business Sector that Family Businesses account for around 70% of all businesses in Australia as reflective of its membership base and the customers of its members.

- b. Does CAFBA have a view on what characteristics are required in order for a business to be considered a 'family business'?

We believe that this constitutes more than one family member working in the business.

1. *The contribution of family businesses to the Australian economy*
 - a. Of the members who are family businesses, how many persons do they employ? What is their annual turnover?

Again we do not collect these statistics.

1. *The challenges facing family businesses*
 - a. Do your family business members face challenges that are not faced by businesses who are not family businesses?

We believe that our members who are family businesses face the same challenges as the majority of small business, particularly the access to credit as outlined in our submission.

- b. Does the organisational structure of family business members differ from members whose businesses are not family businesses?

Often Family trusts are more prevalent in family business, however we have no statistical support for this.

1. *The family business sector's access to finance and financial resilience*
 - a. Have your members reported difficulties in lending to family businesses?

Access to credit is a major problem since the GFC. Credit controls are far stricter and there are fewer providers of credit since 2008 as the financiers in the market have contracted. A number of Foreign Banks that were major players in the Equipment Finance Industry no longer lend, and Australian Banks and Financiers have tightened lending practices.

- b. Did your members' lending practices to family businesses change as a result of the global financial crisis?

Yes – access to credit is far more difficult with fewer providers. We also understand Treasury is considering new legislation which will effectively apply the same criteria of the National Consumer Credit Protection legislation to commercial credit, which will not only make it even more difficult to obtain credit but also make it more expensive.

As stated in our submission we contend there is currently no systemic failure within the market that would require additional regulation. There are already mechanisms in place to protect commercial borrowers.

Enforcing a regulatory regime on small business will add a cost burden to small business, restrict the amount of credit available and cause costly delays in obtaining necessary equipment to earn additional income and increase efficiency.

The Global Financial Crisis caused many small businesses to delay acquiring new equipment, much of which would normally be financed. Ultimately however this equipment is required as new machinery and technological advancements require business to continually renew or update equipment. Additional regulation would only further obstruct small business from making these crucial and necessary acquisitions.