



4 May, 2011
File:

Dr Ian Holland
Secretary
Joint Committee on Corporations and Financial Services
Parliament House
CANBERRA ACT 2600

Dear Dr Holland

**PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES INQUIRY INTO
SMALL AND MEDIUM BUSINESS ACCESS TO FINANCE**

Thank you for the opportunity to respond to the Commercial Asset Finance Brokers Association of Australia Ltd's (CAFBA) concern to be included in Treasury's consultative process in regard to the possible regulation of the provision of credit for small business.

By way of background, the issue of the provision of credit to small business is one of a number of topics that are being considered as part of a review of credit generally, following the 2008 COAG decision to refer power from the States to the Commonwealth in respect of credit. COAG specified that a number of topics be considered within the National Credit Reform Agenda, with different delivery timetables. Small business is one of a number of topics which are not a current priority within the COAG timetable, and where more time for consultation is available.

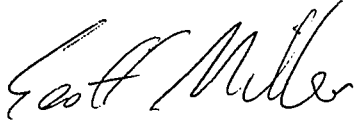
Treasury has adopted a consultative approach in relation to each of the topics in Phase 2 of the credit reforms. It has convened a large working group comprising representatives from industry, consumer groups, external dispute resolution schemes, and other stakeholders (the Consultation Group). Where appropriate, Treasury has also held topic-specific consultation groups that allow for a more detailed examination of the issues.

Given that other priorities in Phase 2 of the National Credit Reforms are currently being addressed, Treasury is still to decide whether a specific small business lending group will be established or whether the Consultation Group, with some additional members, will be utilised. However, irrespective of which consultation vehicle is adopted, I can confirm that CAFBA has already been invited to participate, and has accepted that invitation (through an exchange of emails, from Treasury to CAFBA on 21 March 2011 and a response from CAFBA on 6 April 2011).

I note that small business was briefly discussed in the context of a review of the outcomes of the National Credit Reform Phase 2 Green Paper generally at the meeting of the Consultation Group on 18 October 2010. However, substantive discussion of the issue is only expected to commence in the next few months.

Treasury appreciates CAFBA's willingness to become involved in any future consultative process in regard to the reforms in relation to credit to small business. I can confirm that Treasury welcomes their participation in the proposed future discussion, given the different perspective they would provide on this issue.

Yours sincerely

A handwritten signature in black ink that reads "Geoff Miller". The signature is written in a cursive, flowing style.

Geoff Miller
General Manager
Corporations and Financial Services Division