



Financial Systems Inquiry Submission

This submission responds to the public invitation to respond to the Financial Systems Inquiry, May 2014

The Tasmanian Small Business Council is the recognised peak body representing the small business community in Tasmania. There are some 32,000 small businesses in Tasmania which collectively employ or provide livelihood for approximately 110,000 people. Small businesses account for 96% of all businesses in Tasmania. On a national basis it is reported that there are some 2.3 million small businesses in Australia who collectively employ around 70% of the national workforce.

The author of this submission, Geoff Fader, is the chair of the Tasmanian Small Business Council and also chair of Rural Business Tasmania the organisation that delivers the Rural Financial Counselling Service in Tasmania on behalf of the Australian Government. Approximately 17% of all small businesses in Tasmania are engaged in primary industry or agriculture and thus it is relevant that the interests of these two significant small business areas are considered in tandem.

Mr Fader is also a board member of the Council of Small Business Organisations of Australia (COSBOA) and the alternate director to the Chair.

The Financial Systems Inquiry is charged with examining how the financial system could be positioned to best meet Australia's evolving needs and support Australia's economic growth.

Recommendations will foster an efficient, competitive and flexible financial system that meets the needs of users.

I refer to point 2 of the Terms of Reference,¹ Financial Systems Inquiry.

The attached correspondence of Ms Claire Priestley, 28 July 2014, 4 August 2014 and 11 August 2014, suggests:

- i. competition, innovation, efficiency, stability and consumer protection are not well balanced;

¹ <http://fsi.gov.au/terms-of-reference/>

- ii. financial risk is allocated and systemic risk are poorly managed by regulators;
- iii. effectiveness and need for financial regulation needs to be reassessed and made effective;
- iv. the Government must ensure that regulation is effective so that it protects individuals and small businesses; and
- v. objectives of financial regulators are more carefully scrutinized and measured against success, and
- vi. funding and performance meets individuals and small business needs

The attached correspondence highlights a need for effective regulation for customer and small business protection, with questionable bankers and banking practices and possible breaches of the ASIC Act, Corporations Act, Consumer Protection Act, APRA Act and ACCC Act prosecuted by an independently funded and operated DPP, or similar.

The need to mandate customer protection, such as that proposed in the Wilkie Bill (2012) is also important, as is the need to invite the public to work with regulators to prosecute corruption. The introduction of legislation, similar to the Fair Claims Act, would make a positive, low cost contribution.

The need to introduce legislation was suggested by the Council of Small Business Organisations of Australian in its paper presented to the Senate in December 2010.

In the event that the FSI Members would like more detail or further explanation the Tasmanian Small Business Council would welcome the opportunity to address you in person on this subject and its implications for any Australian small business that enters into a borrowing agreement with a bank.

Thank you for receiving this submission.

Geoff Fader
Chair, Tasmanian Small Business Council
26 August 2014

Attachments:
Copies of letters from Chris and Claire Priestly (3)
Wilkie Bill (2012)

