



**Australian
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Treasury
Langton Cres
Parkes ACT 2600

Re: Extending the small business responsible lending obligations exemption

ACCI appreciates the opportunity to comment on the exposure draft legislation to extend the small business responsible lending obligations (RLOs) exemption.

The Australian Chamber of Commerce and Industry (ACCI) is Australia's largest and most representative business association. Our members are all state and territory chambers of commerce, which in turn have 430 local chambers as members, as well as over 70 national industry associations. Together, we represent Australian businesses of all shapes and sizes, across all sectors of the economy, and from every corner of our country.

The RLO exemption was introduced in April 2020 for an initial period of six months. It has been extended three times since then, now set to expire on 3 October 2024. We welcome the recommendation to extend the existing time-limited exemption from RLOs for small businesses for a further two years. At a time when insolvencies are higher than pre-COVID levels, any efforts to ensure improved access to capital will help small businesses to access credit as needed through the life cycle of their businesses.

The exemption from RLOs has provided relief to businesses from the prescriptive and duplicative nature of credit decision-making processes, which often lead to unnecessarily lengthy and burdensome lending practices. This extension will significantly alleviate the administrative burden on businesses, reduce red tape and streamline the credit approval process.

ACCI supports measures which reduce red tape for small businesses. As demonstrated by our recent survey, red tape is having a significant impact on small businesses. For 82 per cent of respondents, red tape is having either a 'major' or 'moderate' impact on their operations, and for 61 per cent of respondents this impact has increased over the past 12 months.¹

For almost one in five respondents,² the ability to obtain finance is already one of the greatest pressures facing their small business – even with the exemption in place. With increased regulations and increased compliance activities being undertaken

¹ ACCI (2024), [2024 Small Business Conditions Survey](#), 21 July 2024, pg.7.

² Ibid, pg.9.



by regulators seeking to recoup outstanding debts, it is essential that small businesses have access to finance to support their operations should the need arise – whether this be to address cash flow issues following slow or missed payments from business partners, in the event of an emergency, or if expanding their operations.

Allowing the exemption to lapse and, subsequently, making it harder for small businesses to access finance will increase red tape and pressure, ultimately leading to fewer small businesses.

Given that a key reason for extending the exemption by an additional two years is to gather more data on small businesses, it would be valuable to publish information on the number of businesses that would not have gained access to finance without the exemption, and the type of investment. The availability of this data, which should be de-identified, will help to determine whether the exemption is effective and where improvements could or should be made.

Should you require any additional information or clarification of any points contained within, please contact David Alexander, Chief of Policy and Advocacy at David.Alexander@acci.com.au.

Yours sincerely

David Alexander
Chief of Policy and Advocacy