



13 April 2010

Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

Re: Inquiry into Access of Small Business to Finance

The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback to the Senate Economics Reference Committee to the Inquiry into Access of Small Business to Finance. We are supportive of this review, as access to capital (finance) is the lifeblood of our members.

Overall, CCIQ believes that enhancing the capacity of small businesses to access finance will go a long way towards increasing the nation's economic, productivity and employment growth rates. Businesses, particularly small businesses, have continued to face difficulties in accessing finance for a number of reasons, primarily due to banks becoming more risk adverse and overly conservative in their small business lending. Without a strong flow of capital at an affordable rate to the small business community, Australia will not see a strong private sector led recovery in Australia.

One of the key issues raised by Queensland businesses during the global financial crisis (GFC) was the reluctance of banks to pass on official interest rate reductions to business consumers. Businesses understand that the banking industry is unable to fully pass on each interest rate cut due to high cost pressures. However, the significant differences between the reductions in personal interest rates compared to those for business and corporate consumers needs to be thoroughly investigated during this inquiry.

CCIQ is supportive of the recommendations put forward in the Australian Chamber of Commerce and Industry (ACCI) submission including:

- Enhancing competition in the Australian retail banking system;
- Encouraging banks to ensure credit flows to creditworthy small business borrowers;
- Improving the lending skills of business lending managers and credit departments with a particularly focus on risk assessment skills;
- Increasing engagement with businesses by the Reserve Bank of Australia (RBA) and related government departments; and
- Further examination of the issues by the Productivity Commission.

CCIQ would be pleased to present in person at any inquiry hearing scheduled for Brisbane. If you have any questions, please do not hesitate to contact me on (07) 3842 2279. We look forward to the final report and the associated recommendations.

Yours sincerely,

Nick Behrens
General Manager – Policy

Chamber of Commerce &
Industry Queensland
Industry House
375 Wickham Terrace
Brisbane Q 4000

ABN 55 009 662 060

t > 07 3842 2244

f > 07 3832 3195

e > info@cciq.com.au

Employer Advice Line
1300 135 822

Regional Offices
Gold Coast, Sunshine Coast,
Toowoomba, Rockhampton,
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