



CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

21 December 2018

Unfair Contract Terms Review
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Via email: consumerlaw@treasury.gov.au

Dear Sir or Madam

Review of Unfair Contract Term Protections for Small Business

Chartered Accountants Australia and New Zealand welcomes the opportunity to make a submission to Treasury on the Review of Unfair Contract Term Protections for Small Business. Appendix A provides more information about Chartered Accountants Australia and New Zealand.

Number of Employees:

As outlined in the consultation paper, we note that the employee threshold under the current protections for consumers against unfair contract terms (UCTs) is consistent with the thresholds and definitions adopted by the Australian Bureau of Statistics, the *Corporations Act 2001* and Section 12BC of the ASIC Act. We further note that there is a significant difference in the employee thresholds adopted by The Australian Financial Complaints Authority and the Australian Small Business and Family Enterprise Ombudsman.

We suggest that greater alignment of definitions is considered across all sectors, directly or indirectly involved with small business, in order to remove any confusion.

Monetary value of a contract:

We note, as outlined in the consultation paper, that the monetary value of a contract that applies under the current UCTs is up to \$300,000 (or \$1 million for contracts longer than 12 months). We recommend that the monetary value for contracts that are longer than 12 months is reconsidered. We consider that the current threshold of \$1 million may result in some small businesses being inadvertently excluded from the protections or possible avoidance by intentional manipulation of the contract value.

We look forward to the opportunity to provide further input as the review progresses. Should you have any queries concerning the matters discussed above or wish to discuss them in further detail, please contact Karen McWilliams via email at karen.mcwilliams@charteredaccountantsanz.com or phone (612) 8078 5451.

Yours faithfully,

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Appendix A

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 120,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets. We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation professional accountants across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.