

# BIG AMBITIONS FOR SMALL BUSINESS

Australia's inaugural Small Business Commissioner arrives in the job as an enthusiast for the role accountants play in helping small business.

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by Christopher Niesche

**T**he accounting community is receiving a very different reception from the newest senior member of Australia's federal bureaucracy. Mark Brennan, the first Australian Small Business Commissioner, talked with *Public Accountant* just a fortnight into the job. And more than just about anyone else in Canberra, he shows obvious enthusiasm for the role of accountants in the small business sector.

"Accountants are well placed to be a really valuable source of

business advice and be educative," says Brennan, who took up the role in January this year.

The role of Small Business Commissioner was created largely as an advocate to government on behalf of the small business community.

Brennan sees an important part of his job as ensuring that small to medium-sized enterprises (SMEs) are better educated and can get access to all the information they need to improve their businesses.

And he sees accountants playing a big role in this task. While many



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small business people don't seek professional advice because they're wary of the billable hour, about 80 per cent go to an accountant to have their tax done, according to a Sensis survey cited by Brennan.

“The unique opportunity there for accountants is that you've got them through the door, you've got them in the office, and there's a real opportunity to encourage small businesses to seek advice on other issues, such as superannuation and business planning and how their cash flow is running,” says Brennan.

“So, instead of just having the client coming in and saying, ‘Can you do the tax for me and where do I sign?’, the opportunity's there for the accountant to say ‘I've had a look through your tax returns, and there are other things that you might want to seriously think about in terms of how your business is going’.”

Brennan is uniquely well placed to be Australia's first Small Business Commissioner. A qualified lawyer, he has experience in running his own small business, a legal consultancy called MA Brennan and Associates (despite the name, he cheerfully concedes it was a one-man business). He also has experience as a regulator, having served as the Director of Liquor Licensing in Victoria.

Moreover, this new role is familiar territory – Brennan was



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the inaugural Victorian Small Business Commissioner for seven years, where his efforts won him the title of the Council of Small Business of Australia’s National Small Business Champion for 2011.

“It must be the case that I’ve got somewhere in there an innate interest in small business. I’m encouraged by small businesses, how innovative they are and the things they can do,” says Brennan, who is in his early 60s.

He also likes sticking up for the underdog. “As a lawyer in practice and certainly in philosophy, I’ve always seen myself as a defendant-type lawyer rather than a plaintiff type,” he says.

Brennan wants to try to persuade governments to be “business friendly” when they pass new laws or make new regulations. “We want governments to be conscious of impacts on small business of legislative proposals,” he says.

But he also plans to examine how governments themselves behave when they act as a business, for instance when putting out tenders or dealing with suppliers. “My aspiration is to see whether the government can show leadership and behave as a model business when it’s behaving as a business,” says Brennan.

“I’m sure what we’ll find is that government agencies don’t realise that the way in which they behave as a business is actually placing the other business at a disadvantage or treating them unfairly.”


Brennan wants to commission some work to identify exactly how a model business should behave.

Two things he nominates are prompt payments of bills and resolution of matters through alternative dispute resolution rather than expensive and protracted litigation.

Cash flow is a perennial problem for small businesses. SMEs themselves can improve this with better management and by seeking advice from professionals, such as accountants. But, says Brennan, governments can also help by ensuring they pay their bills on time.

The Commonwealth and Victorian governments, among others, already have policies to pay small business invoices promptly and failing this, must pay interest on the outstanding balance. But many small businesses are reluctant to ask for the penalty interest, so Brennan wants it to be paid automatically as another incentive for prompt bill payment.

Running his own small business, Brennan learned about the precarious nature of being self-employed. “You can have the famine or the feast,” he says. “If you take the feast then you probably overload and you don’t do it properly and you probably put yourself in a precarious position long term anyway.”

He doesn’t expect 2013 to be any easier for small businesses than 2012, and he has one last piece of advice. “If it is tough times, you just make sure that you’re doing your core business properly, paying attention to keeping it to the standard that got you to establish your business in the first place and being more cautious about what might seem attractive diversifying schemes.” 



### Cutting red tape

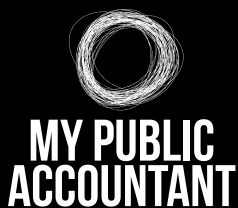
Small businesses complain that they’re tied up in red tape, and Mark Brennan wants to help reduce it.

That doesn’t mean he sees all regulation and bureaucracy as unnecessary. “You have to factor in that, in doing business, you’re going to have to devote some time to complying with taxation laws or superannuation laws or professional association requirements, like having a practice certificate,” he says.

Nonetheless, there is room for improvement. For instance, as Director of Liquor Licensing in Victoria, Brennan couldn’t see why pubs had to apply every year for exemptions to trade late for what were annual events, such as the eve of the Melbourne Cup and St Patrick’s Day.

“You’ve got to be asking that question ‘why is this requirement necessary’, and if there’s a good reason why then business should be accepting that that’s part and parcel of doing business in that particular sector,” he says. “But if there doesn’t appear to be a good reason, there’s a good reason to question it.”

Brennan says that although red tape reduction is not his core role, he’ll be making a submission to this year’s Productivity Commission inquiry into how the compliance burden on small business can be reduced.



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