



AIBB

australian institute of business brokers

**Australian Institute of Business Brokers
ABN: 32 508 913 503**

17 April 2017

Sale of Land and Business Option for Reform
Policy and Legislation Branch
Consumer Affairs Victoria
GPO Box 123
Melbourne Vic 3001

Dear Sir,

We thank you for this opportunity to offer our opinion of your Options to Reform the Sale of Land Act and Businesses. We have heard from our members in this regard and we are of the opinion that the current Section 52 is of little to no value for a potential purchaser in its current form, and because of its additional cost to the vendor should be completely abolished.

The AIBB view is the current Section 52 does not provide the proposed purchaser with enough information to warrant any form of prudent decision, without obtaining a full accounting document relating to the vendor's taxation. The AIBB suggestion to make the Section 52 effective, the proposed purchaser should be provided with copies of a Trading Statement, Profit and Loss Statement, Balance Sheet, depreciation schedule, BAS Statements and Taxation return. We are of the view that the present document is largely is ineffective and expensive and adds additional costs in attempting to enforce that the full accounting package is mandatory in the sale of all businesses.

Regarding the option for increasing or decreasing the cut off amount, from \$350,000, it is the AIBB's view, that it is not warranted, in its current form. We are of the view that unless the Section 52 is improved, the "cut off" amount is immaterial. If, however, the Section 52 is improved, then it is our opinion that the "cut off" amount should rise.

The proposed removal of Section 52 from the Estate Agents Act to the Sale of Land Act is of concern. The AIBB is not clear on the benefits of having the Section removed. Our reading of Clause 1 of Section 52 of the Estate Agents Act wording inter alia, "**a Person Seeking**" to sell a small business **or** an **estate agent**. The document seems to infer that this would make the requirement to provide the document apply to all persons seeking to sell a small business, not just estate agents.

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We cannot understand how you can read that any other way other than meaning it applies to **any person** seeking to sell a small business. We suggest the Section remain.

Mr Tony Latessa is the AIBB Victoria Chapter Chairman. He is the AIBB Board Member charged with liaising with the Government of Victoria and is the delegate from the AIBB to attend your offices to discuss this matter further.

Contact Details:

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Yours sincerely,

Graham Long
Deputy Chair