



**Small
Business
Commissioner**

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Mr Mark Fitt
Committee Secretary
Senate Standing Committee on Economics
PO BOX 6100
Parliament House
CANBERRA ACT 2600

By email: economics.sen@aph.gov.au

Dear Mr Fitt,

RE: Australian Business Securitisation Fund Bill 2019

Thank you for the opportunity to provide a submission on the Australian Business Securitisation Fund Bill 2019 Inquiry.

The Office of the NSW Small Business Commissioner (OSBC) is committed to supporting and improving the operating environment for small businesses throughout NSW. The OSBC advocates on behalf of small businesses in NSW, provides mediation and dispute resolution services, speaks up for small businesses in government and makes it easier to do business through policy harmonisation and regulatory reform.

The growth in the alternate finance market has been driven by the entry of new online lenders. These new operators are targeting start-ups and small to medium businesses, seeing a gap in the in the financing market. More than four in ten fintechs operating in Australia target SMEs or start-ups as their end customer¹.

Small business operators often have difficulty securing collateral for loans, particularly if they are a young entrepreneur who may not own a home (or hold much equity in their home), or if they've already borrowed to purchase their home, they may not have enough equity with which to borrow against. Even if they do have sufficient equity, using their home as collateral concentrates the risk they face.

OSBC comment

The OSBC supports the introduction of the Australian Business Securitisation Fund (the Fund) as an avenue to providing additional funding and growth to smaller banks and non-bank lenders to on-lend to small businesses on more competitive terms.²

Importantly, the introduction of the Fund comes at a time when small businesses are reconsidering their reliance on the Big Four banks, the traditional lenders that have consistently provided more than 80 per cent of small business lending over recent years.³

The OSBC also supports the view expressed during the first public consultation of the Fund, that is, **that the Fund needs to have a suitable risk appetite and reasonable rate of return** in line with its objectives.⁴

To discuss this submission, please contact [REDACTED]
[REDACTED]

Yours sincerely

[REDACTED]
Robyn Hobbs OAM
NSW Small Business Commissioner
8 March 2019

¹ Y and FinTech Australia (2018). *EY FinTech Australia Census 2018. Profiling and defining the fintech sector*. EY, 2018 [online]. Available at:

<https://fintechauscensus.ey.com/2018/Documents/EY%20FinTech%20Australia%20Census%202018.pdf>

² Treasury (2018). *\$2 billion fund to transform small business access to funding*. Treasury media releases, the Hon Josh Frydenberg MP, 14 November 2018 [online]. Available at: <http://jaf.ministers.treasury.gov.au/media-release/051-2018/>

³ Kent, C. (2018). *The Availability of Business Finance | Speeches | RBA*. [online] p.61. Reserve Bank of Australia. Available at: <https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html>

⁴ The Australian Small Business and Family Enterprise Ombudsman (2019). Submission to Treasury public consultation on the Australian Business Securitisation Fund. Available at <https://static.treasury.gov.au/uploads/sites/1/2019/02/t349315-ASBEFO.pdf>