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\$2 BILLION FUND TO TRANSFORM SMALL BUSINESS ACCESS TO FUNDING

The Liberal National Government will significantly enhance access to funds for small business across the country through the introduction of a \$2 billion Australian Business Securitisation Fund and encourage the establishment of an Australian Business Growth Fund to provide longer term equity funding.

Small businesses find it difficult to obtain finance other than on a secured basis – typically, against real estate. Small businesses that have already obtained finance secured against real estate, but wish to continue to grow, also find it difficult to access additional funding.

Even when small businesses can access finance, funding costs are higher than they need to be.

To overcome this and ensure that small businesses are able to fulfill their potential and continue to underpin economic growth and employment, the Australian Business Securitisation Fund will invest up to \$2 billion in the securitisation market, providing significant additional funding to smaller banks and non-bank lenders to on-lend to small businesses on more competitive terms.

The Australian Business Securitisation Fund will be administered by the Australian Office of Financial Management (AOFM), consistent with their prior involvement in the Residential Mortgage Backed Securities Market in 2008.

The Government is also in consultation with APRA and a number of financial institutions in regard to the establishment of an Australian Business Growth Fund that would provide longer term equity funding to small businesses. Many small businesses find it difficult to attract passive equity investment which enables them to grow without taking on additional debt or giving up control of their business.

The Australian Business Growth Fund is expected to follow similar international precedents. By way of example, since its establishment in 2011, the United Kingdom's Business Growth Fund has invested some \$2.7 billion in a range of sectors across the economy.

A similar fund has not emerged in Australia, in part, as a result of the unfavourable treatment of equity for regulatory capital purposes. APRA has indicated that it is willing to review these arrangements to assist in facilitating the establishment of the Australian Business Growth Fund. To fast track its establishment, the Government will host a meeting of key stakeholders in Canberra during the next sitting period.

With more than three million small businesses employing around seven million Australians, enhancing small business access to funding is part of the Coalition Government's plan for a stronger economy.

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