



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

4 February 2022

Financial System Division
Treasury
Langton Cres
Parkes ACT 2600

via email: ABSFReview@treasury.gov.au

Dear Sir/Madam

Australian Business Securitisation Fund (ABSF) Review

Timely access to affordable finance is essential for small business vitality and growth, particularly as they recover from COVID-19 impacts and uncertainties, disruption, and natural disasters. We have previously welcomed the establishment of the ABSF as a piece of the funding landscape and urge its continuation to support an expanded range of wholesale funding options for a greater range of SME origination types.

While there has only been a limited number of successful applications to date, it is encouraging that ABSF participants are notably some of the new and emerging institutions with innovative and responsive products aimed at better meeting SME financing needs.

Our ability to offer considered comments on the activities of the ABSF is limited by the scarcity of information about experiences of successful (and in some cases unsuccessful applicants) and how access to the ABSF has supported better outcomes for SMEs from lenders who have accessed the fund. Clearly, the absence of ABSF would have required successful applicants to source funding elsewhere with the implications of this unclear to us.

Stakeholders did reiterate our view that the ABSF has been a positive initiative and support for its maturing and evolution is warranted. The early market participation and engagement by financiers and ratings agencies will support further expansion of participants, analysts and investors. The ABSF would benefit from:

- A more streamlined and simplified application and reporting process, and greater certainty and predictability around evaluation parameters, using standard templates, so that the factors determining fund participation are clear. We acknowledge the positive work of the Australian Office of Financial Management (AOFM) in this regard as experience accumulates.
- A focus on under-developed market sectors and third-party support of applications to the ABSF by SME lenders keen to offer better, more responsive, financing options and terms to SMEs, particularly loans that are unsecured or less reliant on private assets of SMEs as collateral.

As such we recommend that the ABSF operation continue, along with other measures to help small businesses thrive, and support:

- Continuation of efforts by the AOFM to streamline the application and reporting process, with appropriate feedback to ABSF applicants, to develop the securitisation and SME lending market.

T 1300 650 460 E info@asbfeo.gov.au
www.asbfeo.gov.au

Office of the Australian Small Business and Family Enterprise Ombudsman
GPO Box 1791, Canberra City ACT 2601

- The five-year review being informed by reporting against agreed KPIs, using standard reporting templates and definitions, so that performance of the fund against its objectives is clear.
- The AOFM continuing to consult stakeholders, such as the Australian Securitisation Forum and its members, to drive continuous improvement, delivery of objectives and sector diversity.

If you would like to discuss this matter further, please contact [REDACTED]

Yours sincerely



The Hon. Bruce Billson

Australian Small Business and Family Enterprise Ombudsman