

4 February 2022

Financial System Division
Treasury
Langton Cres
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By email: ABSFRewiew@treasury.gov.au

Dear Director

Australian Business Securitisation Fund Review

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to contribute to the [Australian Business Securitisation Fund Review](#).

The Australian Business Securitisation Fund (ABSF) was established “to increase the availability, and reduce the cost, of credit provided to small and medium enterprises (SME) by the Commonwealth investing in debt securities.”

On 5 April 2019 the [Australian Business Securitisation Fund Act 2019](#) (the Act) received royal assent. Section 21 of that Act requires the government to cause a review of the operation of this Act to be undertaken as soon as possible after the second and fifth anniversary of the commencement of the Act. This review, which was announced on 20 December 2021, is of the operation of the ABSF from inception to date - i.e., the second-year review.

The consultation paper for the review acknowledges that this will be an arduous task given the impact of COVID-19. The consultation paper notes that evaluation will be difficult as:

- For much of 2020, ABSF activities were paused because of the impacts of the COVID-19;
- The Structured Finance Support Fund (SFSF), which is also designed to support small bank and nonbank lenders through investments in securitisation structures but has a wider mandate was also rolled out as a COVID-19 measure.
- Other COVID-19 economic support measures such as the Reserve Bank of Australia (RBA)'s Term Funding Facility (TFF) and the SME Guarantee and SME Recovery Loan schemes have also affected the SME loan space.

Other COVID-19 support mechanisms that may have affected the SME loan space include:

- Significant financial support offered by both Federal and State governments to businesses affected by the impact of COVID. JobKeeper and Cash Boost are two well-known Federal measures.
- The Australian Taxation Office (ATO), as part of its COVID response, paused its tax debt collection and announced that it will consider remitting interest and penalties incurred after 23

January 2020 if a business is affected by COVID. The ATO is also offering payment plans to help business get back on track and pay their tax debt.

Should the review need to examine the impact of these measures some further information can be obtained from:

- The Inspector General of Taxation's [Investigation and Exploration of Undisputed Tax Debts in Australia](#) . This examines tax debt in the financial years 30 June 2017-2020 show that 3 months of COVID in 2020 resulted in a significant increase in undisputed tax debt.
- The ATO's [2021 annual report](#). This shows at page 55 that its provision for bad and doubtful debts as a proportion of total tax receivables as at 30 June 2021 was 43% - which is significantly above the target of below 35%. This is attributed to both COVID and a change in methodology.

The ATO's 2021 annual report also shows at page 36 also shows that overall, the proportion by value of tax liabilities paid on time remained around 88% for the 2019-2021 financial years. However, the ratio of collectable debt to net tax collections has increased significantly and is 150% more than the ATO's target ratio.

Should you have any queries in relation to this please contact [REDACTED]
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Yours sincerely



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