



AUSTRALIAN CHAMBER OF  
COMMERCE AND INDUSTRY

# MEDIA RELEASE

Thursday 19 November 2009

## CALL FOR NATIONAL INQUIRY INTO SMALL BUSINESS FINANCING

*Statement arising from the Australian Chamber of Commerce and Industry's General Council Meeting held in Canberra on 19 November 2009. The ACCI General Council comprises the Presidents and Chief Executives of the 36 member organisations that constitute ACCI - Australia's peak national employer and business organisation.*

The General Council of the Australian Chamber of Commerce and Industry today called on the Productivity Commission to conduct a study into the degree of competition in the provision of Small and Medium Enterprise (SME) financing, in particular:

- the potential impact of fewer participants in lending markets;
- the implications of repricing the risk to business;
- international comparisons; and
- changes that have occurred in the cost and availability of finance to SMEs over time.

In commenting on this decision, ACCI Chief Executive Peter Anderson said "today's meeting of 36 business organisations forged a strong consensus that small businesses are taking an unfair hit on restricted access to finance, and the growing relative cost of small business finance."

"Shedding light on the reasons why the gap between mortgage rates and small business rates has grown will be an important step towards a fairer deal for small business customers."

According to the Reserve Bank, while the cash rate was reduced by 425 basis points between August 2008 and May 2009, small business loans had fallen by only around 230 basis points. Yet on the way up, recent rate rises were fully passed on.

As the engine room of the Australian economy, small business needs access to affordable credit for investment, working capital and job creation.

General Council also voiced strong support for ACCI's plan, outlined late last month at an Austrade/CEDA conference in Sydney, to boost trade finance, in particular for:

- more flexibility under the Basel II Requirements particularly as they relate to the one year maturity floor for trade finance;
- a more accommodating basis by which retail banks assess business risk for short term trade finance;
- a more expansionary vision by retail banks in our region, including the provision of offshore banking services for Australian exporters; and
- a clearer role for business organisations in working with governments and the finance industry on trade finance.

*ACCI represents over 350,000 businesses in every State and Territory and all industries. Our network employs around 4 million employees, ranging from the top 100 companies to tens of thousands of small and medium businesses.*

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MR 152/09

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General Council authorised ACCI to pursue these issues with the Australian Prudential Regulation Authority as a matter of urgency.

General Council also considered it timely to now review the Australian Government's 'banking guarantee' and the possibility it may now be restricting competition in the banking industry.

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