



# Media Release

## Senator Alan Eggleston

### Liberal Senator for Western Australia

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#### Small business access to finance vital: Eggleston

2<sup>nd</sup> July 2010

Recently the Senate Economics References Committee, chaired by Western Australian Senator Alan Eggleston, conducted an inquiry into small business finance.

The inquiry was initiated after small business representatives from across Australia voiced their concern that access to finance was becoming increasingly difficult and the Committee aimed to investigate measures that could make the provision of finance to small business more efficient.

“Since the Global Financial Crisis, there have been a number of factors which has led to a reduction of finance to small businesses in Australia from banking institutions, both in terms of supply of credit and the demand for such finance,” said Senator Eggleston.

Some of the main recommendations made by the Committee include;

- The abolition of exit fees on variable interest loans. If this does not occur by the end of 2010, then legislation should be enacted to ensure this takes place.
- The reiteration that the “four pillar” policy remains, ensuring that the big four banks cannot merge.
- A moratorium on any bank mergers or takeovers for at least one year, unless the bank being taken over is facing imminent failure.
- The Trade Practices Act being amended to inhibit firms achieving market power through takeovers or abusing market power and that 'market power' is expressly defined so that it is less than market dominance and does not require a firm to have unfettered power to set prices.
- That an annual report be submitted by the ACCC, APRA and the Reserve Bank that investigates competition in the Australian retail banking market, also including the provision of small business access to finance, and;
- That the Australian Bankers' Association meet with small business representatives to develop a code of practice relating to small business lending procedures.

The Inquiry also investigated the finance accessibility in relation to farmers, with the Committee acknowledging that the rural sector was an important class of small business and often had difficulty in obtaining credit to see them through difficult times such as droughts and periods of poor prices.

Senator Eggleston said it was vital to ensure small business access to credit was maintained, given that small business was Australia's largest employer and therefore a fundamental aspect of the nation's economy and identity.

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