

2019-2020

The Parliament of the
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

As passed by both Houses

**Guarantee of Lending to Small and
Medium Enterprises (Coronavirus
Economic Response Package) Bill 2020**

No. , 2020

**A Bill for an Act about loan guarantees, and for
related purposes**

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1 **A Bill for an Act about loan guarantees, and for**
2 **related purposes**

3 The Parliament of Australia enacts:

4 **1 Short title**

5 This Act is the *Guarantee of Lending to Small and Medium*
6 *Enterprises (Coronavirus Economic Response Package) Act 2020*.

7 **2 Commencement**

8 (1) Each provision of this Act specified in column 1 of the table
9 commences, or is taken to have commenced, in accordance with

Section 3

1 column 2 of the table. Any other statement in column 2 has effect
2 according to its terms.

3

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this Act	The day after this Act receives the Royal Assent.	

4 Note: This table relates only to the provisions of this Act as originally
5 enacted. It will not be amended to deal with any later amendments of
6 this Act.

7 (2) Any information in column 3 of the table is not part of this Act.
8 Information may be inserted in this column, or information in it
9 may be edited, in any published version of this Act.

3 Simplified outline of this Act

- The Minister may, on behalf of the Commonwealth, grant a guarantee to a financial institution in connection with loans made, or to be made, by the financial institution to SME entities if granting the guarantee is likely to assist in dealing with the economic impacts of the Coronavirus known as COVID-19.
- The Consolidated Revenue Fund is appropriated for the purposes of meeting any liabilities that the Commonwealth incurs under those guarantees.

4 Definitions

21 In this Act:

22 *constitutional corporation* means a corporation to which
23 paragraph 51(xx) of the Constitution applies.

24 *financial institution* means:

- 1 (a) a body corporate that is an ADI for the purposes of the
2 *Banking Act 1959*; or
3 (b) a non-ADI lender (within the meaning of the *Banking Act*
4 *1959*).

5 *legislative rules* means rules made under section 8.

6 *SME entity* has the meaning given by the legislative rules.

7 **5 Loan guarantees by the Commonwealth**

- 8 (1) The Minister may, on behalf of the Commonwealth, grant a
9 guarantee to a financial institution in connection with loans made,
10 or to be made, by the financial institution to SME entities.
- 11 (2) The Minister must not grant a guarantee unless:
12 (a) the Minister is satisfied that granting the guarantee is likely
13 to assist in dealing with the economic impacts of the
14 Coronavirus known as COVID-19; and
15 (b) the guarantee is in connection with loans made, or to be
16 made, by a financial institution that is a constitutional
17 corporation.
- 18 (3) The grant of a guarantee must be in accordance with any
19 requirements prescribed by the legislative rules.
- 20 (4) For the purposes of the application of this section to a loan made
21 by a financial institution, it is immaterial whether the loan was
22 made before, at or after the commencement of this section.

23 **6 Appropriation for the purposes of loan guarantee liabilities**

- 24 (1) The Consolidated Revenue Fund is appropriated for the purposes
25 of meeting any liabilities that the Commonwealth incurs under
26 guarantees granted under section 5.
- 27 (2) The total amount appropriated under subsection (1) must not
28 exceed \$20 billion.

