

# Access to Financial Support

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## UNDERWRITING SMALL BUSINESS LOANS

<b>Date</b>	Early April 2020
<b>Applies to</b>	Small business

Despite record low interest rates, getting a loan can be difficult, particularly in this environment.

The Federal Government has underwritten up to \$40 billion in SME loans. The Coronavirus SME Guarantee scheme is aimed at small businesses that would be viable except for the pandemic. Under the scheme, the Government will provide a guarantee of 50% to SME lenders for new unsecured loans to be used for working capital. The loans will be:

- A maximum size of \$250,000;
- Have a loan term of up to three years, with an initial six-month repayment holiday; and
- Will be in the form of unsecured finance (so you don't have to put your house on the line).

The loans are subject to the lender's credit assessment although the Government expects that *"lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions."*

You should expect to see products from the financial institutions coming through in April. The products are expected to provide facilities that only have to be drawn if needed. This will mean that you will only incur interest on the amount you draw down. If you do not draw down any funds from the facility, no interest will be charged, but you will have the flexibility to draw down in the future.

Lenders will also be exempt from responsible lending obligations for existing small business clients.

Outside of the big banks, the Government has provided \$15 billion in funding through the Australian Office of Financial Management to invest in structured finance markets used by non-banks to support lending for residential mortgages, small business lending, and consumer lending (credit cards, cars and personal loans).

## Support from your bank

Australian banks will defer loan repayments for six months for businesses including sole traders who need assistance because of COVID-19. The support is available for those with total business loan facilities of up to \$10 million.

Note that your loan will still accrue interest even if you have deferred payments.

The banks are also offering loans, including overdrafts, with no repayments for the first six months, at very low interest rates, supported by the Government through an SME Loan guarantee.

Other assistance can include fees waived, loans restructured, and further credit offered to get through the pandemic.

To access this support, you need to stay in contact with your bank and talk to them about the support you need. Assistance is not automatic.

[ANZ](#)

[AMP](#)

[Bankwest](#)

[Bank of Queensland](#)

[Bendigo Bank](#)

[Commonwealth Bank](#)

[Macquarie](#)

[National Australia Bank](#)

[Suncorp](#)

[Westpac](#)

***We will continue to update this document and links as announcements are made.  
Please see our website.***

Please **contact us** to discuss how these initiatives can support you and your business.

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