



United Retail Federation

Serving Members Australia Wide™

MEDIA RELEASE

TELEPHONE: 1300 721 730

FACSIMILE: 1300 554 552

EMAIL:

info@unitedretailfederation.com.au

WEBSITE:

www.unitedretailfederation.com.au

BRISBANE:

Suite 3, 321 Kelvin Grove Road
KELVIN GROVE QLD 4059

PO Box 105
KELVIN GROVE BC QLD 4059

MELBOURNE:

Level 27
101 Collins St
MELBOURNE VIC 3000

SYDNEY:

Level 57
MLC Centre
19-29 Martin Place
SYDNEY NSW 2000

ADELAIDE:

Level 24
Westpac House
91 King William St
ADELAIDE SA 5000

PERTH:

Level 28
AMP Tower
140 St Georges Terrace
PERTH WA 6000

ABN: 53 009 660 495

Australia needs a Small Business Bank as rate rises set to further hurt 'economic backbone'

Monday, 4 October 2010

The **United Retail Federation**, a peak national industry body representing retailers and small businesses for over 120 years, has called for the establishment of a Small Business financial institution to address the economically dire situation of a barrier to finance for Small to Medium Enterprises (SME) which is affecting the broader economy.

Scott Driscoll, National President of the **United Retail Federation**, said that the small business sector had been contending with a barrier to finance, paying higher margins on loans and a greater probability of default and the only way to "keep Australia's economic backbone strong is with a Government backed financial institution specifically for SMEs".

"The Small Business sector has been in an unsustainable position where it has to face constantly appearing obstacles to finance alongside paying increasingly higher margins on loans and if left unaddressed will be a dire situation for the broader Australian economy," Mr Driscoll said.

Mr Driscoll cites the example of Canada and its Business Development Bank as "a base model" but stressed that there were a variety of options including specific government guarantees for small business loans and institutions, a strategy that has been implemented widely across OECD nations during the past two years.

"As recently as the RBA's half yearly review it was shown that rates on small business loans are higher in conjunction with estimated default probabilities which it cites as a direct result of uncertainty from the small business sector. Whilst big business has considerable buffers to wear these sorts of trends small business does not.

"There can be no question as to the significance of the small business sector to Australia's economy and without a government backed financial strategy for SMEs there will be a further crippling of our nation's economic backbone," Mr Driscoll said.

For further comment call Scott Driscoll on 0413 831 045.