

MEDIA RELEASE

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AFIA welcomes the Government's Federal Budget announcements

The Australian Finance Industry Association (AFIA) welcomes the 2020 Federal Budget announced by the Federal Government tonight.

AFIA represents over 100 providers of consumer, commercial and wholesale finance in Australia including retail banks and smaller ADIs, non-bank lenders and finance companies, fintechs and car rental providers, which provide innovative consumer products and specialised finance to meet small to medium enterprises (SMEs) working capital, cashflow and investment needs and keep Australia mobile through fleet and vehicle management.

AFIA CEO, Diane Tate, said: "Today's announcements align with many of the recommendations we have been advocating on behalf of our members and their customers to make sure Australia continues to be in a strong position to manage through the next phases of the COVID-19 crisis. It is critical for Australians – households and businesses – to have confidence in our plan for economic recovery."

To restore confidence, AFIA has been advocating for the Government to focus on three areas:

1. Initiatives and actions that stabilise the economy and support a business-led recovery.
2. Non-fiscal government support to businesses to promote growth and employment.
3. Partnership initiatives for government and business to rebuild and create a modern economy.

"The Government's announcement to support workers and businesses through important and targeted changes to tax arrangements is essential. Tax relief is important to engender confidence and support a business-led recovery. Targeting initiatives to drive business activity, investment, and employment, particularly for young Australians, is essential.

"We're particularly pleased the Government has expanded and extended the instant asset write off scheme to cover the full value of any eligible asset purchased before 30 June 2022, to support businesses with turnover up to \$5 billion re-open and rebuild now and plan investment and growth for their future.

"The Government's announcement to allow businesses to restructure their tax liabilities through a temporary loss-carry back to help smooth profits and losses and minimise potential tax debts is essential, especially where businesses are worried about tax debts tipping them over the edge. This approach, coupled with the Government's announced changes to insolvency laws and the finance industry's support to ensure access to right-sized and best-priced credit, will help more businesses get through the COVID-19 crisis.

"We're also particularly pleased with the \$1 billion COVID-19 Relief and Recovery Fund. This will provide important and tailored support to our most impacted sectors, such as tourism, with a focus on supporting regional areas and communities most affected by the COVID-19 pandemic. This will also help ensure a whole of Australia approach and solution is adopted," Ms Tate said.

Other recent and Federal Budget announcements advocated by AFIA includes:

- **Infrastructure** – making a new \$7.5 billion investment in major projects, bringing forward capital expenditure, with a focus on infrastructure and community projects across Australia, delivered in partnership with State and Territory governments.
- **Regional Australia** – additional \$61.7 million investment through programs to support recovery, including concessional loans, infrastructure development, conservation and water management, and a boost to local tourism.
- **Agriculture and manufacturing** – identifying how technology can be embedded in businesses to deliver productivity and efficiency gains and how markets can be better used to manage current and future water and energy risk, noting the \$1.5 billion Modern Manufacturing Strategy announced by the Prime Minister last week.
- **Mining and resources** – leveraging our global mineral production advantage and looking at innovative ways to employ more Australians.
- **Medical** – investing in innovation activities including traditional and non-traditional R&D in biotech and pharmaceuticals, which will be integral to ensure that our economy grows and can withstand future crisis.
- **Telecommunications, transport and logistics** – identifying road, rail, aviation and maritime options for supply chains to integrate public and commercial transportation requirements and integrate with renewed thinking about better use of telecommunications and interactive service delivery across Australia.
- **Workforce skills** – investing in education and employment programs to address skills shortages and maximise labour utilisation, with businesses taking up technologies, including robotics, 3D printing, and AI, and the shift in workforce and labour requirements, noting incentives to support apprenticeship, such as the \$1.2 billion Boosting Apprenticeship Commencement wage subsidy as well as the JobMaker Hiring Credit scheme.
- **Financial services tech hub** – creating Australia as a financial services technology hub to attract offshore investment, foster R&D opportunities across our economy, incentivise onshoring jobs traditionally offshored, and export our successful financial services companies overseas, noting the Government’s Digital Plan announced last week.

“AFIA believes the way to fast-track our exit from this recession is through fiscal and non-fiscal actions as well as partnerships between governments and business to rebuild and create a modern economy. We look forward to working with the Government on the announced reforms to support our economic recovery, remove unnecessary regulations that stifle business efficiencies and consumer participation, and streamline and simplify digital and online business transactions that promote e-commerce.”

“COVID-19 has fundamentally changed Australia’s economy and society. AFIA’s members will continue to play a critical role in ensuring access to credit and fostering competition and innovation to, directly and indirectly, to support households and businesses, to support urban and regional development, and to support a modern Australia that is more resilient, inclusive and sustainable,” Ms Tate said.

AFIA advocates for changes consistent with our guiding principles to:

- Promote simple, convenient, innovative, and affordable credit
- Foster competition in lending markets and innovation in Australia’s financial services industry, and
- Generate greater financial and economic participation by consumers and small businesses in Australia’s financial system and economy and improve social participation as a means to create financial wellbeing.

For more information contact: karl@afia.asn.au mobile 0417 496 151