



LEADER OF THE OPPOSITION

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SUPPORT FOR DISASTER-AFFECTED SMALL BUSINESSES

The Coalition is fully committed to supporting those suffering hardship and loss as a result of the recent floods in Queensland, New South Wales, Victoria and Western Australia and the impact of Cyclone Yasi.

A key part of reconstruction will be to do everything we can to get small business back on its feet in flood and cyclone-affected areas.

Today the Coalition calls on the Government to extend concessional loans to businesses that experience a significant financial downturn as a consequence of recent flood and cyclone events.

Existing Commonwealth disaster relief assistance currently includes concessional loans for businesses to repair or replace buildings and equipment and to replace up to one month of stock, allowing many businesses to recover from the physical damage of natural disasters.

However, existing government loans do not provide support for businesses that have not experienced any physical damage from a natural disaster but which have nevertheless suffered a significant loss of income due to the disaster's impact on other businesses, households and the community.

Many small businesses that rely on a single local community for their income face the very real prospect of bankruptcy if that community is devastated by natural disaster.

The Coalition proposes that consequential effect loans of up to \$100,000 be made available to businesses in declared disaster areas that are not eligible for existing relief loans and which can demonstrate that their business has experienced a significant financial downturn due to the floods.

Under this plan, businesses will be able to pay back these low interest loans over a period of up to 7 years at an interest rate of 4 per cent, consistent with existing commonly used guidelines.

Repayments may be deferred for up to 2 years provided that the principal and interest are fully repaid within the term of the loan.

Eligible businesses will need to demonstrate that they are illiquid and are unable to acquire credit through normal credit sources. Consequential effect loans will only be provided to businesses that can show they will be viable with the assistance and that their significant financial downturn is due to the natural disaster.

These low interest loans will allow many businesses to remain in disaster-affected communities and to play a vital role in the rebuilding of local economies.

You can't have a community without an economy and a successful economy depends very much on successful small businesses.

I urge the Gillard Government to consider adopting this practical, low cost measure that would provide small business owners and workers with much needed help.

The Coalition has already announced a plan to provide a GST and PAYG (pay as you go) holiday to small businesses in flood-affected areas as well as a waiver of any penalties for PAYG variations.

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