

Dear Sir/Madam,

I am advised by my industry colleagues that the Senate is holding an inquiry into finance for small business to which I would like to add comment on.

Firstly I am involved in several government committees to industry as run by The Treasury and ASIC for the incoming NCCP, plus the ATO run FSIP and Attorney General's Dept PPS IT committees to industry –representing the FBAA (Finance Brokers Association of Australia Ltd). I also am an active industry participant for over 30 years in the lending sector in Australia and have held senior executive postings for many years including that of Associate Director in AIDC Ltd which was sold off by the Commonwealth Government in the late 90's and was a lender to the business sector – especially the division I worked in being the OPAL Mortgage Program – commercial and business lending. Have attached my credentials for your ease of reference noting I have spent most of the past 10 years in the commercial sector with my private business purely focused on this sector.

There is a significant need for viable alternative funding to the Small Business sector which is being starved by the banks under revised credit criteria's which do not suit nor are appropriate for today's environment. Lowering of LVRs (loan to valuation ratios) and increasing the parameters of the loan serviceability criteria's have made challenging capabilities for those whom employ staff and operate small business in our landscape. Add to this certain credit adjustments to specific sectors which have caused historically perfect credit record borrowers to be placed into default for no reason other than the banks moving the benchmarks, this is definitely a problematic situation which needs urgent correction for the benefit of our Australian Small Business Sector.

Short loan terms as compared to residential debt are also a constraint for these borrowers whereby under the OPAL Mortgage Program where I was an Associate Director (with this program being owned by AIDC Ltd as owned by the Commonwealth Government in the 90's) we supplied Small Business with loans up to 25 years and higher LVRs than the banks today – without incurring abnormal default percentages.

I Strongly encourage the Senate seriously consider the introduction of a development or small business bank as such (and likened to what we used to run in AIDC Ltd's OPAL Mortgage Program) as there has been a significant reduction in competition in this area together with product that is unsuitable for the small business persons needs, together with the lack of competition resulting in loan pricings that are not overly competitive.

I have only headlined my concerns herein by given my depth of practical experience in this sector I am more than prepared to commercially assist further and to provide far greater details if desired.

Kind Regards

Peter J White JP AFB CPFB  
**Managing Director**