



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

29 October 2018

Ms Laura Llewellyn
Financial Innovation and Payment Unit
Treasury
Langton Crescent
PARKES ACT 2600

By email: mutualreform@treasury.gov.au

Dear Ms Llewellyn

Treasury Laws Amendment (Mutual entities) Bill 2018

We strongly support the draft bill to amend the Corporations ACT 2001 to define the meaning of mutual entities and the changes to the Act around demutualisation. Mutual entities are key to providing banking services to small businesses outside of metropolitan areas where the big four banks are closing branches.

The legislation is an important step in providing recognition and understanding of a mutual entity. The Bill will promote competition in lending to small businesses by clarifying how building societies, credit unions and friendly societies can raise capital without the risk of demutualisation. Increased capital will allow investment in systems and products to better service the small business sector.

This Bill addresses concerns raised in our 2018 *Affordable Capital for SME Growth* report that showed that sources of capital for the growth of small businesses are scarce and expensive. Mutuals offer a more personalised service, focussed on the borrowers not shareholders. The ability to raise capital, improve their products and reach to small businesses will, in turn, provide a source of patient capital for small businesses to invest in grow.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Jill Lawrence on 02 6121 5312 or at jill.lawrence@asbfeo.gov.au.

Yours sincerely

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

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