

SME Recovery Loan Scheme

Updated 13 December 2021

The Government's SME Recovery Loan Scheme (the Scheme) is designed to support the economic recovery and provide continued assistance to SMEs dealing with the economic impacts of the coronavirus crisis.

The Government announced on 13 December 2021 that it proposes to amend the Scheme Rules to extend the SME Recovery Loan Scheme (under varied terms) to provide support to SMEs adversely economically affected by the Coronavirus Pandemic.

The Scheme enhances lenders' abilities to provide cheaper credit to otherwise viable SMEs for additional funding to get through the Coronavirus crisis, recover and invest for the future. The Government will work with lenders to ensure eligible firms have access to finance to maintain and grow their businesses.

The SME Recovery Loan Scheme builds on earlier loan schemes introduced during COVID-19.

Under the existing SME Recovery Loan Scheme, loans are available from 1 April 2021 until 31 December 2021 with a government guarantee of 80 per cent. Under the proposed Scheme extension, loans will be available from 1 January 2022 until 30 June 2022, with a government guarantee of 50 per cent.

Eligible businesses

The Scheme is open to small and medium-sized businesses with a turnover of up to \$250 million, including self-employed and non-profits. So far, the Scheme has been available to eligible SMEs that were:

- the recipient of a JobKeeper payment between 4 January 2021 and 28 March 2021.
Note: A JobKeeper Scheme-Backed Loan can only be approved under this eligibility prior to the Scheme Expansion date (1 October 2021);
- affected by the floods in eligible Local Government Areas in March 2021; or
- adversely economically affected by COVID-19. Note: A Covid Scheme-Backed Loan can be approved under this eligibility from the Scheme Expansion Date (1 October 2021).

Key features

Participating lenders are offering guaranteed loans on the following terms under the SME Recovery Loan Scheme:

- the Government guarantee will be 80% of the loan amount
- lenders are allowed to offer borrowers a repayment holiday of up to 24 months
- loans can be used for a broad range of business purposes, including investment support
- loans may be used to refinance any pre-existing debt of an eligible borrower, including those from the SME Guarantee Scheme
- borrowers can access up to \$5 million in total, in addition to the Phase 1 and Phase 2 loan limits
- loans are for terms of up to 10 years, with an optional repayment holiday period
- loans can be either unsecured or secured (excluding residential property)
- the interest rate on loans will be determined by lenders but will be capped at around 7.5 per cent, with some flexibility for interest rates on variable rate loans to increase if market interest rates rise over time.

Eligible loan uses and products

Lenders can offer any suitable product to the borrower except credit cards, charge cards, debit cards or business cards. Loans issued under the Scheme may take any other form of credit, providing eligibility criteria are met.

Loans issued under the Scheme can be used to refinance existing loans or for a broad range of businesses purposes (including to support investment) but cannot be used to:

- purchase residential property
- purchase financial products
- lend to an associated entity, or
- lease, rent, hire, or hire purchase existing assets that are more than halfway into their effective life.

Loans may be used to refinance any pre-existing debt of an eligible borrower, including those from the SME Guarantee Scheme. There will be some restrictions on refinancing loans, such as: not allowing loans more than 30 days in arrears to be refinanced; or borrowers who have entered external administration, or are insolvent, to refinance debts. Lenders can vary or restructure loans when they continue to meet eligibility criteria (including the maximum loan term) and do not increase the loan limit after approval.

Lenders must disclose the effective interest rate (whether variable or fixed) to the borrower at the loan agreement date. The lender must disclose the relevant margin and underlying base rate for variable rate loans where applicable.

Loans can be used to purchase non-residential real property (such as commercial property) or for the acquisition of another business.

Lenders will be able to rely on a declaration from the borrower regarding the purpose of the loan.

Eligible Local Government Areas

Eligible SMEs with operations in areas impacted by the floods in March 2021 may apply for a loan under the SME Recovery Loan Scheme. The following is a list of eligible Local Government Areas (LGAs) impacted by the floods as declared per the Australian Disaster Recovery Payment as at 31 March 2021:

A	G	Newcastle
Armidale	Gilgandra	Northern Beaches
B	Glen Innes -Severn	O
Ballina	Gunnedah	Oberon
Bathurst	Gwydir	Orange
Bega Valley	H	P
Bellingen	Hawkesbury	Parramatta
Blacktown	Hornsby	Penrith
Blue Mountains	I	Port Macquarie-Hastings
Brewarrina	Inner West	Port Stephens
Byron	Inverell	Q
C	K	Queanbeyan-Palerang
Cabonne	Kempsey	R
Camden	Ku-ring-gai	Richmond Valley
Campbelltown	Kyogle	S
Canterbury Bankstown	L	Shoalhaven
Central Coast	Lachlan	Singleton
Cessnock	Lake Macquarie	Sutherland
Clarence Valley	Lismore	T
Cobar	Lithgow	Tenterfield
Coffs Harbour	Liverpool	The Hills

Cumberland	Liverpool Plains	Tweed
D	M	U, V, W, X, Y, Z
Dungog	Maitland	Walcha
E	Mid-Coast	Walgett
Eurobodalla	Moree Plains	Wingecarribee
F	N	Wollondilly
Fairfield	Narrabri	
	Nambucca Valley	

Applying for a loan

Loans backed by the Scheme will be available through participating commercial lenders. The decisions to extend credit, and management of the loan, remains with the lender.

Borrowers can access credit under the Scheme through approved participating lenders.

For more information on how to apply, visit [Information for SMEs](#).

Participating lenders

The Government is currently considering applications from lenders interested in participating in the SME Recovery Loan Scheme.

The following lenders have been approved to participate in the SME Recovery Loan Scheme:

- ANZ
- Bank of Queensland
- Commonwealth Bank of Australia
- Earlypay
- Fifo Capital Australia
- Get Capital
- Judo Bank
- Liberty Finance
- Marketlend
- Moneytech Finance
- National Australia Bank
- Regional Australia Bank
- Social Enterprise Finance Australia
- Southwest Credit Union Co-operative
- Suncorp-Metway
- The Mutual Bank
- TrailBlazer Finance
- Unity Bank
- Westpac