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AFIA RESPONDS TO TREASURER'S STATEMENT ON FUEL MARKET DISRUPTION AND CONFIRMS SME LENDERS' SUPPORT FOR CUSTOMERS

The Australian Finance Industry Association (AFIA) acknowledges the Treasurer's announcement today outlining coordinated action between Government, regulators and industry to support Australian families and small businesses impacted by global energy market disruption and fuel supply pressures in Australia.

AFIA members include bank, non-bank and specialist SME lenders that provide vehicle and equipment finance, agribusiness products and fleet and rental services. Certain critical sectors of our economy – particularly transport, agriculture, construction and regional supply chains – rely heavily on fuel as a core operating input. The impact of current disruptions will not be uniform and financing needs will vary depending on business models, cashflow profiles and obligations, geographic locations, supply chain exposures, and the structure of individual finance arrangements.

AFIA members have advised that some SME customers, in certain sectors of our economy and regions, are experiencing financial stress due to fuel supply constraints, rising costs and broader supply chain disruption linked to the conflict in the Middle East.

"Businesses should not wait until problems escalate. If a customer is experiencing financial difficulties and struggling to make repayments on their business loans or credit facilities due to fuel supply disruptions and rising fuel prices, they don't have to tough it out on their own. The most important step is to contact their lender early and discuss their operational and financial circumstances," AFIA CEO Diane Tate said.

"AFIA members are actively working with their SME customers who are experiencing short-term financial stress as a result of these disruptions. Business finance is specialised and not one-size-fits-all – what might help one customer might not be the same for another.

"Lenders will assess individual circumstances and work constructively with their customers on appropriate solutions. These may include temporary repayment relief, short-term contractual variations, extensions of credit to ease working capital pressures, restructuring debt for longer-term financial challenges, or advisory support and cashflow planning to help businesses navigate this period of uncertainty."

Ms Tate said early engagement allows lenders to provide meaningful assistance, preserve access to credit, and support business continuity during volatile conditions.

"AFIA's focus is ensuring lenders have the capacity and confidence to keep supporting customers, maintain access to credit, and contribute to economic stability as conditions evolve," Ms Tate said.

AFIA will continue to work closely with Government and regulators to support targeted policy measures and ensure appropriate regulatory flexibility during this period of uncertainty.

The Treasurer's package announced today combines targeted ATO relief for small businesses and a 10-year extension of the Small Business Responsible Lending Obligations exemption, reflecting AFIA's long-standing advocacy for regulatory settings that support timely and accessible SME lending.

"This means that SME lenders will still need to ensure appropriate lending standards, but SME customers won't need to endure unnecessary paperwork. It also means the ATO, like lenders, will be taking a longer-term view about SMEs' financial situation and helping them through this period of significant disruption. We often hear from SME customers complaining about these issues as complicating their access to finance.

"The Treasurer's announcement today strikes the right balance between immediate relief and maintaining access to credit for small businesses," Ms Tate said.

AFIA welcomes these measures, as well as National Cabinet's broader actions announced on Monday to manage fuel supply risk and protect critical sectors, including the temporary reduction of the fuel excise and the heavy vehicle road user charge, alongside broader fuel security and supply chain interventions.

"The Government's targeted, short-term measures, alongside industry-led support, will provide timely support for truck operators, regional freight, agricultural and regional supply chains that underpin our national economy. These steps are appropriate to address the fuel supply shock, which is important right now, with scope for additional action should conditions deteriorate.

"This global energy market disruption reflects a sharp fuel supply shock driven by geopolitical events. While Australia can't insulate itself from global volatility; preparedness, coordination and targeted intervention matter.

"Collaboration across Government, industry, business and finance will mean Australia is best-placed to adapt and react if domestic economic conditions or global circumstances change. This current disruption reinforces the importance of targeting short-term measures to tackle our immediate challenges, while maintaining a long-term, strategic view on our transport and energy security," Ms Tate said.

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ABOUT AFIA

AFIA is the only peak body representing the entire finance industry in Australia.

We represent over 150 members, including banks, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators, and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.