



Cease undersubscribed COVID-era securitisation measures	
Party:	The Coalition
Summary of proposal: The proposal would close the Australian Small Business Securitisation Fund (ABSF) and Structured Finance Support Fund (SFSF). All unallocated appropriations would be returned to consolidated revenue and used to pay down government debt. The proposal would be ongoing and start on 1 July 2025.	

Costing overview

The proposal would be expected to increase the fiscal balance by around \$462 million and underlying cash balance by around \$289 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in Public Debt Interest (PDI) payments, offset by a decrease in interest receipts within the government's Cash Management Account (CMA).

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications over the period to 2035-36 is provided at Attachment A.

Consistent with [PBO Guidance 02/2015](#), public debt interest (PDI) expense impacts have been included in this costing because the policy involves financial asset transactions. A note on the accounting treatment of Government investment funds is provided at Attachment B.

Table 1: Cease undersubscribed COVID-era securitisation measures – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	107.7	112.7	117.7	123.9	462.0
Underlying cash balance	-61.3	111.7	115.7	122.9	289.0
Headline cash balance	-61.3	111.7	115.7	122.9	289.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are included in the totals.

Overview of the ABSF and SFSF

The special appropriations for both funds are by way of two separate special accounts managed by the Australian Office of Financial Management (AOFM) as below:

- The *Australian Business Securitisation Fund Special Account* for the ABSF.
- The *Structured Finance Support (Coronavirus Economic Response) Fund Special Account* for the SFSF.

These special accounts are a type of limited special appropriation¹, where a specified amount of money is notionally set aside in the Commonwealth CMA, from which expenditure for defined purposes can be drawn subject to legislative and policy authority. The amount that may be drawn from the CMA is limited to the balance of the special account at any given time. Consequently:

- Only invested/allocated funds have been drawn from the CMA.
- Uninvested/unallocated funds remain in the CMA.

As such, unallocated funds appropriated to the ABSF and SFSF are contained within the CMA and can be used to retire debt without being liquidated.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

- Without the proposed policy, the Australian Office of Financial Management (AOFM) would continue to receive departmental appropriations in line with current arrangements, which only includes appropriations for the administration of the ABSF.² These appropriations would be indexed annually by the Wage Cost Index 3 (WCI 3) less an efficiency dividend.
 - Under the proposal, the AOFM would require less in departmental appropriations for the administration of the ABSF for 3 years – 2025-26 to 2027-28 – to continue management of existing financial arrangements and investments.
 - from 2028-29 onwards, the ABSF and SFSF would both be fully closed and the AOFM would receive no departmental appropriations for the administration of the ABSF.
- All necessary proposed legislative amendments would be implemented by 1 July 2025.
- The AOFM provided information on the unallocated cash balances of the ABSF and SFSF and advised that no further activity is expected for the SFSF. The balances of both funds are assumed to remain unchanged for the proposal implementation date of 1 July 2025.
- Interest income to the CMA is earned at 3.6% over the medium term. This interest rate is consistent with those implied by interest income in the 2025-26 Budget.
- CMA interest earned on the funds' balances is returned to the Consolidated Revenue Fund.

Methodology

The changes to interest receipts resulting from the closure of the funds were based on the *Key Assumptions* above.

No financial implications would be incurred in relation to the relevant legislation changes required to implement the proposal, as the Australian Government departments would be resourced to draft legislation in the course of business-as-usual activities.

The public debt interest (PDI) calculation is based on the PBO standard PDI calculator.

Financial implications were rounded consistent with the PBO's rounding rules.³

¹ [Special Appropriations: Special Accounts | Department of Finance](#)

² As per the AOFM, departmental appropriations to administer the SFSF ceased in 2023-24.

³ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Data sources

Commonwealth of Australia (2025) 2025-26 Budget Paper No.4, Commonwealth of Australia.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

The Australian Office of Financial Management provided the following information:

- The allocated and unallocated appropriations for the ABSF and the SFSF.
- Departmental appropriations to AOFM for the administration of the ABSF and SFSF.

Attachment A – Cease undersubscribed COVID-era securitisation measures – Financial implications

Table A1: Cease undersubscribed COVID-era securitisation measures – Fiscal balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Revenue													
<i>Administered non-tax</i>													
<i>CMA Interest – ABSF</i>	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-116.0	-319.0
<i>CMA Interest – SFSF</i>	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-2,180.0	-5,995.0
Total – revenue	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-2,296.0	-6,314.0
Expenses													
<i>Departmental</i>													
<i>Australian Office of Financial Management</i>	1.7	1.7	1.7	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	8.0	29.6
Total – expenses	1.7	1.7	1.7	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	8.0	29.6
Total (excluding PDI)	-572.3	-572.3	-572.3	-571.1	-571.0	-571.0	-571.0	-570.9	-570.9	-570.8	-570.8	-2,288.0	-6,284.4
<i>PDI impacts</i>	680.0	685.0	690.0	695.0	701.0	706.0	712.0	719.0	726.0	733.0	763.0	2,750.0	7,810.0
Total (including PDI)	107.7	112.7	117.7	123.9	130.0	135.0	141.0	148.1	155.1	162.2	192.2	462.0	1,525.6

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

Table A2: Cease undersubscribed COVID-era securitisation measures – Underlying cash balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Receipts													
<i>Administered non-tax</i>													
<i>CMA Interest – ABSF</i>	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-116.0	-319.0
<i>CMA Interest – SFSF</i>	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-2,180.0	-5,995.0
Total – receipts	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-2,296.0	-6,314.0
Payments													
<i>Departmental</i>													
<i>Australian Office of Financial Management</i>	1.7	1.7	1.7	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	8.0	29.6
Total – payments	1.7	1.7	1.7	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	8.0	29.6
Total (excluding PDI)	-572.3	-572.3	-572.3	-571.1	-571.0	-571.0	-571.0	-570.9	-570.9	-570.8	-570.8	-2,288.0	-6,284.4
<i>PDI impacts</i>	<i>511.0</i>	<i>684.0</i>	<i>688.0</i>	<i>694.0</i>	<i>699.0</i>	<i>705.0</i>	<i>711.0</i>	<i>717.0</i>	<i>724.0</i>	<i>731.0</i>	<i>755.0</i>	<i>2,577.0</i>	<i>7,619.0</i>
Total (including PDI)	-61.3	111.7	115.7	122.9	128.0	134.0	140.0	146.1	153.1	160.2	184.2	289.0	1,334.6

a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A3: Cease undersubscribed COVID-era securitisation measures – Headline cash balances (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Receipts													
<i>Administered non-tax</i>													
<i>CMA Interest – ABSF</i>	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-116.0	-319.0
<i>CMA Interest – SFSF</i>	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-545.0	-2,180.0	-5,995.0
Total – receipts	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-574.0	-2,296.0	-6,314.0
Payments													
<i>Departmental</i>													
<i>Australian Office of Financial Management</i>	1.7	1.7	1.7	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	8.0	29.6
Total – payments	1.7	1.7	1.7	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	8.0	29.6
Total (excluding PDI)	-572.3	-572.3	-572.3	-571.1	-571.0	-571.0	-571.0	-570.9	-570.9	-570.8	-570.8	-2,288.0	-6,284.4
<i>PDI impacts</i>	<i>511.0</i>	<i>684.0</i>	<i>688.0</i>	<i>694.0</i>	<i>699.0</i>	<i>705.0</i>	<i>711.0</i>	<i>717.0</i>	<i>724.0</i>	<i>731.0</i>	<i>755.0</i>	<i>2,577.0</i>	<i>7,619.0</i>
Total (including PDI)	-61.3	111.7	115.7	122.9	128.0	134.0	140.0	146.1	153.1	160.2	184.2	289.0	1,334.6

(a) A positive number for the headline cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the headline cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Attachment B – Cease undersubscribed COVID-era securitisation measures – Accounting for Government investment funds.

Government investment funds

The Government's investment funds (the Funds) are reported on the Government's balance sheet as financial assets, consisting of cash and investments. Costings include the impact of PDI ([PBO Guidance 02/2015](#) and the [Charter of Budget Honesty Costing Guidelines](#)).

Creating new funds

A decision to create a new Fund or inject cash into an existing Fund involves increasing gross debt or reducing other cash holdings. There is no immediate impact on UCB, FB or HCB as this is a financing activity that only changes the composition of the balance sheet and not net worth.

Fund earnings

Fund earnings in the form of interest or dividends impact UCB, FB and HCB, whereas capital gains are classified as *other economic flows* with no impact on these aggregates (See Budget Paper No. 1 Australian Government general government sector operating statement).

Fund investments

Fund investments are generally determined under an investment mandate.

Where the Fund invests in:

- financial assets solely to generate a return, the investments do not immediately impact UCB, FB or HCB.
- equity or loans for policy purposes, cash flows from purchases and sales and principal payments and repayments are included in HCB. Concessional loans have an initial negative impact on FB that is reversed as the loan is repaid.

Fund Drawdowns

Drawdowns from the Fund for grant payments or to purchase non-financial assets have an immediate impact on UCB, FB and HCB.

Closing funds

A decision to close a Fund would not result in an immediate reduction on UCB, FB or HCB. This is because either the relevant cash and investments would still be reported as assets on the balance sheet (if investments are retained) or there would be no change to net worth (if the remaining funds were used to reduce the borrowing requirements).

There are ongoing impacts on UCB, FB and HCB to the extent that any reduction in PDI is larger or smaller than the reduction in Fund earnings from interest and dividends.