

Australian Small Business and Family Enterprise Ombudsman

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Essential Services Commission - Better practice workshop

Challenges facing small businesses

24 November 2020

What we do

An independent agency with the power to demand information & explanation

Advocate

- Research
- Inquiries
- Submissions
- Comment on legislation
- Advise ministers

- Current inquiries & research: insurance, access to justice, Personal Property Security Register (PPSR), travel agents & COVID
- Completed include: insolvency, supply chain financing, R&D Tax Incentive, affordable capital, small business loans, payment times & practices

Assist

- Direct 1:1 support
- Get to right place
- Avoid litigation
- Alternative dispute resolution

- Dispute resolution services
- Access to alternative dispute resolution
- Disputes under the Dairy, Franchising, Horticulture & Oil Codes
- Disputes with the ATO, including advice on the Scheme for Compensation for Detriment caused by Defective Administration (CDDA)

Small business snapshot

Why small businesses matter

**2.3 million
small
businesses
97%**

9/10
Australian
businesses
are small
businesses

Account for
almost 35% of
Australia's
GDP

Employ
over 44% of
Australia's
workforce

**ASBFEO small
business definition
= under 100
employees**

Statistics based on businesses with under 20 employees

Family enterprise

Families often work together in small business

- 70% of all Australian businesses are family enterprises
- Family enterprises employ more than 50% of the workforce*
- 78% of family businesses are optimistic about their future growth prospects**



*(Family Business Australia Forum Sept 2017)

** (KPMG Family Business Survey 2015)

Impact of COVID-19 on small businesses

The true economic cost won't be known for some time, but many businesses won't survive

Consumption spending has fallen by **56%** since the start of 2020 in sectors such as accommodation and food services

9.8% fall in hours worked in the June quarter

Small business revenue fell by **11%**

1 in **5** small businesses grew their revenues by **30%** or more compared to 12 months earlier

Issues affecting small business during and post COVID-19

- Cash flow
- Mental health
- Government support slowing/stopping
- How to operate in COVID-19 environment
- Rent/lease negotiations
- Business model in COVID-19 environment
- Viability
- Delayed payments
- Tax issues

Payment times

CreditorWatch data reveals that payment times in October were 157% higher than October 2019 across all sectors

Most impacted industries

Industry	Days overdue in July 2020	Days overdue in October 2020	Percentage change
Health Care and Social Assistance	34	43	Up 26.5%
Arts and Recreation Services	26	31	Up 19.2%
Financial and Insurance Services	42	45	Up 7.1%
Wholesale Trade	29	30	Up 3.5%
Other Services	59	61	Up 3.4%

What keeps business owners up at night?



Approaches for small business

Keep a list of referral sources to share with an employee who may need support

- Provide a small business with similar concessions you would an individual
- If a small business isn't able to pay you, they are probably not paying others
- We want to help keep a business viable and taking a hard line approach won't help anyone
- Always treat small business with dignity



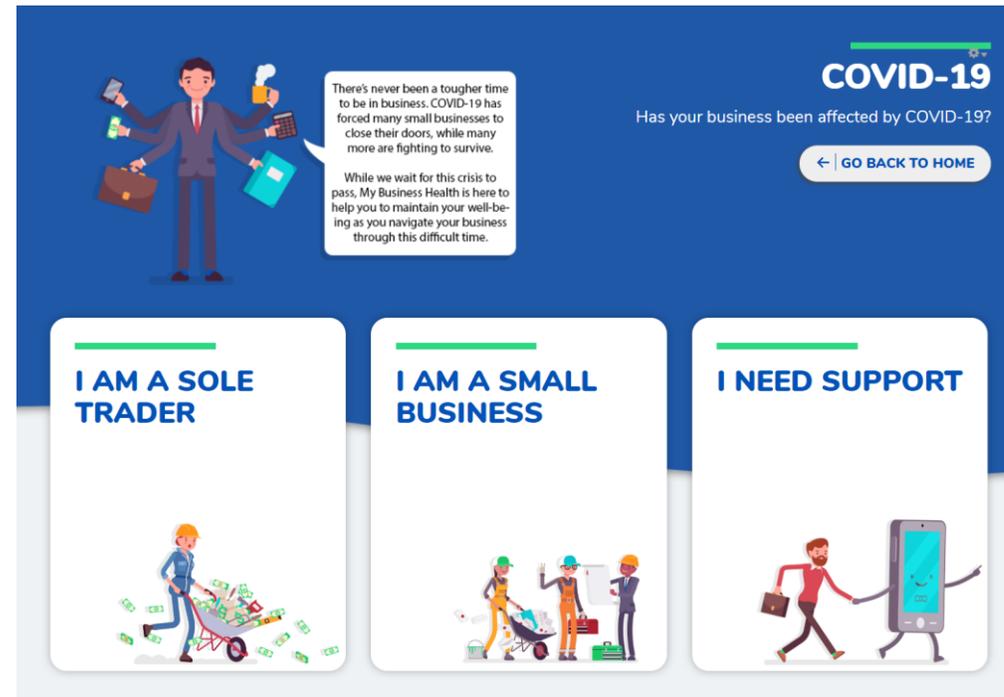
Support services for small business

Keep a list of referral sources to share with an employee who may need support

- ASBFEO
- State Small Business Commissions
- Beyond Blue: 1300 22 4636
- Small Business Financial Counselling Service
- My Business Health

Seek help if you are unsure about what to do or how you can provide support.

My Business Health



The screenshot shows a blue-themed website interface. At the top left, there is an illustration of a man with multiple arms holding various business-related items like a smartphone, a briefcase, a calculator, and a folder. To his right, a text box reads: "There's never been a tougher time to be in business. COVID-19 has forced many small businesses to close their doors, while many more are fighting to survive." Below this, another text box says: "While we wait for this crisis to pass, My Business Health is here to help you to maintain your well-being as you navigate your business through this difficult time." On the right side, the text "COVID-19" is displayed in large white letters, followed by the question "Has your business been affected by COVID-19?" and a button labeled "← GO BACK TO HOME". Below these elements are three white rectangular buttons with blue text: "I AM A SOLE TRADER" (with an illustration of a person pushing a wheelbarrow full of money), "I AM A SMALL BUSINESS" (with an illustration of three people in hard hats), and "I NEED SUPPORT" (with an illustration of a person walking next to a large smartphone).

www.asbfeo.gov.au/my-business-health

Thank you

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